

Company No. 6780612

**RESOLUTION
OF
SLEEPIO LIMITED (Company)**


Passed on 12 September 2012

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

SPECIAL RESOLUTION

THAT the articles of association set out in the document attached to this Resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association

Signed


Peter Hames
Director

WEDNESDAY



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COMPANIES HOUSE

THE COMPANIES ACTS 1985 TO 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of SLEEPIO LIMITED

Adopted by Special Resolution dated 12th September 2012

1 PRELIMINARY

- (a) The Company is a private company limited by shares and, subject as provided below and except where the same are varied or excluded by or inconsistent with these Articles, the regulations contained or incorporated by reference in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 2007 and the Companies (Tables A to F) (Amendment) (No 2) Regulations 2007 and as otherwise amended before the adoption of these Articles (**Table A**) shall apply to the Company, and such Regulations shall (except where so varied, excluded or inconsistent) be deemed to form part of these Articles. References below to **Regulations** are to regulations in Table A unless otherwise stated. For the avoidance of doubt, the model articles for private companies limited by shares set out in Schedule 1 to the Companies (Model Articles) Regulations 2008 shall not apply to the Company.
- (b) In Regulation 1 of Table A, the words "and in articles of association adopting the same" shall be inserted after the first reference to "regulations" in the last paragraph of that Regulation. The sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that Regulation.
- (c) In these Articles, the **1985 Act** means the Companies Act 1985 and the **2006 Act** means the Companies Act 2006 (together, the **Companies Acts**), but so that any reference in these Articles to any provision of the Companies Acts shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.
- (d) Except as otherwise specifically provided in these Articles
 - (i) words and expressions that have particular meanings in the 2006 Act (to the extent in force from time to time) shall have the same meanings in these Articles, and
 - (ii) subject to article 1 5(a), words and expressions that have particular meanings in Table A shall have the same meanings in these Articles.
- (e) Article headings are used for convenience only and shall not affect the construction or interpretation of these Articles.
- (f) Words in the singular shall include the plural and vice versa.

2 DEFINITIONS

In these Articles, unless the context otherwise requires

these Articles means the Articles of Association in their present form or as from time to time altered,

Bad Leaver means, in relation to any Employee Member, where such Employee Member ceases to be employed as a result of being properly dismissed as a result of fraud, dishonesty or gross negligence on the part of such Employee Member,

Board means the Board of Directors of the Company or a duly authorised committee of such Board or the Directors present at a meeting of the Board of Directors of the Company or a duly authorised committee of such Board, in each case at which a quorum is present,

Connected has the meaning given in section 1122 of the Corporation Tax Act 2010, and **persons connected** and **connected** shall be construed accordingly,

Control means, in the context of control of a company, an interest in shares giving to a person or (as the case may be) to persons acting in concert the power to secure

- (a) by means of the holding of shares or the possession of voting power in relation to the company or any other body corporate, or
- (b) as a result of any powers conferred by the articles of association or other document regulating the company or any other body corporate,

that the affairs of the company are conducted in accordance with the wishes of such person(s) (**persons acting in concert** comprising persons who, further to an agreement or understanding, whether formal or informal, co-operate to obtain or consolidate such control of the company),

Director means a director of the Company,

Employee Member means a Member who is or was an employee (but not a Director) of the Company or any of its subsidiaries,

Family Company means any solvent body corporate (established in any jurisdiction) which is under the Control of the Member concerned or a Family Settlement,

Family Settlement means, in relation to any Member who is an individual, any trust(s) (whether arising under a settlement inter vivos or a testamentary disposition by whomsoever made or on intestacy) under which no immediate beneficial interest in the Shares in question is, for the time being, vested in any person other than the Member concerned and/or his Privileged Relations and no power of control over the voting rights conferred by such Shares is, for the time, being exercisable by or subject to the consent of any person other than the trustee or trustees of such trust or trust (in their capacity as such trustees) or the Member concerned or his Privileged Relations,

Founder Director means a Director appointed by Peter Hames or Colin Espie,

Founders means Peter Hames and Colin Espie,

Investor Director means an Investor Director appointed pursuant to article 11(b) below,

Investor means a Member other than an Employee Member or a Founder,

Member means a Member of the Company,

Privileged Relation means, in relation to any Member, the parent or spouse or former spouse or brother or sister of the Member or any lineal descendant of the Member and for these purposes (a) **spouse** shall be deemed to include a civil partner as defined in the Civil Partnerships Act 2004, and (b) **lineal descendant** shall be deemed to include any step-child or adopted child of the Member or of any of the Member's children or grandchildren (including step and adopted children),

