

Company number: 03545071

**PRIVATE COMPANY LIMITED BY SHARES
WRITTEN RESOLUTIONS**

of

SUGARMAN GROUP LIMITED

Circulation date: 31 January 2014


In accordance with the provisions of Chapter 2 of Part 13 Companies Act 2006 (the **Act**), the following resolutions are proposed as ordinary or special resolutions of the Company (as indicated)

ORDINARY RESOLUTIONS

- 1 **THAT** each of the existing shares in the capital of the Company (98,750 ordinary shares of £1 00 each, 25,313 A ordinary shares of £1 00 each and 1,250 B ordinary shares of £1 00 each) be re-classified as an ordinary share of £1 00 each in the capital of the Company, each such ordinary share having the rights and being subject to the obligations set out in the articles of association of the Company to be adopted pursuant to resolution 4 below 12
- 2 **THAT**, in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot 6,600 A shares of £1 00 each in the capital of the Company (as constituted by the new articles of association to be adopted pursuant to resolution 4 below) to such persons at such times and generally on such terms and conditions as the directors may determine, provided that this authority shall, unless previously renewed, varied or revoked by the Company, expire on the day before the fifth anniversary of the date on which this resolution is passed 10

SPECIAL RESOLUTIONS

- 3 **THAT**, subject to and conditional upon the passing of the resolution numbered 2 in this written resolution and in substitution for all existing and unexercised authorities and powers, the directors of the Company be empowered pursuant to section 570 of the Act to allot 6,600 A shares in the capital of the Company pursuant to the authority conferred upon them by resolution 2 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall expire on the date which is 6 months after the next accounting reference date of the Company 11
- 4 **THAT** the articles of association of the Company attached to this written resolution be 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 including the relevant provisions of the company's memorandum of association which, by virtue of section 28 of the Act, are treated as provisions of the company's articles of association


For and on behalf of
Prime Time Group Limited

Date 31 January 2014

SATURDAY



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A02 08/02/2014 #126
COMPANIES HOUSE

Company number: 03545071

SUGARMAN GROUP LIMITED

ARTICLES OF ASSOCIATION
adopted by special resolution passed on

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**PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION OF
SUGARMAN GROUP LIMITED**

1 DEFINITIONS AND INTERPRETATION

1 1 In these Articles the following definitions will apply

Act

the Companies Act 2006,

acting in concert

has the meaning set out in the City Code on Takeovers and Mergers in force for the time being,

Adoption Date

the date of the adoption of these Articles by the Company,

A Share

an A share of £1 00 in the capital of the Company having the rights and being subject to the restrictions set out in these Articles,

Asset Sale

the disposal by any one or more Group Companies of assets (whether together with associated liabilities or otherwise and as part of an undertaking or otherwise) which represent 50% or more (by book value) of the consolidated gross tangible assets of the Group at that time,

Auditors

the auditors of the Company for the time being or if, in relation to any reference made to such auditors in accordance with these Articles, the auditors of the Company are unable or unwilling to act in connection with that reference, a chartered accountant nominated by, and engaged on terms approved by a Majority,

Bad Leaver

an A Shareholder who ceases to be an employee or director of, or a consultant to, a Group Company in the circumstances set out in article 8 1 4 as a result of the voluntary resignation of that A Shareholder,

Business Day

any day (other than a Saturday, Sunday or public holiday) during which clearing banks in the City of London are open for normal business,

Change of Control

the acquisition (by any means) by a Third Party Purchaser of any interest in any Shares if, upon completion of that acquisition, that Third Party Purchaser (together with any person connected with or acting in concert with that Third Party Purchaser) would be entitled to exercise more than 50% of the total voting rights normally exercisable at any general meeting of the Company,

Compulsory Transfer Notice

has the meaning given in article 8,

Compulsory Transfer Shares

in relation to a Relevant Shareholder, any Shares,

- (a) held by the Relevant Shareholder at the time of the relevant Transfer Event,
- (b) held at the time of the relevant Transfer Event by any Family Member or Family Trust of the Relevant Shareholder (which Shares were acquired by that Family Member or Family Trust directly or indirectly from the Relevant Shareholder), and
- (c) acquired by the Relevant Shareholder, his Family Shareholder, Family Trusts and/or personal representatives after the occurrence of the relevant Transfer Event pursuant to any share option agreement or any other scheme or arrangement entered into prior to the Transfer Event,,

together with, in any case, any further Shares received by any person referred to in paragraphs (a), (b) and (c) above at any time after the relevant Transfer Event which are derived from any such Shares, whether by conversion, consolidation or sub-division, or by way of capitalisation, rights or bonus issue or otherwise,

Director

a duly appointed director of the Company for the time being,

Eligible Director

a Director who would be entitled to vote on the matter at a meeting of the Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter) and references to eligible directors in article 8 of the Model Articles shall be construed accordingly,

Encumbrance

any mortgage, charge (fixed or floating), pledge, lien, option, hypothecation, restriction, right to acquire, right of pre-emption or interest (legal or equitable) including any assignment by way of security, reservation of title, guarantee, trust, right of set off or other third party right or any other security interest having a similar effect howsoever arising (but excluding any such rights or arrangements arising under these Articles,

Excluded Value

in the event that any person becomes a shareholder in a Group Company on or after the Adoption Date (an **Additional Employee Shareholder**), an amount calculated on the basis of the following formula

$$(A - B) \times C\% = D$$

Where

- A = the sum which the Company (acting by a majority of its Directors) states in writing to be its opinion of the value of the relevant Group Company on the date of the return of capital or the Realisation or the relevant Transfer Event (as the case may be) on the basis of the valuation principles set out in the articles of association of such Group Company,
- B = the Threshold Amount for the relevant Additional Employee Shareholder and Group Company as defined, for this purpose, in such Group Company's articles of association,
- C = 50% of the percentage of the growth value of the Group Company which is conferred on the shares in the Group Company which are issued to the Additional Employee Shareholders,
- D = the relevant Excluded Value and, for the avoidance of any doubt, if (a) there is more than one Additional Employee Shareholder, a separate calculation shall be carried out for each of them and the aggregate of the amounts so calculated shall be the Excluded Value and (b) if, in the case of applying the above formula for any Additional Employee Shareholder, "A" is less than "B", then "D" shall be zero,

Expert

the expert identified and engaged in accordance with article 23,

Fair Value

the price which the Company (acting by a majority of its Directors) states in writing to be its opinion of the fair value of the Compulsory Transfer Shares concerned, calculated on the basis that such price is equal to the Growth Value less the Excluded Value (if any) and, in the event that the Excluded Value is more than the Growth Value, the Fair Value shall be zero and, by way of illustration only, the Fair Value shall be calculated in accordance with the examples set out in the appendix to these Articles,

Family Member

in relation to any Shareholder, the spouse or civil partner of that Shareholder and their children (including step and adopted children) for the time being,

Family Trust

a trust under which the only persons being (or capable of being) beneficiaries are

- (d) the settlor (being a Shareholder), and/or
- (e) the Family Members of that settlor, and,
- (f) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income from that settled property when the trust is created but may become so interested if there are no other beneficiaries for the time being except other charities),,

and under which no power of control over the voting powers conferred by any Share is exercisable at any time by, or subject to the consent of, any person other than the trustees, the settlor or the Family Members of that settlor For the purposes of this definition

