

Dated 4th January 2021

Private Company Limited by Shares

ARTICLES OF ASSOCIATION

of

LEXHAM INSURANCE CONSULTANTS LIMITED

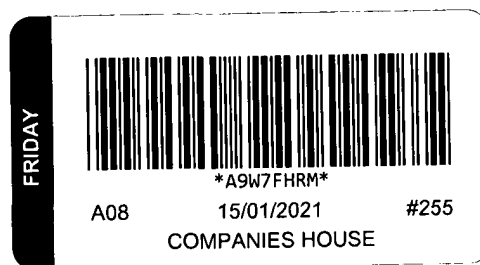


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Company number 03897329
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
Lexham Insurance Consultants Limited
(Adopted by special resolution passed on 4th January 2021)

Introduction

1. Interpretation

1.1 The following definitions and rules of interpretation apply in these Articles:

Act: means the Companies Act 2006.

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).

appointor: has the meaning given in article 12.1.

Articles: means the company's articles of association for the time being in force.

A Shares: means ordinary A shares of £0.01 each in the capital of the company in issue from time to time and **A Share** shall be construed accordingly.

A Shareholder: means a holder of A Shares and **A Shareholders** shall be construed accordingly.

Bad Leaver: an Employee who ceases to be an Employee as a direct or indirect consequence of:

- (a) that person committing any act(s) of dishonesty or other gross misconduct, gross incompetence or gross neglect of duty; or
- (b) the voluntary resignation of that Employee (but for the avoidance of doubt this shall not include death of an Employee or resignation on grounds of incapacity or serious ill health).

Board: means the board of directors of the company from time to time.

B Shares: means ordinary B shares of £1.00 each in the capital of the company in issue from time to time and **B Share** shall be construed accordingly.

Business Day: means any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.

Call: has the meaning given in article 32.1.

Call Notice: has the meaning given in article 32.1.

Capital Return: has the meaning given in article 19.1.

Conflict: has the meaning given in article 8.1.

Company's Lien: has the meaning given in article 30.1.

Controlling Interest: an interest in Shares conferring on the holder or holders control of the company within the meaning of section 1124 of the Corporation Tax Act 2010.

C Shares: means ordinary C shares of £0.001 each in the capital of the company in issue from time to time and **C Share** shall be construed accordingly.

Deferred Contingent Instalment: has the meaning given in article 20.2.1.

Deferred Instalment: has the meaning given in article 20.2.2.

Departing Employee: an Employee who ceases to be an employee of, or consultant to, any Group Company and who does not continue as, or become, an employee of, or consultant to, any Group Company, provided that neither Richard Kenneth Ironmonger nor Andrew James Goodson shall be Departing Employees for the purposes of these Articles.

D Shares: means ordinary D shares of £0.001 each in the capital of the company in issue from time to time and **D Share** shall be construed accordingly.

eligible director: means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter).

Employee: an individual who is, or has been an employee of, or who provides or has provided consultancy services to, any Group Company.

Fair Value: has the meaning given in article 25.2.

First Capital Return: has the meaning given in article 19.1.1.

First Threshold: means £4,000,000 (four million pounds sterling).

Group: the company any subsidiary or any holding company from time to time of the company, and any subsidiary from time to time of a holding company of the company from time to time and **Group Company:** shall be construed accordingly.

Independent Expert: an independent firm of accountants jointly appointed by the parties or, in the absence of agreement between the parties the on the identity of the expert, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator).

Lien Enforcement Notice: has the meaning given in article 31.2.

Minimum Transfer Condition: has the meaning given in article 23.2.4.

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

Relevant Shares: in relation to an Employee means all Shares held by the Employee in question and including any Shares acquired by any such person after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice.

Sale: means the sale of the whole of the issued equity share capital of the company to a single buyer or to one or more buyers as part of a single transaction.

Sale Proceeds: means the value of the consideration payable as the result of completion of a Sale.

Sale Shares: has the meaning given in clause 24.2.

Seller: has the meaning given in clause 24.2.

Second Capital Return: has the meaning given in article 19.1.2.

Second Threshold: £10,000,000 (ten million pounds sterling).

Share: means a share of any class in the capital of the company.

Shareholder: means a holder of any Share from time to time.

Specified Percentage: has the meaning given in article 19.2.

Termination Date:

- (c) where employment ceases by virtue of notice given by the employer to the employee, the date on which notice of termination was served;
- (d) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;
- (e) where an Employee dies, the date of his death; or
- (f) in any other case, the date on which the employment is terminated.

Third Capital Return: has the meaning given in article 19.1.3.

Transfer Notice: has the meaning given in clause 24.2.

Transfer Price: has the meaning given in clause 24.2.3.

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.6 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.7 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.9 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
- 1.9.1 another person (or its nominee), by way of security or in connection with the taking of security; or
- 1.9.2 its nominee.

In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Act shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.

2. Model Articles

- 2.1 The Model Articles shall apply to the company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 2.2 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 21, 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 2.3 Article 7 of the Model Articles shall be amended by:
- 2.3.1 the insertion of the words "for the time being" at the end of article 7(2)(a); and
- 2.3.2 the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 2.4 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".
- 2.5 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".