Permitted Transferee means a transferee as permitted by article 24(g)(iv),

Purchaser means a person entitled to accept, and who does accept, the offer contained in the Company's sale notice in respect of any Relevant Shares,

Relevant Shares means Shares which are the subject of a Sale Notice,

Sale Notice means a notice issued by a Vendor under article 24(a),

Share means any share in the capital of the Company,

Specified Price means, in respect of each Relevant Share, the price specified in the Sale Notice or (in the event that no bona fide arm's-length sale to a third party is proposed) as determined by agreement between the Vendor and the Company or, in the absence of such agreement, by the auditors of the Company if required by the Vendor, provided that the auditors shall value any Shares registered in the name of an Employee Member who is a Bad Leaver as the lesser of subscription price paid for such Shares and their fair value as determined by the auditors,

Specified Period means the period from the date of the Company's notice under article 24(d) to the date falling 30 days after the service of such notice or 21 days following agreement of the Specified Price if relevant, and

Vendor means any person proposing to transfer any Share

3 **ALLOTMENTS AND PRE-EMPTION RIGHTS**

- (a) Shares that are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the Directors who may (subject as below) allot, grant options over or otherwise dispose of the same, on such terms and in such manner as they think fit
- (b) Subject to article 3(d) below and unless otherwise agreed by special resolution passed in accordance with section 283 of the 2006 Act, all Shares that the Directors propose to issue shall first be offered to the Members in proportion as nearly may be to the number of the existing Shares held by the Members respectively (the **Pre-emption Shares**) unless the Company in General Meeting shall by special resolution otherwise direct. The offer shall be made by notice specifying the number of Pre-emption Shares offered, the price and limiting the period (not being less than 14 days) within which the offer, if not accepted, will be deemed to be declined (the **Offer Period**). The offer shall also invite each Member to indicate within the Offer Period the maximum number of Shares that such Member wishes to subscribe for (the **Further Shares**). After the expiry of the Offer Period, the Pre-emption Shares shall be allotted. Those Shares so deemed to be declined (the **Declined Shares**) shall be allotted to the persons who have indicated a wish to take Further Shares, provided that, if there are insufficient Declined Shares to meet all requests for Further Shares fully, then the Declined Shares shall be allotted pro rata to the respective

Shareholders' requests for Further Shares) Any remaining Declined Shares and any Shares released from the provisions of this article by any such Special Resolution shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms and in such manner as they deem fit, provided that, in the case of Shares not accepted as above, such Shares shall not be disposed of on terms that are more favourable to the relevant subscribers than the terms on which they were offered to the Members

- (c) The Directors are generally and unconditionally authorised for the purposes of section 551 of the 2006 Act, to exercise any power of the Company

- (i) to offer, allot or grant rights to subscribe for, or
- (ii) to convert securities into, or
- (iii) otherwise to deal in or dispose of,

any Shares of the Company to any person, at any time and subject to any terms and conditions as the Directors think fit Such authority (A) shall be limited to a maximum nominal amount of £1,000 of Shares or such other amount as may from time to time be authorised by the Company by ordinary resolution, (B) shall only apply insofar as the Company has not renewed, waived or revoked it by ordinary resolution, and (C) may only be exercised for a period of five years commencing on the date on which these Articles are adopted, except that the Directors may make an offer or agreement which would, or might, require relevant securities to be allotted after the expiry of such authority (and the Directors may allot relevant securities in pursuance of an offer or agreement as if such authority had not expired) In accordance with section 568 of the 2006 Act, sections 561 and 562 of the 2006 Act shall not apply to an allotment of Shares made by the Company

- (d) Subject to the approval of the Investor Director and at least one Founder Director, the Directors may allot Shares to a Company Employee Share Option Plan on such terms as the Directors shall determine without first offering such Shares to Members, provided that the Shares so allotted once issued do not comprise more than 15% of the issued share capital of the Company
- (e) The Directors may not issue Shares (or instruments giving the right to convert into Shares) at a price of less £1 or more per Share unless a resolution is passed by a majority of not less than 80% of such members as are entitled to do so, voting in person or by proxy (where allowed) at a General Meeting of the Company of which notice specifying the intention to propose the resolution has been duly given

4 LIEN

The lien conferred by Regulation 8 shall also attach to fully paid Shares, and the Company shall also have a first and paramount lien on all Shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders for all moneys presently payable by him or his estate to the Company Regulation 8 shall be modified accordingly

5 FORFEITURE

The liability of any Member in default of payment of a call shall, if the Board so directs, also include any costs and expenses suffered or incurred by the Company by reason of such non-payment, and the powers conferred on the Board by Regulation 18 and the provisions of Regulation 21 shall be extended accordingly

PROCEEDINGS AT GENERAL MEETINGS

6 No business shall be transacted at any general meeting unless a quorum is present. At least two persons holding at least 50% of the votes of the Company entitled to vote on the business to be transacted, each being a Member or a proxy for a Member or a duly authorised representative of a corporation, shall be a quorum.