- (i) settlor shall include a testator or an intestate in relation to a Family Trust arising under a testamentary disposition or an intestacy of a deceased Shareholder (as the case may be), and,
- (ii) Family Member shall include the widow or widower of the settlor or the surviving civil partner of such settlor at the date of his death,

Good Leaver

an A Shareholder who ceases to be an employee or director of, or a consultant to, a Group Company in the circumstances set out in article 8 1 4 as a result of any circumstances in which he is not a Bad Leaver,

Group

the Company and its subsidiaries from time to time and references to a Group Company shall be construed accordingly,

Growth Value

a sum equal to 5% of the amount (if any) by which the Valuation exceeds the Threshold Amount and, in the event that the Valuation is less than the Threshold Amount the Growth Value shall be zero,

Issue Price

in relation to any Compulsory Transfer Shares, the amount paid up or credited as paid up on such Shares, including the full amount of any premium at which such Shares were issued,

Listing

either

- (a) the admission of all or any part of the Shares to listing on the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange's market for listed securities,
- (b) the admission of all or any part of the Shares to trading on AIM, a market operated by the London Stock Exchange, or
- (c) the admission of all or any part of the Shares to listing and/or trading on any other Recognised Investment Exchange

and, in any such case, such admission becoming unconditionally effective,

Listing Shares

the equity share capital (as defined in section 548 of the Act) of the Company (excluding any such equity share capital to be subscribed and issued on the relevant Listing other than new shares to be paid up by way of capitalisation of reserves or arising from any sub-division, consolidation or conversion of shares),

London Stock Exchange

London Stock Exchange plc,

Majority

the holder(s) for the time being of more than 50% of the Shares,

Model Articles

the model articles for private companies limited by shares contained in schedule 1 of the Companies (Model Articles) Regulations 2008 as amended prior to, and in force as at, the Adoption Date,

Option Agreement

the put and call option agreement entered into on the Adoption Date between (1) Prime Time Group Limited and (2) Timothy Patrick Wheeler in respect of 6,600 A Shares,

Ordinary Share

an ordinary share of £1.00 in the capital of the Company having the rights and being subject to the restrictions set out in the Articles,

Realisation

a Share Sale or a Listing,

Realisation Value

means

- (a) in respect of a Listing, the market value of the Listing Shares determined by reference to the price per share at which such shares are to be offered for sale, placed or otherwise marketed pursuant to the arrangements relating to the Listing, all as determined by the merchant bank (or, if none, the broker) appointed by the Directors to advise in connection with the Listing,
- (b) in respect of a Share Sale, the aggregate price paid or payable for the Shares together with the cash value of any other consideration (in cash or otherwise) received or receivable by the holders of the Shares which, having regard to the substance of the Share Sale as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of the Shares but excluding, for the avoidance of doubt, any amount to be provided by a purchaser to procure the repayment by any Group Company of any bank debt or other borrowings, and
- (c) in respect of an Asset Sale, the aggregate price paid or payable for the assets being sold together with the cash value of any other consideration (in cash or otherwise) received or receivable by the Company or any Group Company which, having regard

to the substance of the Asset Sale as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of those assets but excluding, for the avoidance of doubt, any amount to be provided by a purchaser to procure the repayment by any Group Company of any bank debt or other borrowings,

provided that

- (i) to the extent that the relevant Realisation or Asset Sale includes an element of deferred consideration (whether contingent or non-contingent) its value shall not be included in the calculation of the Realisation Value until such deferred consideration is received by the holders of the Shares (or, in the case of an Asset Sale, the Company or a Group Company) in which case the full value of the amount actually received shall then be taken into account, and
- (ii) the Realisation Value shall be agreed by a Majority and its agreement shall be final and binding on the Company and all the Shareholders. Any dispute in respect of the Realisation Value which has not been resolved by the date which is 5 Business Days prior to the proposed date for completion of the relevant Realisation or Asset Sale shall be referred to the Expert for determination in accordance with article 23,

Recognised Investment Exchange

has the meaning given in section 285(1) Financial Services and Markets Act 2000,

Relevant Securities

any Shares, or any right to subscribe for or convert any securities into any Shares,

Relevant Shareholder

a Shareholder in respect of whom a Majority has notified the Company that an event shall be treated as a Transfer Event in accordance with article 8 1,

Share

any share of any class in the capital of the Company for the time being,

Share Sale

the transfer of any interest in any Shares (whether by one transaction or a series of transactions), other than a transfer in accordance with article 6 1 which results in a Change of Control,

Shareholder

a registered holder for the time being of an issued Share, as recorded in the register of members of the Company,

Third Party Purchaser

any person who is not a Shareholder for the time being or a person connected with such a Shareholder,

Threshold Amount

£19,000,000 and, in the event that any Group Company shall acquire another company and/or business (a **Target**) after the Adoption Date, such amount shall be increased by a sum equal to 5 times the earnings before interest, tax and amortisation of the Target for the 12 months ending on the last day of the month immediately preceding the month in which such acquisition takes place,

Transfer Event

has the meaning given in article 8, and

Valuation

the sum which the Company (acting by a majority of its Directors) states in writing to be their opinion of the value of all the Shares, calculated on the following basis

- (a) the Group being debt and cash free,
 - (b) by applying a multiple of 5 to the Group's earnings before interest, tax and amortisation (**EBITA**) for the period (the **Valuation Period**) of 12 months ending on the last day of the month immediately preceding the month in which the relevant Transfer Event takes place excluding any EBITA which is attributable to any Travel and Subsistence tax scheme operated by the Group (the **T&S EBITA**), and
 - (c) by adding an amount equal to the Group's T&S EBITA for the Valuation Period
- 1 2 These Articles and the provisions of the Model Articles (subject to any modifications set out in these Articles) shall constitute all the articles of association of the Company
- 1 3 In these Articles a reference to
- 1 3 1 a statutory provision includes a reference to the statutory provision as replaced, modified or re-enacted from time to time before or after the Adoption Date and any subordinate legislation made under the statutory provision before or after the Adoption Date,
 - 1 3 2 a "subsidiary" shall include a reference to a "subsidiary" and a "subsidiary undertaking" (each as defined in the Act) and a reference to a "holding company" shall include a reference to a "holding company" and a "parent undertaking" (each as defined in the Act),
 - 1 3 3 a person includes a reference to an individual, body corporate, association, government, state, agency of state or any undertaking (whether or not having a legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists),
 - 1 3 4 writing includes any mode of reproducing words in a legible and non-transitory form,
 - 1 3 5 "these Articles" is to these articles of association (including the provisions of the Model Articles incorporated in them), and a reference to an article is to an article of these Articles, in each case as amended from time to time in accordance with the terms of these Articles and the Act, and
 - 1 3 6 any agreement or document is to that agreement or document as in force for the time being and as amended from time to time in accordance with the terms of that agreement or document or with the agreement of all the relevant parties
- 1 4 All consents or approvals to be given by a Majority in respect of any provision of these Articles must be given in writing
- 1 5 The contents table and headings in these Articles are for convenience only and do not affect the interpretation or construction of these Articles
- 1 6 Words importing the singular include the plural and vice versa and words importing a gender include every gender
- 1 7 The words "other", "include", "including" and "in particular" do not limit the generality of any preceding words and any words which follow them shall not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible
- 1 8 Any question as to whether a person is connected with another shall be determined in accordance with section 1122 of the Corporation Tax Act 2010 (except that in construing section 1122 "control" has the meaning given by section 1124 or section 450 of that Act so that there is control whenever section 1124 or 450 requires) which shall apply in relation to these Articles as it applies in relation to that Act
- 1 9 These Articles shall be binding on and shall survive for the benefit of the personal representatives and successors-in-title of each party
- 2 **RIGHTS ATTACHING TO SHARES**
- 2 1 The shares of each class of Share shall entitle the holders of those Shares to the respective rights and obligations set out in these Articles Save as provided otherwise in these Articles,

the Ordinary Shares and A Shares shall confer the same rights upon the holders of those Shares