- 2.6 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 2.7 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".
- 2.8 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"

Directors

3. Unanimous decisions

- 3.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 3.2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 3.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

4. Calling a directors' meeting

Any director may call a directors' meeting by giving not less than five Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.

5. Quorum for directors' meetings

- 5.1 Subject to article 5.2 and 5.3, the quorum for the transaction of business at a meeting of directors is two eligible directors. However, if there, however if there is only one director in office, the quorum for such meeting shall be one director.
- 5.2 At all times whilst he is a director Richard Kenneth Ironmonger must be present at a meeting of the directors for there to be quorum.
- 5.3 For the purposes of any meeting (or part of a meeting) held pursuant to article 8 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 5.4 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:
 - 5.4.1 to appoint further directors; or
 - 5.4.2 to call a general meeting so as to enable the shareholders to appoint further directors.

6. Casting vote

- 6.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting has a casting vote.
- 6.2 Article 6.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting).
- 6.3 At all times whilst he remains a director or unless he shall otherwise agree, Richard Kenneth Ironmonger shall be the chairman.

7. Transactions or other arrangements with the company

- 7.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:

- 7.1.1 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;
- 7.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.1.3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.1.4 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;
- 7.1.5 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
- 7.1.6 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 transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such 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.

- 7.2 A director need not declare an interest under article 7.1:

- (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (b) of which the director is not aware, although for this purpose a director is treated as being aware of matters of which he ought reasonably to be aware;

- (c) if, or to the extent that, the other directors are already aware of it, and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware; or
- (d) if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at a board meeting.

8. Directors' conflicts of interest

- 8.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 8.2 Any authorisation under this article 8 will be effective only if:
 - 8.2.1 to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration 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;
 - 8.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
 - 8.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.
- 8.3 Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently):
 - 8.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - 8.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
 - 8.3.3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
 - 8.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
 - 8.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence; and
 - 8.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

- 8.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 8.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 8.6 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.

9. Records of decisions to be kept

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

10. Number of directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than one. When the number of directors shall be one, a sole director may exercise all powers and authorities vested in the directors by the Model Articles and by these articles.

11. Appointment of directors

- 11.1 In addition to the provisions for appointment of directors in Article 17.1 of the Model Articles, any person who is willing to be act as a director, and is permitted by law to do so, may be appointed to be a director by the holder(s) of a simple majority of the A Shares.
- 11.2 Any director may at any time be removed from office by the holders of a simple majority of the A Shares.
- 11.3 Any appointment or removal of a director pursuant to this article shall be in writing and signed by or on behalf of the holder(s) of a majority of the A Shares and served on the company at its registered office, or delivered to a duly constituted meeting of the directors of the company and on the director, in the case of his removal. Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.
- 11.4 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 holding Shares to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

12. Appointment and removal of alternate directors

- 12.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

12.1.1 exercise that director's powers; and

12.1.2 carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

12.2 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 the directors.

12.3 The notice must:

12.3.1 identify the proposed alternate; and

12.3.2 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.

13. Rights and responsibilities of alternate directors

13.1 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.

13.2 Except as the Articles specify otherwise, alternate directors:

13.2.1 are deemed for all purposes to be directors;

13.2.2 are liable for their own acts and omissions;

13.2.3 are subject to the same restrictions as their appointors; and

13.2.4 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.

13.3 A person who is an alternate director but not a director:

13.3.1 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);

13.3.2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and

13.3.3 shall not be counted as more than one director for the purposes of article 13.3.

13.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (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.

13.5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

14. Termination of alternate directorship

14.1 An alternate director's appointment as an alternate terminates:

- 14.1.1 when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- 14.1.2 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;
- 14.1.3 on the death of the alternate's appointor; or
- 14.1.4 when the alternate's appointor's appointment as a director terminates.

15. Secretary

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

Shares

16. Share Capital

16.1 The share capital of the company at the date of the adoption of these Articles is comprised of:

- 16.1.1 A Shares;
- 16.1.2 B Shares;
- 16.1.3 C Shares; and
- 16.1.4 D Shares.

16.2 The A Shares, the B Shares, the C Shares and the D Shares shall constitute different classes of shares for the purposes of the Act but, save as otherwise provided in these Articles, the A Shares, the B Shares, the C Shares and the D Shares shall rank *pari passu* in all respects.

16.3 Subject to the Articles, but without prejudice to the rights attached to any existing share, the company may from time to time by special resolution do one or more of the following:

- 16.3.1 issue shares with such rights or restrictions as may be determined by that resolution;
- 16.3.2 sub-divide, consolidate or redenominate its share capital in accordance with the Act; and
- 16.3.3 issue shares on a nil paid or partly paid basis, and on terms that part of that share's nominal value or any premium at which it was issued has not been paid to the company and remains outstanding.

- 16.4 The company may issue Shares which are to be redeemed or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such Shares.