7 If and for so long as the Company has only one Member, that Member present in person or by proxy or if that Member is a corporation by a duly authorised representative shall be a quorum. Regulation 40 shall not apply to the Company.

8 If within half an hour from the time appointed for a general meeting, a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved, in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may otherwise determine. If a quorum is not present at any such adjourned meeting within half an hour from the time appointed for that meeting, the meeting shall be dissolved. Regulation 41 shall not apply to the Company.

9 A poll may be demanded at any general meeting by any Member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.

10 DELEGATION OF DIRECTORS' POWERS

Any committee of the Board must include the Investor Director and at least one Founder Director if the Investor Director or (as applicable) a Founder Director so requires and may consist of one or more co-opted persons other than Directors on whom committee voting rights may, with the prior written approval of the Investor Director and both Founder Directors, be conferred as members of the committee, but so that

- (a) the number of co-opted committee members shall be less than one-half of the total number of members of the committee, and
- (b) no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting are Directors.

Regulation 72 shall be modified accordingly.

11 APPOINTMENT AND RETIREMENT OF DIRECTORS

- (a) The minimum number of Directors shall be one and the maximum shall be eight (unless the Investor Director and the Founder Directors otherwise consent) and in the event of a sole Director, such Director shall have all the powers and be the subject of all the provisions conferred under these Articles on the Directors and such Director (or any alternate Director appointed by such Director) shall alone constitute a quorum at any meeting of the Directors. Regulations 64, 89 and 90 shall be modified (and all other Regulations in these Articles relating to Directors shall be construed) accordingly.

- (b) The Investors may by notice in writing addressed to the Company signed by or on behalf of each of them holding a majority of the votes held by the Investors and delivered to the Office appoint any one person to be a director of the Company and remove any person so appointed and appoint another person in such person's place Any such appointee is referred to in these Articles as an **Investor Director**
 - (c) The Investor Director and each Founder Director shall have the right to attend all meetings of the Directors and of any committee of the Board and to receive such other information as a Director would be entitled to receive and at the same time as such information is provided to Directors and shall as regards confidentiality have the same obligations to the Company and any subsidiary to which such person is appointed as if such person were a Director and shall undertake to the Company and any relevant subsidiary accordingly
- 12 For the avoidance of doubt, the Directors shall not be subject to retirement by rotation and accordingly
- (a) the last sentence of Regulation 84 shall not apply to the Company, and
 - (b) Regulation 78 shall apply, but with the deletion of the words "and may also determine the rotation in which any additional Directors are to retire"

BORROWING POWERS

- 13 The Directors may exercise all the powers of the Company to borrow money without limit as to amount and on such terms and in such manner as they think fit, and subject (in the case of any security convertible into Shares) to section 549 of the 2006 Act, to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital (or any part of the same), and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party

DIRECTORS

- 14 The Directors shall be entitled to such remuneration (if any) by way of fee as shall from time to time be determined by the Company in general meeting Unless and until so determined, remuneration shall be at such rate as the Board shall from time to time determine Such remuneration shall be deemed to accrue from day to day The Directors (including alternate Directors) shall also be entitled to be paid their reasonable travelling, hotel and other expenses of attending and returning from meetings of the Company or otherwise incurred while engaged on the business of the Company or in the discharge of their duties Regulations 82 and 83 shall not apply to the Company
- 15 Any Director, who, by request, performs special services or goes or resides abroad for any purposes of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director shall receive such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine, which shall be charged as part of the Company's ordinary working expenses
- 16 Any Director, despite such Director's office but subject to the provisions of the Companies Acts and subject to disclosure to the Directors of the nature and extent of any material interest of such Director
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is in any way interested,

- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is in any way interested,
- (c) may, or any firm or company of which such Director is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested,
- (d) shall not, by reason of such Director's office, be accountable to the Company for any benefit which such Director derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and
- (e) shall be entitled to vote and to be counted in the quorum on any matter concerning paragraphs (a) to (d) above