2 2 The rights attaching to the Shares are as follows

2 2 1 **Income**

- (a) Subject to the provisions of the Act, the Company may with the consent of a Majority, upon the recommendation of the Directors, declare a dividend and the Directors may, subject to the consent of a Majority, decide to pay interim dividends
- (b) At every general meeting at which a dividend is declared, the Company shall by resolution of the holder(s) for the time being of a Majority, direct that such dividend be paid either in respect of one or more class of Shares to the exclusion of other classes, or in respect of all classes of Shares and where a dividend is declared in respect of all classes of Shares, the Company may, by resolution of a Majority, differentiate between the classes as to the amount or percentage of dividend payable, but in default, the Shares in each class shall be deemed to rank *pari passu* in all respects as if they constituted one class of Shares
- (c) No dividends shall be declared on any class of Shares in circumstances where the Directors recommend that no dividends should be declared nor shall any dividend be declared on any class which exceeds the amount recommended by the Directors in respect of that class
- (d) When paying interim dividends, the directors may make payment to one or more class of Shares to the exclusion of the other classes or to all classes of Shares. When making such payment, the Directors may differentiate between the classes as to the amount or percentage of dividend payable

2 2 2 **Capital**

On a return of capital, whether on liquidation, capital reduction or otherwise, any surplus assets of the Company remaining after the payment of its liabilities (the **Net Sum**) shall be applied in the following order of priority

- (a) to the extent the Net Sum is equal to or less than the Threshold Amount, it shall be distributed to the holders of Ordinary Shares on a pro rata basis, and
- (b) to the extent the Net Sum is more than the Threshold Amount, a sum equal to the Threshold Amount shall be distributed to the holders of Ordinary Shares on a pro rata basis and any amount (the **Excess Sum**) in excess of the Threshold Amount shall be distributed in the following proportions
 - (i) as to an amount equal to 5% of the Excess Sum less the Excluded Value (if any), to the holders of A Shares on a pro rata basis, and
 - (ii) as to the balance, to the holders of Ordinary Shares on a pro rata basis

2 2 3 **Voting**

Subject to the provisions of the Act, at a general meeting of the Company on a show of hands every Shareholder who (being an individual) is present in person or by proxy, or (being a corporation) is present by a representative duly authorised under section 323 of the Act, shall have one vote and on a poll every Shareholder present in person, by representative or by proxy shall have one vote for every Share of which it is the holder. On a written resolution every Shareholder shall have one vote for each Share of which it is the holder

3 REALISATION OR ASSET SALE

On a Realisation or Asset Sale the Realisation Value shall be apportioned between the holders of Shares in the order of priority set out in article 2 2 2 above

4 VARIATION OF CLASS RIGHTS

4 1 No variation of the rights attaching to any class of Shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of Shares or with the consent in writing from the holders of at least three-quarters in nominal value of the issued Shares of that class Where a special resolution to vary the rights attaching to a class of Shares is proposed at a separate general meeting of that class of Share, all the provisions of these Articles as to general meetings of the Company shall apply (*mutatis mutandis*) except that the necessary quorum for such a meeting shall be one holder of the relevant class, present either in person, by proxy or by duly appointed corporate representative (and for this purpose one such person may constitute a meeting)

4 2 Without prejudice to the generality of their rights, the special rights attaching to each class of Shares shall be deemed to be varied at any time by any of the following occurring without class consent

4 2 1 any variation to the share capital of the Company or the rights attaching to all of the Shares or the creation, allotment, issue, purchase of own shares or redemption of any shares or securities or the grant of, or agreement to grant, any option or right to require the allotment or issue of, or subscribe for, or convert any instrument into any share or securities of the Company or cancelling or accepting the surrender of any such right to subscribe or convert,

4 2 2 any alteration to the constitution (as defined in section 17 of the Act) of the Company,

4 2 3 instituting any proceedings or taking any steps in relation to or in preparation for the winding up, administration or dissolution of, or the appointment of an administrator, administrative receiver, receiver or manager (or any comparable proceedings) in respect of, the Company or any of the assets or undertaking of the Company, and

4 2 4 the convening of a general meeting, or the circulating of a written resolution, to effect or approve any matter which would, by virtue of this article 4 2, constitute a variation of the rights attached to any of the Shares

5 TRANSFER OF SHARES - GENERAL

5 1 Subject to article 5 2, the Directors shall forthwith register any duly stamped transfer made in accordance with, or permitted by, these Articles and the Directors shall not register any transfer of Shares which is not so made or permitted Article 26(5) of the Model Articles shall not apply to the Company

5 2 For the purposes of ensuring that

5 2 1 a transfer of any Share is in accordance with these Articles, or

5 2 2 no circumstances have arisen whereby a Shareholder is required to transfer any Share, or

5 2 3 no circumstances have arisen whereby the provisions of article 8 are required to be or ought to have been triggered

the Directors may from time to time and shall, if so requested to do by a Majority, require any Shareholder to provide, or to procure that any person named as the transferee in any transfer lodged for registration or any other person whom the Directors or a Majority reasonably believe to have information relevant to such purpose provides, such information and evidence as the Directors or a Majority may reasonably require for such purpose Pending such information or evidence being provided, the Directors are entitled to and shall, if so requested to do by a Majority, refuse to register any relevant transfer of Shares