17. Dividends

- 17.1 **A Shares:** The profits of the company which are resolved to be divided amongst the Shareholders in any year shall be applied in paying to the holders of the A Shares pro rata according to the number of such A Shares held by them.
- 17.2 **B Shares:** The holders of B Shares shall not be entitled to receive any dividends or receive any share of any available profits in respect of the B Shares that they hold.
- 17.3 **C Shares:** The holders of C Shares shall not be entitled to receive any dividends or receive any share of any available profits in respect of the C Shares that they hold.
- 17.4 **D Shares:** The holders of D Shares shall not be entitled to receive any dividends or receive any share of any available profits in respect of the D Shares that they hold.

18. Voting Rights

- 18.1 **A Shares:** The holders of A Shares shall, in respect of the A Shares held by them, be entitled to receive notice of, attend and speak at and vote at, general meetings of the company and whether on a show of hands, on a poll or on a written resolution. Each A Shareholder shall have one vote for each A Share held.
- 18.2 **B Shares:** The holders of B Shares are not entitled to receive notice of, attend, speak at or vote at, general meetings of the company whether on a show of hands, on a poll or on a written resolution.
- 18.3 **C Shares:** The holders of C Shares are not entitled to receive notice of, attend, speak at or vote at, general meetings of the company whether on a show of hands, on a poll or on a written resolution.
- 18.4 **D Shares:** The holders of D Shares are not entitled to receive notice of, attend, speak at or vote at, general meetings of the company whether on a show of hands, on a poll or on a written resolution.

19. Return of Capital

- 19.1 On a return of capital on liquidation or otherwise (except on a redemption or purchase by the company of any Shares) (a **Capital Return**), the surplus assets of the company remaining after the payment of its liabilities shall be applied as follows:

19.1.1 in respect of the Capital Return up to and including the First Threshold (**First Capital Return**), in the following order of priority:

- (a) first, in paying to the holders B Shares an aggregate amount which is equal to 10% of the First Capital Return, which shall be divided between the holders of the B Shares pro rata to the number of B Shares held by each of them; and
- (b) thereafter, the balance of the First Capital Return shall be distributed amongst the holders of the A Shares pro rata to the number of A Shares held by each of them.

19.1.2 in respect of any part of a Capital Return exceeding the First Threshold and up to and including the Second Threshold (**Second Capital Return**), in the following order of priority:

- (a) first, in paying to the holders B Shares an aggregate amount which is equal to 10% of the Second Capital Return, which shall be divided between the holders of the B Shares pro rata to the number of B Shares held by each of them;
- (b) thereafter, the balance of the Second Capital Return shall be distributed amongst the holders of the A Shares and the C Shares pro rata to the number of A Shares and C Shares held, as if the A Shares and the C Shares constituted one class of Shares at the time of the Capital Return.

19.1.3 in respect of any part of a Capital Return exceeding the Second Threshold (**Third Capital Return**), in the following order of priority:

- (a) first, in paying to the holders B Shares an aggregate amount which is equal to 10% of the Third Capital Return, which shall be divided between the holders of the B Shares pro rata to the number of B Shares held by each of them;
- (b) Second, in paying to the holders of the D Shares an aggregate amount which is equal to the Specified Percentage of the Third Capital Return, which shall be divided between the holders of the D Shares pro rata to the number of D Share held by each of them; and
- (c) thereafter, the balance of the Third Capital Return shall be distributed amongst the holders of the A Shares and the C Shares pro rata to the number of A Shares and C Shares held, as if the A Shares and the C Shares constituted one class of Shares at the time of the Capital Return.

19.2 For the purposes of article 19.1.3(b) the **Specified Percentage** shall be:

19.2.1 if the Capital Return arises on or before the first anniversary of the adoption of these Articles: 10%;

19.2.2 if the Capital Return arises after the first anniversary of the adoption of these Articles, but on or before the second anniversary of the adoption of these Articles: 20%;

19.2.3 if the Capital Return arises after the second anniversary of the adoption of these Articles, but on or before the fifth anniversary of the adoption of these Articles: 30%; or

19.2.4 if the Capital Return arises after the fifth anniversary of the adoption of these Articles: 0%.

19.3 If, prior to a Sale or Capital Return the company issues more shares of any class, or in any other circumstances which the Board considers it to be appropriate, the Board may, in its discretion, determine that Specified Percentage should be treated as adjusted for the purposes of the operation of article 19, in order to reflect the fact that but for that event, the amount payable on the D Shares would have been, or should equitably be a greater or lesser amount and certain Shares may or may not have otherwise been entitled to a share of the Capital Return or Sales Proceeds. In exercising its discretion the Board shall act fairly and reasonably and shall have regard to the advice of an Independent Expert, which shall also advise on the manner and extent of any such adjustment.

20. Sale Proceeds

20.1 Subject to article 20.2, in the event of a Sale then, notwithstanding anything to the contrary in the terms and conditions governing such Sale, upon written notice being given to the selling Shareholders, the selling Shareholders immediately prior to such Sale shall procure that the Sale Proceeds (whenever received) shall, subject to articles 20.3 be placed in a designated trustee account and shall be distributed amongst such selling Shareholders in such amounts and in such order of priority as would be applicable on a Capital Return (pursuant to article 19).