For the purposes of this article

- (i) a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified,
- (ii) an interest of which a Director has no knowledge and of which it is unreasonable to expect that Director to have knowledge shall not be treated as an interest of that Director, and
- (iii) an interest of a person who is, for any purpose of the Companies Acts (excluding any statutory modification not in force when this article becomes binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of the alternate Director's appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise

Regulations 86, and 94 to 96 inclusive shall not apply to the Company

GRATUITIES AND PENSIONS

- 17 The Directors may exercise the powers of the Company conferred by clause 3(ii)(s) of the Memorandum of Association of the Company, and any relevant Directors shall be entitled to retain any respective benefits received by them by reason of the exercise of any such powers Regulation 87 shall not apply to the Company

18 PROCEEDINGS OF DIRECTORS

- (a) An alternate Director who is also a Director and/or who acts as an alternate Director for more than one Director shall be entitled, in the absence of such alternate's appointor(s), to a separate vote or votes on behalf of such alternate's appointor(s) in addition (if such alternate is also a Director) to such alternate's own vote Regulation 88 shall be modified accordingly

- (b) Unless otherwise agreed by the Directors from time to time, a meeting of the Board will be held no less frequently than eight times a calendar year and at intervals of not more than eight weeks
- (c) Each notice of a Board meeting (whether given orally or in writing) shall notify in reasonable detail the nature of the business to be transacted at such meeting
- (d) Meetings of the Board shall be convened at such place as the Directors agree or, in the absence of such agreement, at the Company's head office for the time being by not less than 72 hours' written or oral notice accompanied by a written (including for this purpose email) agenda specifying the business to be transacted, provided that all the Directors may agree in relation to particular meetings that the length of such notice period may be reduced and a written agenda may be dispensed with. No business shall be transacted at any meeting of the Board other than that specified in the agenda and/or described in the notification of the meeting
- (e) The quorum for a meeting of Directors shall be at least 60% of the number of Directors (excluding alternates where the Director who has appointed the alternate is present) one of whom is the Investor Director (where appointed) and at least one of whom is a Founder Director
- (f) A Chairperson of a Board meeting shall not have a casting vote
- (g) A Director or alternate Director may validly participate in a meeting of the Board through the medium of conference telephone or similar form of communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Companies Acts, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of this Agreement be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board despite the fact that a quorum of directors is not physically present in the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairperson of the meeting then is

DIVIDENDS

- 19 Dividends shall be declared and paid according to the amounts paid up or credited as paid up on the Shares on which the dividend is paid. Regulation 104 shall be construed accordingly

20 NOTICES

- (a) A notice served by post shall be deemed to be given at the expiry of 24 hours (or, where second-class mail is used, 48 hours) after the time when the cover containing such notice is posted. Regulation 115 shall be modified accordingly
- (b) A notice may be validly served by email provided that the notice is set out in the body of the email or attached in Word or PDF format (or in such other standard and readily accessible document format as may in the future be known)

SEAL

- 21 The Directors shall decide whether the Company shall have any company seal (**Seal**) and, if so, shall provide for the safe custody of the Seal and of any official Seal for use abroad pursuant to the Statutes, and such Seals shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that respect, and every instrument to which the Seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose. Regulation 101 of Table A shall not apply.

SHARE CERTIFICATES

- 22 If the Directors decide that the Company shall not have a seal, then share certificates or other documents issued by the Company may be executed and delivered by a Director and the secretary of the Company, or by two Directors of the Company, and expressed (in whatever form of words) to be executed by the Company and shall have the same effect as if executed under the common seal of the Company. Regulation 6 of Table A shall be modified accordingly.

INDEMNITY

- 23 Every Director or other officer or auditor of the Company (**Officer**) shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by such Officer in the execution of or in relation to such Officer's duties, including any liability incurred by such Officer in defending any proceedings, whether civil or criminal, in which judgment is given in such Officer's favour or in which such Officer is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on such Officer's part or in connection with any application in which relief is granted to such Officer by the Court and no Officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of or in relation to the duties of such Officer's office. But this Article shall only have effect in so far as its provisions are not avoided or limited by any relevant provisions of the Companies Acts or any other provisions of applicable law.

The Directors shall have power to purchase and maintain for any Officer insurance against any such liability to the extent permitted under the relevant provisions of the Companies Acts. Regulation 118 shall not apply to the Company.