- 5 3 Notwithstanding any other provision of these Articles, an obligation to transfer a Share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from all Encumbrances
- 5 4 Notwithstanding any other provision of these Articles, no transfer of any Share which is the subject of a Compulsory Transfer Notice shall be permitted pursuant to article 6
- 5 5 Where any Share is transferred to an existing Shareholder, such Share shall, if so requested by a Majority, on and from the time of registration of the transfer of that share in the register of members of the Company, be immediately and automatically (without resolution of the Shareholders or Directors) redesignated as a Share of the same class as the Shares already held by such Shareholder
- 6 **PERMITTED TRANSFERS**
- 6 1 **Transfer to a Family Member**
- 6 1 1 Subject to article 6 1 2 and subject to the consent of a Majority, any Shareholder may at any time transfer any of the Shares held by him to one or more of his Family Members
- 6 1 2 Where any Shareholder (in this article 6 1 2 the **transferor**) transfers Shares to a Family Member (in this article 6 1 2 the **transferee**) the transferor shall procure, before the transfer is presented for registration, that he is appointed, on terms reasonably satisfactory to a Majority, as the attorney of the transferee to exercise, in the name of and on behalf of the transferee, all or any of the rights in relation to the Shares transferred to him and with full (unconditional and irrevocable) authority to sell those Shares on behalf of the transferee For this purpose the transferee authorises the Company to send any written resolutions, notices or other communications in respect of the Shares registered in the name of the transferee to the transferor
- 6 1 3 Where, following a transfer of Shares pursuant to article 6 1 1, the transferee of those Shares ceases for any reason to be a Family Member of the original transferor of those Shares, such transferee shall within 20 Business Days of a written request to do so from the Directors or a Majority, transfer all the Shares held by him to the original transferor failing which the Directors may (and shall, if so requested to do by a Majority) authorise and instruct any Director to execute a transfer of the Shares on behalf of the relevant transferee and register the original transferor of those Shares as the holder of such Shares
- 6 1 4 A Family Member to whom Shares have been transferred pursuant to this article 6 1 may transfer those Shares back to the original transferor at any time but may not otherwise transfer such Shares pursuant to this article 6 1 or article 6 2 without the prior written consent of a Majority
- 6 2 **Transfer to a Family Trust**
- 6 2 1 Subject to article 6 2 3 and subject to the consent of a Majority, any Shareholder may at any time transfer any of the Shares held by him to one or more trustees to be held on a Family Trust
- 6 2 2 Where any Shares are held by a trustee(s) on a Family Trust, those Shares may be transferred to
- (a) any new trustee(s) of the Family Trust appointed on a change in trustee(s),
 - (b) the settlor of such Family Trust,
 - (c) the trustees of another Family Trust which has the same settlor, or
 - (d) any Family Member of the settlor of such Family Trust on their becoming entitled to such Shares under the terms of the Family Trust
- 6 2 3 Where any Shares are held by a trustee(s) on a Family Trust and either
- (a) the relevant trust ceases to be a Family Trust in relation to the settlor, or

- (b) there ceases to be any beneficiaries of the Family Trust other than charities

the trustee(s) shall forthwith, and in any event within 20 Business Days of the date on which the trust ceased to be such a Family Trust or there ceased to be any beneficiaries as above, transfer all the Shares held by them to the member who originally transferred the Shares to the Family Trust pursuant to this article 6 2, failing which the Directors may (and shall, if so requested to do by a Majority) authorise and instruct any Director to execute a transfer of the Shares on behalf of the relevant transferee and register the original transferor of those Shares as the holder of such Shares

6 3 Transfer to the Company

Any Shareholder may at any time, with the consent of a Majority, transfer Shares to the Company in accordance with the Act

6 4 Transfer Pursuant to Option Agreement

The Shares may be transferred in accordance with the Option Agreement

7 RESTRICTIONS ON TRANSFERS OF SHARES

Except as permitted under article 6 (Permitted Transfers) or as provided for in articles 9 (Drag Along) and 10 (Tag Along), a Shareholder shall not transfer any Share (or any interest in any Share) unless, before transferring or agreeing to transfer such Share (or interest), he/she shall have first received the prior written consent of a Majority

8 COMPULSORY TRANSFERS

8 1 In this article 8 each of the following shall be a **Transfer Event** in relation to an A Shareholder

8 1 1 the death of that Shareholder,

8 1 2 an order being made for the bankruptcy of that Shareholder or a petition being presented for such bankruptcy which petition is not withdrawn or dismissed within 10 Business Days of being presented or any proceedings or orders equivalent or analogous to the foregoing occurring in respect of the Shareholder under the law of any jurisdiction,

8 1 3 that Shareholder suffering from mental disorder and being admitted to hospital or, by reason of his mental health, being subject to any court order which wholly or partly prevents that Shareholder from personally exercising any powers or rights which that Shareholder would otherwise have, or

8 1 4 that Shareholder, being a director or employee of, or a consultant to, a Group Company, ceasing to be such a director, employee or consultant (including where such cessation occurs as a result of a Group Company ceasing to be a Group Company) where the Shareholder does not remain, or immediately become, an employee or director of, or a consultant to another Group Company, or

8 1 5 that Shareholder materially breaching any provision of these Articles which breach, if capable of remedy, has not been remedied to the reasonable satisfaction of a Majority within 10 Business Days of a notice from a Majority to the Shareholder requesting such remedy

and, in any such case, a Majority notifying the Company within six months of the occurrence of such event (or, if later, within six months of the date on which the Directors first became aware of the occurrence of such event) that such event is a Transfer Event in relation to that Shareholder for the purposes of this article 8

8 2 Upon a Majority notifying the Company that an event is a Transfer Event in respect of a Shareholder in accordance with article 8 1, the Relevant Shareholder and any other person holding Compulsory Transfer Shares, shall be deemed to have served a transfer notice (a

- Compulsory Transfer Notice**) in respect of all the Compulsory Transfer Shares held from time to time by each of them respectively
- 8 3 The Compulsory Transfer Shares shall be transferred to such person(s) (the **Buyer**) as shall be determined by a Majority at a price equal to
- 8 3 1 the higher of the Issue Price and the Fair Value of the Compulsory Transfer Shares if the Relevant Shareholder is a Good Leaver, or
- 8 3 2 the lower of the Issue Price and the Fair Value of the Compulsory Transfer Shares if the Relevant Shareholder is a Bad Leaver
- 8 4 Any dispute as to whether the provisions of article 8 3 1 or 8 3 2 apply in relation to any Compulsory Transfer Notice shall not affect the validity of a Compulsory Transfer Notice nor shall it delay the procedure to be followed under this article 8 in respect of such notice. Any dispute as to the Fair Value shall be referred for determination by the Expert in accordance with article 23
- 8 5 If any Shareholder (a **Compulsory Transferor**) shall fail for any reason to transfer any Compulsory Transfer Shares to the Buyer when required by this article 8, the Directors may (and will, if requested to do so by a Majority) authorise and instruct any Director to execute each necessary transfer of Compulsory Transfer Shares on each such Compulsory Transferor's behalf and to deliver that transfer to the Buyer. The Company may receive the purchase money from a Buyer on behalf of the Compulsory Transferor and thereafter shall, subject to due stamping, enter the name of that Buyer in the register of members of the Company as the holder of the Compulsory Transfer Shares so transferred to him. The receipt of the Company for the purchase money shall constitute a good discharge to the Buyer (who shall not be bound to see to the application of it) and after the Buyer has been registered in purported exercise of the power conferred by this article 8 4 the validity of the proceedings shall not be questioned by any person. The Company shall hold the relevant purchase money on trust for the Compulsory Transferor (but without interest) and the Company shall not pay such money to the Compulsory Transferor until he has delivered the share certificate(s) in respect of the relevant Shares (or a suitable indemnity or other documentation if an interest in Shares is being transferred, in each case in a form reasonably satisfactory to the Directors) to the Company
- 8 6 For the purposes of article 8 1 4 the date of cessation of a Shareholder's employment, directorship or engagement shall be (or be deemed to be) whichever is the first to occur of
- 8 6 1 the date of a notice given by the Company to the Shareholder terminating (or purporting to terminate) that Shareholder's employment, directorship or engagement with the Company (or, if later, the date specified in any such notice as being the termination date), regardless of whether any such notice constitutes unfair or wrongful dismissal,
- 8 6 2 the date of a notice given by a Shareholder to the Company terminating (or purporting to terminate) that Shareholder's employment, directorship or engagement with the Company (or, if later, the date specified in any such notice as being the termination date), regardless of whether any such notice may lawfully be given by the Shareholder,
- 8 6 3 the date on which a repudiatory breach of any contract of employment or engagement by either the Shareholder or the Company is accepted by the other party to that contract,
- 8 6 4 the date of any event which results in the termination of the contract of employment or engagement under the doctrine of frustration, or
- 8 6 5 in any circumstances other than those specified in articles 8 6 1 to 8 6 4, the date on which the Shareholder actually ceases to be employed or engaged by the Company
- 8 7 Notwithstanding any other provision of these Articles, unless a Majority resolves otherwise, any Compulsory Transfer Shares shall, with effect from the date of the relevant Compulsory Transfer Notice (or, if later, the date on which such Shares are issued), cease to confer on the holder of those Shares any right to receive notice of, or attend, speak or vote at, any