20.2 In the event of a Sale:

20.2.1 if the payment of any part of the Sale Proceeds is deferred so that it is only due and payable on date(s) falling after the completion of the Sale and is also contingent on certain events or targets being met (a **Deferred Contingent Instalment**), the provisions of article 20.1 shall be applied at the time of completion in respect of the Sale Proceeds to be paid on completion and repeated each time a Deferred Contingent Instalment becomes due and payable. Each time the provisions of article 20.1 are reapplied, when calculating the amount due to Shareholders the Sale Proceeds shall include the sum of all consideration that has already been paid and the relevant Deferred Contingent Instalment, provided that account shall be taken of amounts already received by Shareholders, or not received (as the case may be), in respect of previous payments of consideration;

20.2.2 if the payment of any part of the Sale Proceeds is deferred such that it is only due and payable on date(s) falling after completion of the Sale (a **Deferred Instalment**), the provisions of article 20.1 shall be applied on completion in respect of the total amount of the Sale Proceeds. Shareholders shall be entitled to share in each payment of the Sale Proceeds (including the Deferred Instalments) pro-rata to their overall entitlement to the Sale Proceeds, as determined in accordance with article 20.1; and

20.2.3 for the purposes of calculating the value of the Sale Proceeds when distributing these in accordance with article 20.1, if any part of the Sale proceeds comprises the issue of securities (not accompanied by a cash alternative):

(a) if the securities will rank *pari passu* with a class of securities already traded on a recognised investment exchange, their value shall be treated as equal to the value of such securities traded on such exchange; and

(b) if the securities will not so rank, their value shall be determined by an Independent Expert.

20.3 For the purposes of calculating the value of the Sale Proceeds the costs of sale incurred by the Company and the Shareholders and approved by the Board (including but not exclusively legal and other professional costs) shall be deducted before the Sale Proceeds shall be distributed.

21. Further issues of shares: pre-emption rights

21.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the company.

21.2 Unless otherwise agreed by special resolution, if the company proposes to allot any equity securities (other than any equity securities to be held under an employees' share scheme or other share options issued prior to the date of adoption of these Articles), those equity securities

shall not be allotted to any person unless the company has first offered them to all Shareholders holding A Shares on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to other persons on a pari passu and pro rata basis to the number of A Shares held by those A Shareholders (as nearly as possible without involving fractions). The offer:

21.2.1 shall be in writing, shall be open for acceptance for a period of 15 business days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and

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

21.3 Any equity securities not accepted by A Shareholders pursuant to the offer made to them in accordance with article 21.2 shall be used for satisfying any requests for Excess Securities made pursuant to article 21.2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro rata to the number of A Shares held by the applicants immediately before the offer was made to A Shareholders in accordance with article 21.2 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any A Shareholder beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the A Shareholders.

21.4 Subject to Articles 21.2 and 21.3 and to section 551 of the Act, any equity securities shall be at the disposal of the directors 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.

22. Transfers of shares: general

22.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal 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.

22.2 No Share shall be transferred, and the directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to clause 22.4, the directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.

22.3 Any transfer of a Share by way of sale which is required to be made under clause 27 or clause 28 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.

22.4 The directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the company a deed, in favour of the company and the other Shareholders agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between any of the Shareholders and the company, in such 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). If any condition is imposed in accordance with this clause 22.4, the transfer may not be registered unless and until that deed has been executed and delivered to the company's registered office by the transferee.

22.5 To enable the directors to determine whether or not there has been any transfer (or purported transfer) of Shares the directors may require:

22.5.1 any holder (or the legal representatives of a deceased holder); or

22.5.2 any person named as a transferee in a transfer lodged for registration; or

22.5.3 such other person as the directors may reasonably believe to have information relevant to that purpose,

to provide the company with any information and evidence that the directors think fit regarding any matter which they deem relevant to that purpose.

22.6 If any such information or evidence referred to in clause 22.5 is not provided to enable the directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the directors are reasonably satisfied that a breach has occurred, the directors shall immediately notify the holder of such Shares of that fact in writing and , if the holder fails to remedy that situation to the reasonable satisfaction of the directors within 10 Business Days of receipt of such written notice, then:

22.6.1 the relevant Shares shall cease to confer on the holder of them any rights:

(a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;

(b) to receive dividends;

(c) to participate in any future issue of Shares issued in respect of those Shares; and

22.6.2 the directors may, by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his Shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

The directors may reinstate the rights referred to in clause 22.6.1 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to clause 22.6.2 on completion of such transfer.

22.7 If a Transfer Notice is deemed to have been given under these Articles, the deemed Transfer Notice shall be treated as having specified that:

22.7.1 it does not contain a Minimum Transfer Condition; and

22.7.2 the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of transfer of Shares pursuant to the relevant Transfer Notice).