24 TRANSFER and TRANSMISSION OF SHARES

- (a) All transfers of shares shall be effected by instrument in writing in any form for the time being authorised by the Stock Transfer Act 1963 (or any statutory modification or re-enactment of the same for the time being in force) or in any other form that the Directors may approve. No Shareholder shall (i) mortgage (whether by way of fixed or floating charge), pledge or otherwise encumber such Shareholder's legal or beneficial interest in the whole or any of such Shareholder's Shares, (ii) subject to and in accordance with these Articles, sell, transfer or otherwise dispose of all or any of such Shareholder's Shares or any legal or beneficial interest in them or assign or otherwise purport to deal in or with any interest in the same, (iii) enter into any agreement with respect to the voting rights attached to all or any of such Shareholder's Shares, and/or (iv) agree (whether conditionally or otherwise) to do any of the foregoing. Any Member (the **Vendor**) shall, before transferring any Shares or any interest in any Shares to any person (other than a Permitted Transferee), give a Sale Notice to the Company stating the Specified Price and the Vendor's intended

transferee(s) (if any) and the number of Shares to be transferred (to each if more than one), and the Sale Notice shall constitute the Company the Vendor's agent for the sale to any or all of the Members of all the Relevant Shares at the Specified Price during the Specified Period and shall be irrevocable except with the prior written consent of the Board

- (b) A Sale Notice shall also be deemed to be given in the circumstances specified in article 25 below
- (c) If the Sale Notice states that the Vendor is not willing to transfer some only of the Relevant Shares, the Vendor shall not be bound to transfer any Relevant Shares unless in aggregate all of the Relevant Shares are so transferred
- (d) All the Relevant Shares shall be offered by the Company by notice in writing as soon as reasonably practicable to all Members other than the Vendor for purchase by each of them at the Specified Price and so that, in case of competition, the Relevant Shares so offered shall be sold to the Purchasers as nearly as possible in proportion to their existing holdings of Shares. Such offer shall provide that, if not accepted within the Specified Period, it will lapse and (if appropriate pursuant to article 24(c)) shall be conditional on receipt of valid acceptances for the purchase of all the Relevant Shares. Acceptances of offers by the Purchasers shall be irrevocable except with the prior written consent of the Board
- (e) If the Company finds within the Specified Period one or more Purchasers and gives written notice of that fact to the Vendor specifying the Relevant Shares to be purchased by each Purchaser, the Vendor shall be bound, on payment of the Specified Price, to transfer the Relevant Shares to the respective Purchasers, provided that, if the Sale Notice states that the Vendor is not willing to transfer some only of the Relevant Shares, this article 24(e) shall not apply unless the Company has found Purchasers for all the Relevant Shares
- (f) If before the end of the Specified Period the Company's offers are declined in respect of all or any of the Relevant Shares by all persons entitled to accept the same or if on expiry of the Specified Period the Company has not received acceptances in respect of all or any of the Relevant Shares, it shall give written notice of such fact to the Vendor specifying the number of Relevant Shares not accepted. If such notice is given, the Vendor, at any time thereafter until 60 days after the last day of the Specified Period, shall subject to any applicable provisions of article 24(g) (which shall apply to such a sale), be at liberty to transfer such of the Relevant Shares specified in the Company's notice or all the Relevant Shares (as the case may be) to the transferee or respective transferee(s) named in the Sale Notice on a bona fide sale at any price not being less than the Specified Price, provided that
 - (i) if the Sale Notice shall state that the Vendor is not willing to transfer some only of the Relevant Shares, the preceding provisions of this article 24(f) shall apply on the basis that the Vendor shall be entitled to transfer all but not some only of Shares as provided in such Sale Notice, and
 - (ii) the Directors may require to be satisfied that the Relevant Shares are being transferred pursuant to a bona fide sale for the consideration stated in the instrument of transfer (without any deduction, rebate, allowance or other direct or indirect benefit whatsoever to the transferee) and to the person named in the Sale Notice that will be the owner of the full beneficial interest in

the Relevant Shares at the date of the transfer and, if not so satisfied, may refuse to register the instrument of transfer