general meeting of the Company (or at any meeting of the holders of any class of Shares) or any right to receive or vote on any written resolution of the Company (or the holders of any class of Shares) until such time as another person is entered in the register of members of the Company as the holder of those Compulsory Transfer Shares (or other Shares)

8 8 Articles 27(2)(a) and 28 of the Model Articles shall not apply to the Company

9 **DRAG ALONG**

9 1 If Shareholders constituting a Majority (together the **Selling Shareholders**) wish to transfer all their Shares to a Third Party Purchaser, they shall have the option (a **Drag Along Option**) to require all of the other Shareholders (the **Continuing Shareholders**) to transfer all their Shares with full title guarantee to the Third Party Purchaser (or as the Third Party Purchaser shall direct) in accordance with this article 9

9 2 The Selling Shareholders shall exercise the Drag Along Option by giving notice to that effect (a **Drag Along Notice**) to each of the Continuing Shareholders at any time before the registration of the transfer of the Selling Shareholders' Shares. A Drag Along Notice shall specify

9 2 1 that the Continuing Shareholders are required to transfer all their Shares (the **Continuing Shares**) pursuant to this article 9,

9 2 2 the identity of the Third Party Purchaser,

9 2 3 the consideration for which, or the price at which, the Continuing Shares are to be transferred, determined in accordance with article 9 4 (the **Drag Along Consideration**), and

9 2 4 the proposed date of transfer (if known)

9 3 A Drag Along Notice may be revoked by the Selling Shareholders at any time prior to the completion of the sale and purchase of the Continuing Shares

9 4 The Drag Along Consideration shall be such amount as is payable in accordance with the provisions of articles 2 2 2 and 3

9 5 If the Drag Along Consideration cannot be agreed between the Third Party Purchaser and the holders of not less than 75% of the Continuing Shares within 10 Business Days of the date of service of the Drag Along Notice, such matter shall be referred for determination by the Expert (in accordance with article 23) and, pending their determination, the sale or transfer of the Selling Shareholders' Shares shall have no effect and shall not be registered

9 6 Prior to completion of the sale and purchase of the Continuing Shares, a Majority may resolve that any Continuing Shareholder is paid the cash equivalent of any non-cash consideration due to the Selling Shareholders from the Third Party Purchaser in lieu of such non-cash consideration. Such cash consideration in lieu may be paid to a Continuing Shareholder either on completion or at the same time as the relevant non-cash consideration is received by the Selling Shareholders at the absolute discretion of a Majority. The decision of a Majority as to the amount of any cash consideration in lieu of any non-cash consideration shall be final and binding on the Company and all the Shareholders

9 7 Completion of the sale and purchase of the Continuing Shares shall take place on the same date as completion of the sale and purchase of the Selling Shareholders' Shares (unless a Majority and all of the Continuing Shareholders shall agree otherwise)

9 8 Upon the service of a Drag Along Notice each Continuing Shareholder shall be deemed to have irrevocably appointed each of the Selling Shareholders (severally) as the agent of the Continuing Shareholder to execute, in the name of and on behalf of that Continuing Shareholder, any stock transfer form and covenant for full title guarantee in respect of the Continuing Shares registered in the name of that Continuing Shareholder and to do such other things as the agent may consider necessary or desirable to transfer and complete the sale of the Continuing Shares pursuant to this article 9

9 9 The provisions of this article 9 shall prevail over any contrary provisions of these Articles and, for the avoidance of doubt, the restrictions on transfer of Shares contained in these

Articles shall not apply to the transfer of any Shares to a Third Party Purchaser named in a Drag Along Notice (or as that Third Party Purchaser may direct)

- 9 10 Upon any person (a **New Shareholder**) becoming, at any time after the service of a Drag Along Notice, a registered holder of any Share pursuant to the exercise of any option, warrant or other right to subscribe for or acquire Shares, a Drag Along Notice, on the same terms as the then current Drag Along Notice, shall immediately be deemed to have been served upon that New Shareholder. Upon the deemed service of a Drag Along Notice pursuant to this article 9 10 the New Shareholder shall become bound to sell and transfer to the Third Party Purchaser (or as the Third Party Purchaser may direct) any Share acquired by him as a result of the exercise of any such option, warrant or other right to subscribe for or acquire Shares. The provisions of this article 9 shall apply mutatis mutandis to the sale of any such Shares by such New Shareholder provided that completion of the sale and purchase of those Shares shall take place on whichever is the later of

9 10 1 the date on which a Drag Along Notice is deemed to have been served on the New Shareholder pursuant to this article 9 10, and

9 10 2 the date of completion of the sale and purchase of the Continuing Shares pursuant to the original Drag Along Notice

10 TAG ALONG

- 10 1 Subject to article 9 and save in the case of a transfer of Shares which is permitted in accordance with the provisions of article 6, but otherwise notwithstanding any other provision of these Articles, no sale or other disposition of any Shares (the **Committed Shares**) which would result in a Change of Control shall be made or registered unless before the transfer is lodged for registration

10 1 1 a Majority has consented to such transfer, and

10 1 2 the relevant Third Party Purchaser has made a bona fide offer (a **Tag Along Offer**) by notice in writing (a **Tag Along Notice**) to acquire, in accordance with this article 10, from all the Shareholders other than the Third Party Purchaser (or persons connected with or acting in concert with him) all the Shares which are not Committed Shares (the **Uncommitted Shares**) for the consideration, or at the price, (the **Tag Along Consideration**) calculated in accordance with articles 10 3 and 10 4

- 10 2 A Tag Along Notice shall

10 2 1 state the Tag Along Consideration (subject to article 10 4),

10 2 2 state the identity of the Third Party Purchaser,

10 2 3 invite the relevant offerees to respond in writing to the Third Party Purchaser stating that they wish to accept the Tag Along Offer, and

10 2 4 subject to article 10 4 1, expire, and the offer made in the Tag Along Notice to an offeree shall be deemed to be withdrawn if not previously accepted by such offeree, on the date (being not less than 5 nor more than 20 Business Days after the date of service of the Tag Along Notice) specified in the Tag Along Notice