23. Prohibited transfers of shares

23.1 The B Shares are not transferrable except:

23.1.1 in case of a Sale, or

- 23.1.2 in circumstances where the holders of the B Shares become Called Shareholders in accordance with article 28 (*drag along*); or
- 23.1.3 where the provisions of article 27 (*mandatory offer on change of control*) apply.
- 23.2 Neither the C Shares nor the D Shares are transferrable except:
 - 23.2.1 in case of a Sale, or
 - 23.2.2 in circumstances where the holders of the C Shares and/or the D Shares are Called Shareholders in accordance with article 28 (*drag along*); or
 - 23.2.3 the provisions of article 28 (*mandatory offer on change of control*) apply.
 - 23.2.4 The holder of C Shares or D Shares is required to transfer Shares pursuant to article 26 (*compulsory transfer*).
- 24. **Pre-emption rights on the transfer of shares**
 - 24.1 Subject to article 23 and except where the provisions of article 26, article 27 or article 28 apply, or with the prior written consent of all A Shareholders, any transfer of shares by a Shareholder shall be subject to the pre-emption rights in this article.
 - 24.2 A Shareholder (**Seller**) wishing to transfer its Shares (**Sale Shares**) must give notice in writing (a **Transfer Notice**) to the company giving details of the proposed transfer including:
 - 24.2.1 the number of Sale Shares;
 - 24.2.2 if the Seller wishes to sell the Sale Shares to a third party, the name of the proposed buyer;
 - 24.2.3 the price (in cash) at which the Seller wishes to sell the Sale Shares (which will be deemed to be Fair Value of the Sale Shares if no cash price is agreed between the Seller and the Board (**Transfer Price**)); and
 - 24.2.4 whether the Transfer Notice is conditional on all, or a specific number of, the Sale Shares being sold to shareholders (**Minimum Transfer Condition**).
 - 24.3 Once given (or deemed to have been given) under these Articles, a Transfer Notice may not be withdrawn without the consent of the holders of 75% of the A Shares (excluding the Sale Shares).
 - 24.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the company the agent of the Seller for the sale of the Sale Shares in accordance with the provisions of these Articles.
 - 24.5 As soon as practicable following the receipt of a Transfer Notice, the Board shall offer the Sale Shares for sale in the manner set out in the remaining provisions of this article at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.
 - 24.6 The Board shall offer the Sale Shares to all A Shareholders other than the Seller (the **Continuing Shareholders**) in the proportion that their existing holding of A Shares bears to the total number of A Shares then in issue. The offer shall remain open for acceptance for a period of 20 Business Days from the date of the offer (both dates inclusive) (the **Offer Period**) and any

Sale Shares not accepted by notice in writing to the company (**Acceptance Notice**) within the Offer Period shall be offered to the company for the company to be able to purchase its own shares. The company shall have a further period of 20 Business Days from the expiry of the Offer Period within which to accept the offer to buy back some or all of the remaining Sale Shares (**Company Offer Period**).

- 24.7 Completion of the transfer or buyback of the Sale Shares that been accepted by the A Shareholders (other than the Seller) or the Company as the case may be shall be completed within 20 Business Days of the Acceptance Notice or the date of the Board resolution to buy back the Sale Shares.
- 24.8 On the date specified for completion, the Seller shall, against payment of the consideration, execute and deliver transfers of the Sale Shares, in accordance with the requirements specified by the Board.
- 24.9 If the Seller fails to comply with article 24.8 the chairperson of the company (or, failing the chairperson, one of the other directors, or some other person nominated by a resolution of the Board) may, as agent on behalf of the Seller: (a) complete, execute and deliver in the Seller's name all documents necessary to give effect to the transfer of the relevant Sale Shares to the applicants; (b) receive the consideration and give a good discharge for it (and no applicant shall be obliged to see to the distribution of the consideration); and (c) (subject to the transfers being duly stamped) enter the applicants in the register of members as the holders of the Sale Shares purchased by them. After the transfer in accordance with this article 24.9 has been registered, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this article.
- 24.10 If the Transfer Notice lapses without acceptance, or the A Shareholders and/or the Company do not acquire all of the Sale Shares within the periods set out above then, subject to article 24.11 and within 30 Business Days following the date of lapse of the Transfer Notice, the Seller may transfer the balance of the Sale Shares to any person at a price at least equal to the Transfer Price.
- 24.11 The Seller's right to transfer Sale Shares under article 24.10 does not apply if:
- 24.11.1 the Board reasonably considers that:
- (a) the transferee is a person (or a nominee for a person) who is a competitor with (or an associate of a competitor with) the business of the company or with a subsidiary of the company;
 - (b) 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
 - (c) the Seller has failed or refused to provide promptly information available to the Seller and reasonably requested by the Board to enable it to form the opinion mentioned above.
- 24.11.2 the Transfer Notice is deemed served where in circumstances of a Compulsory Employee Transfer.
- 24.12 The restrictions imposed by this article may be waived in relation to any proposed transfer of Sale Shares with the consent of shareholders who, but for the waiver, would or might have been entitled to have such Sale Shares offered to them in accordance with this article.