(g) **Drag and tag rights and other transfers**

(i) **Drag rights**

- (A) If any person other than a Permitted Transferee and persons Connected with or acting in concert with such person (collectively, the **Purchaser**) offers to acquire Shares on terms that, if such acquisition is completed, the Purchaser would obtain control over Shares carrying more than 70% of the voting rights exercisable at general meetings of the Company, the vendor(s) of such Shares (**Sellers**) may give a notice in writing to all the other holders of Shares (**Called Shareholders**) requiring them to sell such Shares to the Purchaser (a **Drag-along Notice**) on the most favourable terms applicable to the sale of Shares by the vendors of Shares serving a Drag-along Notice
- (B) A Drag-along Notice may only be given if the offer constitutes a bona fide offer to purchase on arm's-length terms and the Purchaser is not Connected to any person who at the date of the offer controls more than 70% of the voting rights exercisable at general meeting of the Company
- (C) The Drag-along Notice shall specify
 - 1) that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this article 24(g)(i),
 - 2) the person to whom the Called Shares are to be transferred,
 - 3) the consideration payable for the Called Shares, which shall, for each Called Share, be an amount at least equal to the price per Share offered by the Purchaser for the Sellers' Shares, and
 - 4) the proposed date of the transfer
- (D) Any dispute regarding the drag-along price shall be determined by the Auditors
- (E) A Drag-along Notice once given shall be irrevocable but shall lapse (and the obligations under it shall lapse) in the event that for any reason the Purchaser does not acquire the relevant Shares within 21 days from the date of service of the Drag-along Notice. The Sellers may serve further Drag-along Notices following the lapse of any particular Drag-along Notice
- (F) Completion of the sale of the Called Shares under this article 24(g)(i) shall take place simultaneously on the date on which the Purchaser completes the acquisition of Shares pursuant to the Purchaser's offer

- (G) The pre-emption rights set out in this article 24 shall not apply to any transfer of shares to a Purchaser (or as the Purchaser may direct) pursuant to a sale for which a Drag-along Notice has been duly served
- (H) In the event that any holder of Shares fails to carry out the sale of any of its Shares in accordance with this article 24(g)(i), the Directors (or any two of them) are hereby given the irrevocable authority to execute a transfer of any of such Shares to the Purchaser (or as the Purchaser may direct) and the Company may give a good receipt for the purchase price of such Shares and may register the Purchaser (or as the Purchaser may direct) as holder of such Shares and issue to the Purchaser (or as the Purchaser may direct) certificates for such Shares, upon which the Purchaser shall be indefeasibly entitled to such Shares. Each holder of the Shares in question shall in such case be bound to deliver up the certificate for such Shares to the Company (or a suitable indemnity for any lost certificate), upon which the holder in question shall be entitled to receive the consideration for the sale of the relevant Shares, which shall in the meantime be held by the Company on trust for the holder in question but without interest
- (I) Following the issue of a Drag-along Notice, on any person's becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire Shares in the Company or on the conversion of any convertible security of the Company (a **New Shareholder**), a Drag-along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag-along Notice. The New Shareholder shall then be bound to sell and transfer all Shares acquired by it to the Purchaser (or as the Purchaser may direct) and the provisions of this article 24(g)(i) shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares shall take place as soon as the Drag-along Notice is deemed served on the New Shareholder

(ii) **Tag rights**

- (A) If the effect of any proposed transfer of Shares or series of related transfers (other than to a Permitted Transferee) during any 12-month period (collectively, the **Proposed Transfer**) by any Member (the **Share Vendor**) would, if completed, cause a change of Control of the Company, the Share Vendor shall procure that the proposed transferee(s) of the Share Vendor's Shares (collectively, the **Buyer**) shall make an offer to
- 1) the other Shareholders to purchase all of the Shares held by them,
 - 2) the holders of any existing options to acquire Shares (granted by the Company or under any share option arrangements established by the Company) that are already capable of exercise or that are expected to become capable of exercise before the Proposed Transfer, to purchase any

Shares acquired on the exercise of options at any time before the Proposed Transfer, and

- 3) the holders of any securities of the Company that are convertible into Shares (**Convertible Securities**), to purchase any Shares arising from the conversion of such Convertible Securities at any time before the Proposed Transfer,

for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer, or any person acting in concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the 12 months preceding the date of the Proposed Transfer (**Specified Price**)

- (B) Such offer shall be given by written notice (**Offer Notice**), at least 21 days (**Offer Period**) before the proposed sale date (**Sale Date**) To the extent not described in any accompanying documents, the Offer Notice shall set out (1) the identity of the Buyer, (2) the purchase price and other terms and conditions of payment, (3) the Sale Date, and (4) the number of Shares proposed to be purchased by the Buyer (**Offer Shares**)
- (C) If the Buyer fails to make the offer to all of the required persons, the Share Vendor shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer
- (D) If any offeree fails to accept or reject the offer before the Sale Date, such offeree shall be deemed to have rejected the offer
- (E) If the offer is accepted by any Shareholder (**Accepting Shareholder**) within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders
- (F) The Proposed Transfer is subject to the pre-emption provisions of this article 24, but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions

(iii) **Permitted transfers**

Despite any other provision of these Articles

- (A) Shares may be transferred by a corporate Member to a company that is its wholly owning holding company or to any wholly owned subsidiary of itself or of such holding company (the group comprising all such companies which are from time to time either the wholly owning holding company of the original Member or a wholly owned subsidiary of such holding company being referred to below as the **Original Group**) Any such transferee may transfer Shares so transferred to it to any other member of the Original Group (the transferee and any such further transferee being referred to as a **Group Transferee**), provided that, if any Group Transferee ceases

to be part of the Original Group while it is the holder of any such Shares, then such Group Transferee shall be obliged to transfer any Shares transferred to it to the original member or any other member of the Original Group (the **Acquirer**) without any price, restriction or other encumbrance. In the event that any Group Transferee fails to execute such a transfer within 35 days after being required so to do and to present it to the Board duly stamped for registration within a reasonable time thereafter, the Directors (or any two of them) are hereby irrevocably authorised to execute instrument(s) of transfer of such Shares in favour of the Acquirer in relation to such Group Transferee and shall then cause the name of the Acquirer to be entered in the Company's register of Members as the holder of the Shares.

- (B) References in this article 24(g)(iii) to any wholly owned holding company, company, and wholly owned subsidiary shall be deemed to include any such body corporate incorporated outside Great Britain and to include any investment fund (however constituted and whether incorporated or not) that is managed or advised by any such body corporate (as well as any custodian, nominee, trustee or other person holding a fiduciary position in relation to such an investment fund or its assets, which fund, in each case, shall be deemed to be wholly owned), and any reference above to **corporate Member** shall be deemed to include any such body, fund or fiduciary.
- (C) For the avoidance of doubt, the alteration of the composition or identity of the trustees of any trust holding Shares or any change in the managers of any fund holding Shares shall be deemed not to be an event that would require a transfer to be made pursuant to this article 24(g)(iii).
- (D) Shares may be transferred without restriction by a Member to a person to hold such Shares as his nominee, but any transfers by such nominee shall be subject to the same restrictions as though they were transfers by the Member himself (as if such Member had not ceased to be the holder of such Shares).
- (E) Shares may be transferred without restriction by a nominee to the beneficial owner of such Shares or to another nominee of the same beneficial owner.
- (F) Any Member who is an individual may transfer any Shares to the trustees of a pension fund set up wholly for the benefit of such Member and/or for any Privileged Relation of such Member (**Pension Fund**), provided that such trustees shall be deemed to hold the Shares for the benefit of such Member and/or for any Privileged Relation of such Member and provided further that, before such transfer is made, the trustees give an undertaking in the form of a deed to the Company that, if the pension fund ceases to exist or comes to be held for the benefit of any person(s) other than such Member and/or for any Privileged Relation of such Member, the Shares then held by the trustees that were transferred to it shall be transferred back to the Member by whom they were transferred to the trustees or former trustees of the pension fund without any price,

restriction or other encumbrance and, if such Member ceases to be employed by the Company or any subsidiary, then the remaining provisions of this article shall apply to any such Shares then held by the trustees of the pension fund as if the trustees of the pension fund were such Member. The trustees of a pension fund to whom Shares are transferred may transfer such Shares to any new or additional trustee(s) of such pension fund or another pension fund of the Member who transferred the Shares to the first pension fund, provided that the foregoing provisions of this article 24(g)(iv)(F) shall apply to any such transfer or proposed transfer in the equivalent manner as if the transfer were being made by the Member who transferred such Shares to the transferring trustees.

- (G) If any Family Settlement that holds Shares acquired pursuant to this article 24(g) ceases to be a Family Settlement in relation to the Member who transferred such Shares into the settlement, the trustee(s) of such settlement shall promptly notify the Board of such change and shall be deemed to have served a Sale Notice as provided for in article 24(a) in respect of all Shares held by it at the Specified Price.
- (H) Where any Shares have been transferred by a Member to the trustee(s) of a Family Settlement in relation to such Member or any company which is under the Control of such trustee(s), then such trustee(s) or company may transfer any such Shares in the case of such a company to the trustee(s) or, in the case of the trustee(s), to any new or additional trustee(s) of such Family Settlement or trustee(s) in respect of another Family Settlement in relation to the Member who transferred the Shares to the first Family Settlement or to any beneficiary of such Family Settlement who is that Member or a Privileged Relation of that Member.
- (I) Shares may be transferred by a corporate Member to its own shareholder(s), provided that the Shares transferred are all the issued shares in the Company registered in the name of the corporate Member and the Shares transferred are pro rata (or as near as can be) to the or (as applicable) each shareholder's holding of shares in the corporate Member.
- (J) Shares may be transferred by a Member to a Family Company.
- (K) Despite the above, a proposed transfer of Shares may only be made to a Permitted Transferee if the Member obtains prior written confirmation (such confirmation not to be unreasonably withheld or delayed) of the Founders' satisfaction (1) with the circumstances of the transfer, (2) with the identity of the Permitted Transferee, (3) that the proposed transfer will not result in 50% or more of the aggregate of the Company's equity share capital being held by Permitted Transferee(s), and (4) that no costs incurred in connection with the setting up or administration of the transfer are to be paid by the Company. It is acknowledged that the Founders may reasonably require (to the extent not already provided for above) that the terms of transfer require the transfer of the Shares back to the original transferor or to another Permitted Transferee.