- 10 3 For the purposes of this article 10 the Tag Along Consideration shall be such amount as is payable in accordance with the provisions of articles 2 2 2 and 3

- 10 4 If the Tag Along Consideration cannot be agreed between the Third Party Purchaser and the holders of not less than 75% of the Uncommitted Shares within 10 Business Days of the date of service of the Tag Along Notice, such matter shall be referred for determination to the Expert (in accordance with article 23) and, pending their determination

10 4 1 the period specified in the Tag Along Notice for acceptance of the Tag Along Offer shall not start to run until such time as the Auditors' determination of the Tag Along Consideration is served on the Third Party Purchaser and the Shareholders holding Uncommitted Shares, and

- 10 4 2 the sale or transfer of the Committed Shares shall have no effect and shall not be registered
- 10 5 Upon agreement or determination of the Tag Along Consideration, such Tag Along Consideration together with the consideration or price due in respect of the Committed Shares shall together in aggregate be the Realisation Value for the purposes of calculating the allocation of that Realisation Value amongst the Shareholders in accordance with article 3
- 11 GENERAL MEETINGS**
- 11 1 Without prejudice to the provisions of sections 302 and 288(3) of the Act, a Director acting alone may
- 11 1 1 call a general meeting of the Company, or
- 11 1 2 propose a written resolution of the Company (and the provisions of section 291 of the Act shall apply to any such proposed written resolution)
- 11 2 No business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business and also when such business is voted upon Subject to article 11 3, two Shareholders present either in person, by proxy or by a duly appointed corporate representative shall be a quorum
- 11 3 Any Shareholder in respect of whom a Compulsory Transfer Notice has been served pursuant to article 8 shall not be required in order to form a quorum at any general meeting
- 11 4 Article 41 of the Model Articles shall be amended by the addition of the following as a new paragraph 41(7) in that article "If within half an hour of the time appointed for the holding of an adjourned meeting a quorum is not present, the meeting shall be dissolved"
- 11 5 The chairman of the board of Directors for the time being shall chair general meetings If the chairman is unable to attend any general meeting, the Shareholder that appointed him shall be entitled to nominate another Director appointed by it or, in the absence of such another Director, any other person present at the meeting, to act as chairman of the meeting and the appointment of the chairman shall be the first business transacted at the meeting Article 39 of the Model Articles shall not apply to the Company
- 11 6 A poll may be demanded at any general meeting by
- 11 6 1 the chairman, or
- 11 6 2 by any Shareholder present (in person, by proxy or by a duly appointed corporate representative) and entitled to vote on the relevant resolution
- Article 44(2) of the Model Articles shall not apply to the Company
- 11 7 Article 44(3) of the Model Articles shall be amended by the insertion of the following as a new paragraph at the end of that article "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made "
- 11 8 Article 45(1) of the Model Articles shall be amended as follows
- 11 8 1 by the deletion of the words in Article 45(1)(d) and the insertion of the following in their place "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 exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate ", and
- 11 8 2 by the insertion of the following as a new paragraph at the end of Article 45(1) "and a proxy notice which is not delivered in such manner shall be invalid unless the Directors, in their discretion subject to the consent of a Majority accept the proxy notice at any time before the meeting "

12 **APPOINTMENT AND REMOVAL OF DIRECTORS**

12 1 Unless and until determined otherwise by ordinary resolution of the Company, the number of Directors (other than alternate directors) shall not be less than two and is not subject to any maximum

12 2 The office of a Director shall automatically be vacated, and the Director in question shall be deemed to have resigned, upon

12 2 1 in the case of an executive Director only, that Director ceasing for any reason whatsoever to be employed by the Company, or

12 2 2 that Director failing to take part in any directors' decisions for a period of more than 6 consecutive months and the Directors, with the consent of a Majority, resolving that his appointment as a Director should terminate (and the director in question shall not be an "Eligible Director" for the purposes of such resolution of the Directors)

Article 18 of the Model Articles shall be extended accordingly

12 3 In any case where, as a result of death or bankruptcy, the Company has no Shareholders and no Directors, the transmittee(s) of the last Shareholder to have died or to have a bankruptcy order made against him (as the case may be) has the right, by notice in writing, to appoint a natural person who is willing to act and is permitted to do so, to be a Director Article 27(3) of the Model Articles shall be modified accordingly

13 **APPOINTMENT OF CHAIRMAN**

13 1 The chairman of the board of Directors shall be determined by a Majority Article 12 of the Model Articles shall not apply to the Company and he shall not have a second or casting vote

13 2 If the chairman for the time being is unable to attend any meeting of the Directors then a Majority shall be entitled to nominate another Director to act as chairman of that meeting

14 **ALTERNATE DIRECTORS**

14 1 Any Director (in this article 14, an **appointor**) may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to

14 1 1 exercise that Director's powers, and

14 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

14 2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by a Majority

14 3 The notice must

14 3 1 identify the proposed alternate, and

14 3 2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice

14 4 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

14 5 Save as provided otherwise in these Articles, alternate Directors

14 5 1 are deemed for all purposes to be Directors,

14 5 2 are liable for their own acts and omissions,

14 5 3 are subject to the same restrictions as their appointors, and

14 5 4 are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member

14 6 A person who is an alternate Director but not a Director

14 6 1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating),

14 6 2 may participate in a unanimous decision of the Directors (but only if his appointor is an Eligible Director in relation to that decision and does not himself participate), and

14 6 3 shall not be counted as more than one Director for the purposes of articles 14 6 1 and 14 6 2

14 7 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 (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present

14 8 An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director except such part of the remuneration of the alternate's appointor as the appointor may direct by notice in writing to the Company. An alternate Director shall be entitled to be reimbursed by the Company such expenses as might properly be reimbursed to him if he were a Director

14 9 The appointment of an alternate Director terminates

14 9 1 when the alternate's appointor revokes the appointment by notice in writing to the Company specifying when it is to terminate,

14 9 2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director,

14 9 3 on the death of the alternate's appointor,

14 9 4 when the appointment of the alternate's appointor as a Director terminates, or

14 9 5 when written notice from the alternate, resigning his office, is received by the Company

15 PROCEEDINGS OF DIRECTORS

15 1 Notice

Unless agreed otherwise by a Majority

15 1 1 meetings of the Directors may be convened by any Director by not less than 2 Business Days notice provided that a meeting of the Directors may be convened by less notice if

(a) the interests of the Company would, in the opinion of a Shareholder or Director, be likely to be materially and adversely affected if the business to be transacted at that meeting were not dealt with as a matter of urgency, or

(b) a Majority agree in writing, and

15 1 2 notice of each meeting of the Directors shall be sent to each Director (and any alternate duly appointed in accordance with article 14) at the address, fax number and/or email address notified to the Company for this purpose by each such Director or alternate provided that

(a) if notice is sent by fax or email, a copy of such notice shall also be sent by post,

- (b) if a notice is required to be sent outside the United Kingdom, such notice shall be sent by airmail,
- (c) each notice of a meeting shall be accompanied by a full agenda and supporting papers, and
- (d) each meeting shall only deal with the business set out in the agenda which accompanied the notice convening that meeting