25. Valuation

- 25.1 The Transfer Price for each Sale Share the subject of a Transfer Notice shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the directors (any director with whom the Seller is connected not voting), and the Seller or, in default of agreement within 10 Business Days of the date of service of the Transfer Notice (or, in the case of a deemed Transfer Notice, the date on which the Board first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.
- 25.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:
- 25.2.1 valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
 - 25.2.2 if the company is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - 25.2.3 that the Sale Shares are capable of being transferred without restriction;
 - 25.2.4 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
 - 25.2.5 reflecting any other factors which the Independent Expert reasonably believes should be taken into account.
- 25.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 25.4 The directors will give the Independent Expert access to all accounting records or other relevant documents of the company, subject to it agreeing such confidentiality provisions as the directors may reasonably impose.
- 25.5 The parties are entitled to make written submissions to the Independent Expert and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 25.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 25.7 The Independent Expert shall be requested to determine the Fair Value within 20 Business Days of its appointment and to deliver its certificate to the company. Forthwith upon receipt, the company shall deliver a copy of the certificate to the Seller.
- 25.8 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs.

26. Compulsory Transfer

- 26.1 If an Employee becomes a Departing Employee a Transfer Notice shall, unless the Board otherwise direct in writing prior to or within 40 Business Days after the relevant Termination Date, be deemed to have been served on the relevant Termination Date in respect of all Relevant Shares (a **Compulsory Employee Transfer**) and any Transfer Notice served in

respect of any of such Relevant Shares before the date such Employee becomes a Departing Employee shall automatically lapse.

- 26.2 A Transfer Notice deemed to be served in respect of a Compulsory Employee Transfer shall have the same effect as a Transfer Notice served under article served under article 24, except that the following wording shall apply in place of article 24.6:

"The Board shall offer the Sale Shares to the company to buy back some or all of the Sale Shares (**Company Offer Period**). The offer shall remain open for acceptance for a period of 20 Business Days from the date of the offer (both dates inclusive) and any Sale Shares not accepted by the company within the Company Offer Period shall be offered to all A Shareholders other than the Seller (the **Continuing Shareholders**) in the proportion that their existing holding of A Shares bears to the total number of A Shares then in issue. The Continuing Shareholders shall have a further period of 20 Business Days from the expiry of the Company Offer Period within which to accept the offer to purchase some or all of the remaining Sale Shares by notice in writing to the company (**Acceptance Notice**)."

- 26.3 Notwithstanding any other provisions of these Articles, the Transfer Price in respect of a Compulsory Employee Transfer shall:

26.3.1 where the Departing Employee is a Bad Leaver, be restricted to:

- (a) in respect of any Sale Shares that are A Shares, a maximum of the lower of the aggregate Issue Price of such Sale Shares and the aggregate Fair Value of such Sale Shares;
- (b) in respect of any Sales Shares that are C Shares or D Shares, a maximum of the lower of aggregate nominal value of such Sale Shares and the aggregate Fair Value of such Sale Shares.

26.3.2 where the Departing Employee is not a Bad Leaver, be:

- (a) in respect of any Sale Shares that are A Shares the aggregate Transfer Price such A Shares; and
- (b) in respect of any Sales Shares that are C Shares or D Shares, the nominal value of such Sale Shares.

- 26.4 Notwithstanding the provisions of article 26.3, the Board may, by notice in writing served on the company and the relevant Seller(s), direct that some higher (but not lower) Transfer Price shall apply to any or all Sale Shares which would otherwise be subject to article 26.3.

- 26.5 Forthwith upon a Transfer Notice being deemed to be served under article 26.1 the Relevant Shares shall cease to confer on the holder of them any rights:

26.5.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;

26.5.2 to receive dividends or other distributions otherwise attaching to those Shares; or

26.5.3 to participate in any future issue of Shares issued in respect of those Shares.

The directors may reinstate the rights referred to in article 26.5 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to article 26.1 on completion of such transfer.

27. Mandatory offer on change of control

27.1 In the event that a proposed transfer of Shares, but after the operation of the pre-emption procedure set out in clause 24, whether made as one or as a series of transactions (a **Proposed Transfer**) would, if completed, result in any person other than an existing Shareholder (the **Buyer**), together with any person acting in concert with the Buyer, acquiring a Controlling Interest, the remaining provisions of this clause 27 shall apply.

27.2 The Seller shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the **Offer**) to each Shareholder (each an **Offeree**) on the date of the Offer, to buy all of the Shares held by such Offerees on the date of the Offer for a consideration in cash per Share (the **Offer Price**) which is equal to the highest price per Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Shares in connection with the Proposed Transfer or any transaction in the six calendar months preceding the date of completion of the Proposed Transfer, provided always that any such consideration shall following completion of any Proposed Transfer be distributed between the Shareholders in accordance with article 20.