25 COMPULSORY TRANSFERS

- (a) In this article 25, a **Transfer Event** means, in relation to any Shareholder
- (i) who is an individual
 - (A) becoming a Bad Leaver, or
 - (B) becoming bankrupt, or
 - (C) dying, or
 - (D) suffering from mental disorder and being admitted to hospital or becoming a patient for any purpose of any enactment relating to mental health, in either case for a period in excess of 30 consecutive days, or
 - (E) making any arrangement or composition with such Shareholder's creditors which does or could impact upon the Shares in the Company held by such Shareholder, or
 - (ii) which is a body corporate
 - (A) having a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets who remains in place in excess of 90 days, or
 - (B) having an administrator appointed in relation to it who remains in place in excess of 90 days, or
 - (C) suffering a change of Control, or
 - (D) entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction), or
 - (E) being the subject of any equivalent action or event in any applicable jurisdiction in consequence of debt, or
 - (F) attempting to deal with or dispose of any share or any interest in it otherwise than in accordance with these Articles
- (b) Any Shareholder who becomes aware of the occurrence of a Transfer Event shall immediately notify the Board and all other Shareholders in writing of that Transfer Event
- (c) On the happening of any Transfer Event in respect of a Shareholder, such Shareholder shall be deemed to have immediately given a Sale Notice in respect of all the shares then held by such shareholder (a **Deemed Sale Notice**), and the Deemed Sale Notice shall supersede and cancel any then-current Sale Notice insofar as it relates to the same shares except for Shares which have then been validly transferred pursuant to that Sale Notice
- (d) Despite any other provision of these Articles, any shareholder holding shares in respect of which a Deemed Sale Notice is deemed given shall not be entitled

to exercise any voting rights at general meetings of the Company in respect of those Shares between the date of the relevant Deemed Sale Notice and the expiry of one month after the date of the Sale Notice given in respect of those Shares or, if earlier, the entry in the register of Members of the Company of another person as the holder of those Shares

- (e) The Shares that are the subject of any Deemed Sale Notice shall be offered for sale in accordance with article 24 as if they were Relevant Shares in respect of which a Sale Notice had been given (*mutatis mutandis*), except that
 - (i) a Deemed Sale Notice shall be deemed to have been given on the date of the Transfer Event or, if later, the date of the first meeting of the Board at which details of the facts or circumstances giving rise to the Deemed Sale Notice are tabled,
 - (ii) the Specified Price shall be a price per Share agreed between the Vendor (or the Vendor's estate) and the Board or, in the absence of agreement within 21 days after the date of the Transfer Event, determined by the auditors of the Company, provided that (A) the auditors shall value any Shares registered in the name of an Employee Member who is a Bad Leaver as the lesser of subscription price paid for such Shares and their fair value as determined by the auditors and (B) the auditors shall, in making such determination, disregard any provision in these Articles under which the Vendor may or could be required to sell or otherwise transfer the Shares concerned,
 - (iii) a Deemed Sale Notice shall be deemed not to contain a total transfer condition and shall be irrevocable,
 - (iv) the Vendor (or the Vendor's estate) may retain any Sale Shares for which transferees are not found or, during the period of two months after the expiry of the relevant offer notice and with the prior written approval of the Shareholders by way of special resolution, sell all or any of those Shares to any person (including any Shareholder) at any price per Share that is not less than the Specified Price, and
 - (v) the Shares concerned shall be sold together with all rights attaching to them as at the date of the Transfer Event, including the right to any dividend declared or payable on those Shares after that date
- (f) If this article 24 applies and not all Shares are acquired by remaining Shareholders, those Shares not acquired but which are transferred, or transmitted by operation of law, to persons other than Shareholders (whether to personal representatives, heirs or otherwise) shall carry no voting rights whatever (including, without limitation, the right to appoint Directors) but, for the avoidance of doubt, shall continue to carry an entitlement to dividends validly declared by the Company