Article 9(1) of the Model Articles shall not apply to the Company

15 2 **Quorum**

Subject to article 15 4, two Eligible Directors present either in person or by a duly appointed alternate, shall be a quorum for any meeting of the Directors. No business shall be transacted at any meeting of the Directors unless the requisite quorum is present at the commencement of the business and also when such business is voted upon. Article 11(2) of the Model Articles shall not apply to the Company

15 3 **Voting**

15 3 1 Subject to article 15 3 2 and save as agreed otherwise in writing by all the Shareholders

- (a) all decisions made at any meeting of the Directors (or of any committee of the Directors) shall be made by resolution and any such resolution shall be decided by a majority of votes, and
- (b) at any Board meeting each Eligible Director present shall be entitled to cast one vote on each issue put to a vote

15 3 2 Any Director upon whom a Compulsory Transfer Notice has been served pursuant to article 8 shall not be entitled to exercise any vote at a meeting of the Directors

15 3 3 If the number of votes for and against a proposal at a Directors' meeting are equal the chairman shall have a casting vote, provided that the chairman shall not have a casting vote if he is not an Eligible Director for the purposes of the relevant directors' decision. Article 13 of the Model Articles shall not apply to the Company

15 4 **Adjournment**

If within 30 minutes of the time appointed for a meeting of the Directors there is no quorum present, the Director(s) present shall adjourn the meeting to a place and time not less than 3 Business Days later and shall procure that notice of such adjourned meeting is given to each Director in accordance with article 15 1. If at such adjourned meeting a quorum is not present within 30 minutes of the time appointed for the adjourned meeting (or such longer period as the chairman may allow), then the Directors present shall constitute a quorum and may conduct the business of the meeting

15 5 **Delegation by Directors**

15 5 1 Article 5 of the Model Articles shall be modified so that the Directors may only delegate any of their powers (or revoke or alter the terms and conditions of any such delegation) to a person or committee with the prior written consent of a Majority

15 5 2 Article 6(2) of the Model Articles shall be amended by the insertion of the following words before the word "may": "with the prior written consent of a Majority"

15 5 3 The provisions of article 15 2 shall apply to any meeting of a committee of the Directors "

15 6 **Miscellaneous**

Article 16 of the Model Articles shall be amended by the insertion of the following words after the word "may" "with the prior written consent of a Majority

16 **TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

16 1 Subject to sections 177 and 182 of the Act and (where applicable) to any terms and conditions imposed by the Directors under article 17 3, and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way (whether directly or indirectly) interested in an existing or proposed transaction or arrangement with the Company

16 1 1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested,

16 1 2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or a committee of Directors) in respect of such transaction or arrangement, or proposed transaction or arrangement, in which he is interested,

16 1 3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision of the Directors, in respect of such transaction or arrangement, or proposed transaction or arrangement, in which he is interested,

16 1 4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director,

16 1 5 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested, and

16 1 6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

16 2 Articles 14(1) to 14(4) of the Model Articles shall not apply to the Company

17 **DIRECTORS' CONFLICTS OF INTEREST**

17 1 Subject to the consent of a Majority, the Directors may, in accordance with the requirements set out in this article 17, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the Act to avoid situations which conflict or possibly may conflict with the interests of the Company (a **Conflict**)

17 2 Any authorisation under this article will be effective only if

17 2 1 the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine,

17 2 2 any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question, and

17 2 3 the matter was agreed to without the Director in question or would have been agreed to if his vote had not been counted

- 17 3 Any authorisation of a Conflict under this article 17 shall be recorded in writing (but the authorisation shall be effective whether or not the terms are so recorded) and may, whether at the time of giving the authorisation or subsequently
- 17 3 1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised,
 - 17 3 2 be subject to such terms and for such duration, or impose such limits or conditions as the Directors may determine, and
 - 17 3 3 be terminated or varied by the Directors at any time
- This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation
- 17 4 In authorising a Conflict the Directors may decide (whether at the time of giving the authorisation or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the Director is under no obligation to
- 17 4 1 disclose such information to the Directors or to any Director or other officer or employee of the Company, or
 - 17 4 2 use or apply any such information in performing his duties as a Director
- where to do so would amount to a breach of that confidence
- 17 5 Where the Directors authorise a Conflict they may (whether at the time of giving the authorisation or subsequently) provide, without limitation, that the Director
- 17 5 1 is excluded from discussions (whether at meetings of Directors or otherwise) related to the Conflict,
 - 17 5 2 is not given any documents or other information relating to the Conflict, and
 - 17 5 3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to any resolution relating to the Conflict
- 17 6 Where the Directors authorise a Conflict
- 17 6 1 the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict, and
 - 17 6 2 the Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of their authorisation
- 17 7 A Director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds
- 18 DIRECTORS' BENEFITS**
- 18 1 Article 19(2) of the Model Articles shall be amended by the insertion of the following words at the start of that article "Subject to the consent of a Majority"
- 18 2 Article 19(3) of the Model Articles shall be amended by the insertion of the following words at the start of that article "Subject to the consent of a Majority and"

19 **SECRETARY**

The Directors may, subject to the consent of a Majority, appoint any person who is willing to act as the secretary of the Company for such term, on such remuneration and on such conditions as they may think fit and may from time to time remove or replace such person

20 **SERVICE OF DOCUMENTS**

20 1 Any notice, document or other information given in accordance with these Articles shall be deemed served on or delivered to the intended recipient

20 1 1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted,

20 1 2 if properly addressed and sent by reputable international overnight courier to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, 5 Business Days after posting provided that delivery in at least 5 Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider,

20 1 3 if properly addressed and delivered by hand, when it was given or left at the appropriate address,

20 1 4 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and

20 1 5 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

For the purposes of this article 20 1, no account shall be taken of any part of a day that is not a working day

20 2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act

21 **INDEMNITY**

21 1 Subject to article 21 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled

21 1 1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer

(a) in the actual or purported execution and/or discharge of his duties, or in relation to them, and

(b) in relation to the activities of the Company (or any associated company) as trustee of an occupational pension scheme (as defined in section 235(6) of the Act)

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment 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, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company (or any associated company), and

21 1 2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 21 1 1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

- 21 2 This article 21 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law
- 21 3 In this article 21 and in article 22
- 21 3 1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- 21 3 2 a **relevant officer** means any director or other officer or former director or other officer of the Company or any associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or any associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor)
- 21 4 Article 52 of the Model Articles shall not apply to the Company
- 22 **INSURANCE**
- 22 1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any loss or liability which has been or may be incurred by that relevant officer in connection with his duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company
- 22 2 Article 53 of the Model Articles shall not apply to the Company
- 23 **DISPUTES**
- 23 1 Where these Articles provide for any matter or dispute to be determined by the Expert, such matter or dispute shall be referred, at the request of any Shareholder, to the Auditors provided that in the circumstances referred to in article 23 2 such matter or dispute shall be referred to an independent chartered accountant nominated in writing for this purpose by a Majority
- 23 2 The circumstances referred to in article 23 1 are
- 23 2 1 where the Auditors are unable or unwilling to act in connection with the relevant reference, or
- 23 2 2 where, within 10 Business Days of a Shareholder requesting that a matter or dispute be referred for determination under this article 23, a Majority directs in writing that instead of being referred to the Auditors the relevant matter or dispute shall be referred to the independent chartered accountant nominated by a Majority in their discretion for this purpose
- 23 3 The Expert shall be engaged on terms agreed between the relevant Expert and the Directors with the consent of a Majority For the purposes of agreeing the terms of the Expert's engagement pursuant to this article 23 3, the Directors shall act as agent for the Company and each relevant Shareholder
- 23 4 The Company and any relevant Shareholders shall supply the Expert with any information which he may reasonably request in connection with his determination The Company and any relevant Shareholders shall be entitled to make written submissions to the Expert provided that a copy of any such written submissions is also simultaneously delivered to the other relevant parties The Expert shall give due weight to any such written submission which is received by the Expert within such time limit as he may determine and have notified to the relevant parties
- 23 5 The decision of the Expert (who shall be deemed to act as an expert and not as an arbitrator) shall, save in the event of fraud or manifest error, be final and binding on the Company and the Shareholders
- 23 6 The cost of any reference to the Expert shall be borne as directed in the relevant article or, where no such direction is given, by the party or parties named by the Expert (taking into account the conduct of the parties and the merits of their respective arguments in relation to any matters in dispute) or, where no such party is named by the Expert, equally by the parties concerned