27.3 The Offer shall be made by notice in writing (an **Offer Notice**) addressed to each Offeree on the date of the Offer at least ten Business Days (the **Offer Period**) before the date fixed for completion of the Proposed Transfer (the **Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall specify:

27.3.1 the identity of the Buyer (and any person(s) acting in concert with the Buyer);

27.3.2 the Offer Price and any other terms and conditions of the Offer;

27.3.3 the Sale Date; and

27.3.4 the number of Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.

27.4 The completion of the Proposed Transfer shall be conditional in all respects on:

27.4.1 the making of an Offer in accordance with this clause 27; and

27.4.2 the completion of the transfer of any Shares by any Offeree (each an **Accepting Offeree**) who accepts the Offer within the Offer Period,

and the directors shall refuse to register any Proposed Transfer made in breach of this clause 27.4.

27.5 The Proposed Transfer is shall be subject to the pre-emption provisions of article 24, but the purchase of Shares from Accepting Offerees pursuant to an Offer made under this article 27 shall not be.

28. Drag along

28.1 If the holders of not less than 60% by nominal value of the A Shares in issue for the time being (the **Selling Shareholders**) wish to transfer all of their interest in Shares (**Sellers' Shares**) to a

bona fide purchaser on arm's-length terms (**Proposed Buyer**), the Selling Shareholders shall have the option (**Drag Along Option**) to require all the other holders of Shares on the date of the request (**Called Shareholders**) to sell and transfer all their interest in Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this article 28.

28.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a **Drag Along Notice**), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:

28.2.1 that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this Article 28;

28.2.2 the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);

28.2.3 the consideration payable for the Called Shares calculated in accordance with article 29.4; and

28.2.4 the proposed date of completion of transfer of the Called Shares.

28.3 Once given, a Drag Along Notice may not be revoked. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 30 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

28.4 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 Buyer were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of article 20.

28.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 28.

28.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:

28.6.1 all of the Called Shareholders and the Selling Shareholders otherwise agree; or

28.6.2 that date is less than 10 Business Days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the Called Shares shall take place 10 Business Days after the date of service of the Drag Along Notice.

28.7 Within 10 Business Days of the Selling Shareholders 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 Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that 10 Business Day period the company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due to the extent the Proposed Buyer has put the company in the requisite funds. The company's receipt for the amounts due shall be a good discharge to the Proposed Buyer. The company shall hold

the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.

- 28.8 To the extent that the Proposed Buyer has not, on the expiration of the 10 Business Day period, put the company in funds to pay the amounts due, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this article 28 in respect of their Shares.
- 28.9 If any Called Shareholder fails to deliver to the company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this article 28.
- 28.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares, whether or not pursuant to a share option scheme (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 28 shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares.
- 28.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of article 24.
- 28.12 Any Transfer Notice or deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

29. Purchase of own shares

- 29.1 Subject to the Act but without prejudice to any other provision of these Articles, the company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

29.1.1 £15,000; and

29.1.2 the nominal value of 5% of the company's fully paid share capital at the beginning of each financial year of the company.

30. Company's lien over shares

- 30.1 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.
- 30.2 The Company's Lien over a share:
- 30.2.1 takes priority over any third party's interest in that share; and
- 30.2.2 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.
- 30.3 The directors may at any time 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.

31. Enforcement of the Company's Lien

- 31.1 Subject to the provisions of this article 31, if:
- 31.1.1 a Lien Enforcement Notice has been given in respect of a share; and
- 31.1.2 the person to whom the notice was given has failed to comply with it,
- the company may sell that share in such manner as the directors decide.
- 31.2 A Lien Enforcement Notice:
- 31.2.1 may only be given in respect of a share which is subject to the Company's Lien and in respect of a sum payable to the company for which the due date for payment has passed;
- 31.2.2 must specify the share concerned;
- 31.2.3 must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- 31.2.4 must be addressed either to the holder of the share or to a transmittee of that holder; and
- 31.2.5 must state the company's intention to sell the share if the notice is not complied with.
- 31.3 Where shares are sold under this article 31:
- 31.3.1 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
- 31.3.2 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.

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

31.4.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and

31.4.2 second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation, or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.

31.5 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the Company's Lien on a specified date:

31.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and

31.5.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.

32. Call notices

32.1 Subject to the Articles and to the terms on which shares are allotted, the directors may send a notice (a **Call Notice**) to a shareholder requiring the shareholder to pay the company a specified sum of money (a **Call**) which is payable in respect of shares in the company held by that shareholder at the date when the directors decide to send the Call Notice.

32.2 A Call Notice:

32.2.1 may not require a shareholder to pay a Call which exceeds the total sum unpaid on that shareholder's shares (whether in respect of nominal value or premium);

32.2.2 must state when and how any Call to which it relates is to be paid; and

32.2.3 may permit or require the Call to be made in instalments.

32.3 A shareholder must comply with the requirements of a Call Notice, but no shareholder is obliged to pay any Call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.

32.4 Before the company has received any Call due under a Call Notice the directors may:

32.4.1 revoke it wholly or in part; or

32.4.2 specify a later time for payment than is specified in the notice,

by a further notice in writing to the shareholder in respect of whose shares the Call is made.

33. Liability to pay Calls

- 33.1 Liability to pay a Call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.
- 33.2 Joint holders of a share are jointly and severally liable to pay all Calls in respect of that share.
- 33.3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that Call Notices sent to the holders of those shares may require them:
 - 33.3.1 to pay Calls which are not the same; or
 - 33.3.2 to pay Calls at different times.

34. When Call Notice need not be issued

- 34.1 A Call Notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium):
 - 34.1.1 on allotment;
 - 34.1.2 on the occurrence of a particular event; or
 - 34.1.3 on a date fixed by or in accordance with the terms of issue.
- 34.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a Call Notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

35. Failure to comply with Call Notice: automatic consequences

- 35.1 If a person is liable to pay a Call and fails to do so by the call payment date:
 - 35.1.1 the directors may issue a notice of intended forfeiture to that person; and
 - 35.1.2 until the Call is paid, that person must pay the company interest on the Call from the call payment date at the relevant rate.
- 35.2 For the purposes of this article 35:
 - 35.2.1 the "**call payment date**" is, subject to article 32.3, the time when the Call Notice states that a Call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date; and
 - 35.2.2 the "**relevant rate**" is
 - (a) the rate fixed by the terms on which the share in respect of which the Call is due was allotted;
 - (b) such other rate as was fixed in the Call Notice which required payment of the Call, or has otherwise been determined by the directors; or

(c) if no rate is fixed in either of these ways, 5% per annum.

35.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.

35.4 The directors may waive any obligation to pay interest on a Call wholly or in part.

36. Notice of intended forfeiture

36.1 A notice of intended forfeiture:

36.1.1 may be sent in respect of any share in respect of which a Call has not been paid as required by a Call Notice;

36.1.2 must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder;

36.1.3 must require payment of the Call and any accrued interest [and all expenses that may have been incurred by the company by reason of such non-payment] by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);

36.1.4 must state how the payment is to be made; and

36.1.5 must state that if the notice is not complied with, the shares in respect of which the Call is payable will be liable to be forfeited.

37. Directors' power to forfeit shares

If a notice of intended forfeiture is not complied with before the date by which payment of the Call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

38. Effect of forfeiture

38.1 Subject to the Articles, the forfeiture of a share extinguishes:

38.1.1 all interests in that share, and all claims and demands against the company in respect of it; and

38.1.2 all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.

38.2 Any share which is forfeited in accordance with the Articles:

38.2.1 is deemed to have been forfeited when the directors decide that it is forfeited;

38.2.2 is deemed to be the property of the company; and

38.2.3 may be sold, re-allotted or otherwise disposed of as the directors think fit.

38.3 If a person's shares have been forfeited:

- 38.3.1 the company must send that person notice that forfeiture has occurred and record it in the register of shareholders;
- 38.3.2 that person ceases to be a shareholder in respect of those shares;
- 38.3.3 that person must surrender the certificate for the shares forfeited to the company for cancellation;
- 38.3.4 that person remains liable to the company for all sums payable by that person under the Articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
- 38.3.5 the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

38.4 At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all Calls and interest and expenses due in respect of it and on such other terms as they think fit.

39. Procedure following forfeiture

39.1 If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.

39.2 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date:

- 39.2.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and

- 39.2.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.

39.3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

39.4 If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which:

- 39.4.1 was, or would have become, payable; and

- 39.4.2 had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.

40. Surrender of shares

40.1 A shareholder may surrender any share:

- 40.1.1 in respect of which the directors may issue a notice of intended forfeiture;
- 40.1.2 which the directors may forfeit; or
- 40.1.3 which has been forfeited.
- 40.2 The directors may accept the surrender of any such share.
- 40.3 The effect of surrender on a share is the same as the effect of forfeiture on that share.
- 40.4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

Decision making by shareholders

41. Poll votes

- 41.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 41.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

42. Proxies

- 42.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 42.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

Administrative arrangements

43. Means of communication to be used

- 43.1 Subject to article 43.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
 - 43.1.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - 43.1.2 if sent by fax, at the time of transmission; or
 - 43.1.3 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or

- 43.1.4 if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
- 43.1.5 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- 43.1.6 if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
- 43.1.7 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; and
- 43.1.8 if deemed receipt under the previous paragraphs of this article 43.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

43.2 To prove service, it is sufficient to prove that:

- 43.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
- 43.2.2 if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- 43.2.3 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- 43.2.4 if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

44. Indemnity

44.1 Subject to article 44.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- 44.1.1 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 company's (or any associated company's) activities 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 company's (or any associated company's) affairs; and

44.1.2 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 44.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

44.2 This article 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.

44.3 In this article:

44.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

44.3.2 a "relevant officer" means any director or other officer or former director or other officer of the company or an 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 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).

45. Insurance

45.1 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 relevant loss.

45.2 In this article:

45.2.1 a "**relevant officer**" means any director or other officer or former director or other officer of the company or an 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 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);

45.2.2 a "**relevant loss**" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's 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; and

45.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.