24 **CHANGE OF NAME**

Subject to the consent of a Majority, the name of the Company may be changed by a decision of the Directors

25 **COMPANY'S LIEN OVER SHARES**

25 1 The Company has a lien (the **Company's lien**) over every Share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future

25 2 The Company's lien over a Share

25 2 1 takes priority over any third party's interest in that Share, and

25 2 2 extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share

25 3 The Directors may at any time with the consent of Majority decide that a Share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part

25 4 Subject to the provisions of this article 25, if

25 4 1 a notice enforcing the Company's lien (a **Lien Enforcement Notice**) has been given in respect of a Share, and

25 4 2 the person to whom the Lien Enforcement Notice was given has failed to comply with it

the Company may sell that Share in such manner as the Directors with the consent of a Majority decide

25 5 A Lien Enforcement Notice

25 5 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,

25 5 2 must specify the Share concerned,

25 5 3 must require payment of the sum within 14 days of the notice,

25 5 4 must be addressed either to the holder of the Share or to a transmittee of that holder, and

25 5 5 must state the Company's intention to sell the Share if the notice is not complied with

25 6 Where Shares are sold under this article following service of a Lien Enforcement Notice

25 6 1 the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser, and

25 6 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

25 7 The net proceeds of the sale of any Share following service of a Lien Enforcement Notice (after payment of the costs of sale and any other costs of enforcing the Company's lien) must be applied

25 7 1 firstly, 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

25 7 2 secondly, 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 for any money payable (whether payable immediately or at some time in the future) as existed upon the Shares before the sale in respect of all Shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the Lien Enforcement Notice

25 8 A statutory declaration by a Director that the declarant is a Director and that a Share has been sold to satisfy the Company's lien on a specified date

25 8 1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share, and

25 8 2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share

25 9 If a Share is subject to the Company's lien and the Directors are entitled to issue a Lien Enforcement Notice in respect of it, then the Directors may, instead of issuing a Lien Enforcement Notice, deduct from any dividend or other sum payable in respect of the Share any sum of money which is payable to the Company in respect of that Share to the extent that they are entitled to require payment under a Lien Enforcement Notice Any money deducted pursuant to this article 25 9 must be used to pay any of the sums payable in respect of that Share The Company must notify the distribution recipient in writing of

25 9 1 the fact and amount of any such deduction,

25 9 2 any non-payment of a dividend or other sum payable in respect of a Share resulting from such deductions, and

25 9 3 how the money deducted has been applied

26 **COMPANY'S OBJECTS**

The Company shall have unrestricted objects

APPENDIX

Examples of Calculating the Fair Value

In each of the examples below (unless expressly stated otherwise), the Threshold Amount is £19m, the A Shareholder ceases to be employed by the Group in circumstances where he is a Good Leaver and the Valuation is £29m

Example 1 There are no Additional Employee Shareholders and there have been no acquisitions of other companies or businesses since the Adoption Date. In such case, the Fair Value of the A Shares will be £500,000 being 5% (being the relevant percentage as set out in the definition of Growth Value) of the £10m amount by which the Valuation exceeds the Threshold Amount (i.e. 5% of the amount by which the Company has grown in value since the Adoption Date).

Example 2 There have been no acquisitions, but there is an Additional Employee Shareholder who was issued with shares in a Group Company conferring 8% of the growth value of such Group Company. The Threshold Amount for such Additional Employee Shareholder and Group Company (as defined, for this purpose, in the Group Company's articles of association) is £5m and the valuation of the Group Company on the relevant Transfer Event is £10m. In such case, the Fair Value of the A Shares will be £300,000 being the sum of £500,000 (calculated as above in Example 1) less the Excluded Value of £200,000 calculated as follows:

$$(A - B) \times C\% = D$$

Where

A = £10m, being the Valuation of the Group Company on the Transfer Event,

B = £5m, being the relevant Threshold Amount for the Additional Employee Shareholder and the Group Company (as defined in the Group Company's articles of association),

C = 4%, being 50% of the 8% in growth value of the Group Company which is conferred on the shares held by the Additional Employee Shareholder, and

D = £200,000

Example 3 There are no Additional Employee Shareholders, but after the Adoption Date the Company acquired another business (the **Target**) and, at the date of such acquisition, the EBITA of the Target was £600,000. The Valuation (including the value of the Target) is £33m. In such case, the Fair Value of the A Shares will be £550,000 calculated as follows:

$$(A - B) \times C\% = D$$

Where

A = £33m, being the Valuation including the value of the Target,

B = £22m, being the Threshold Amount calculated by adding the initial Threshold Amount of £19m and £3m (being 5 x Target's initial EBITA of £600,000),

C = 5%, being the relevant percentage as set out in the definition of Growth Value, and

D = £550,000

Example 4 After the Adoption Date, the Company acquires another business (the **Target**). At the date of such acquisition, the EBITA of the Target was £600,000. At the same time, shares in the Target are issued to Additional Employee Shareholders which confer a total of 6% of the growth value in the Target. The total Valuation is £34m of which £5m is attributable to the value of the Target. In such case, the Fair Value of the A Shares will be £540,000 being the sum of the Growth Value of £600,000 (calculated as set out in paragraph (a) below) less the Excluded Value of £60,000 (calculated as set out in paragraph (b) below).

(a) Growth Value = £600,000, calculated as follows

$$(A - B) \times C\% = D$$

Where

A = £34m, being the total Valuation including the £5m value attributable to the Target,

B = £22m, being the Threshold Amount calculated by adding the initial Threshold Amount of £19m and £3m (being 5 x Target's initial EBITA),

C = 5%, being the relevant percentage as set out in the definition of Growth Value, and

D = £600,000

(b) Excluded Value = £60,000, calculated as follows

$$(A - B) \times C\% = D$$

Where

A = £5m, being the value of the Target on the Transfer Event,

B = £3m, being the relevant Threshold value of the Target for the Additional Employee Shareholders (based on 5 x Target's initial EBITA),

C = 3%, being 50% of the 6% in growth value of the Target which is conferred on the shares held by the Additional Employee Shareholders, and

D = £60,000