

7041026  
Company No ~~19751473~~

THE COMPANIES ACT 2006

COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS

of

UKDN WATERFLOW GROUP LIMITED (the "Company")

Passed on 9 June 2014

The following resolutions have been passed as special resolutions of the Company pursuant to Chapter 2 of Part 13 of the Companies Act 2006

SPECIAL RESOLUTIONS

- 1 **THAT** the new articles of association of the Company in the form attached hereto and initialled by the Chairman of the Company for the purposes of identification, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association (the "**Adoption**"), with immediate effect following the approval of the Adoption by the directors of the Company
- 2 **THAT**, in respect of the proposed issue and allotment of an aggregate of 2,598,434 B1 ordinary shares, 399,758 B2 ordinary shares and 4 B3 ordinary shares in the capital of the Company to certain members of the Company's management in connection with each of them adopting employee shareholder status under section 205A of the Employment Rights Act 2006 (the "**ESS Issue and Allotment**"), all pre-emption rights, whether contained in article 10.1 of the Company's articles of association, the Investment Agreement (as defined in the Company's articles of association) or otherwise, be dis-applied in respect of the ESS Issue and Allotment

  
Director

TUESDAY



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THE COMPANIES ACT 2006

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PRIVATE COMPANY LIMITED BY SHARES

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NEW

ARTICLES OF ASSOCIATION

-of-

UKDN WATERFLOW GROUP LIMITED

(Incorporated in England and Wales  
under Registered no 7046026)  
(Adopted by Written Resolution passed on 9 JUNE 2014)

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## PRELIMINARY

### 1 MODEL ARTICLES

- 1 1 The articles of association of the Company (the "**Articles**") shall comprise the regulations contained herein together with the regulations contained in Schedule 3 to the Companies (Model Articles) Regulations (SI 2008/3229) (the "**Regulations**"), save insofar as they are excluded or modified by, or are inconsistent with, the regulations contained herein
- 1 2 The whole of Regulations 5(2), 6(2), 9, 10, 11, 13(3), 14, 16, 19, 20, 21,23(2), 23(3), 23(4), 25(3)(b), 26(3)(a), 28, 30, 32, 33, 34, 36, 37(4), 37(5), 37(7), 37(8), 39, 40, 42, 43(2), 46(2)(a), 50, 63(5), 64, 67(3), 70(5), 70(6), 70(7), 80, 81, 85 and 86 shall not apply to the Company

### 2 DEFINITIONS AND INTERPRETATION

- 2 1 In these Articles the following expressions shall have the following meanings

"Act"	means the Companies Act 2006
"Accepting Shareholders "	shall be as defined in Article 14 2
"A Ordinary Shares"	means the A ordinary shares of 1p each in the capital of the Company
"A1 Ordinary Shares"	means the A1 ordinary shares of 1p each in the capital of the Company
"Articles"	shall be as defined in Article 1 1
"Available Profits"	means profits available for distribution within the meaning of the Act
"Bad Leaver"	shall be as defined in Article 13 4 1(b)
"Balancing Payment"	shall be as defined in Article 13 7
"Board"	means the board of directors of the Company (or any duly authorised committee thereof) from time to time
"B Ordinary Shares"	means the B ordinary shares of 1p each in the capital of the Company
"B1 Ordinary Shares"	means the B1 ordinary shares of 1p each in the capital of the Company
"B2 Ordinary Shares"	means the B2 ordinary shares of 1p each in the capital of the Company
"B3 Ordinary Shares"	means the B3 ordinary shares of 1p each in the capital of the Company
"Business Day"	means any day other than a Saturday, Sunday or English bank or public holiday
"Co-Investment Scheme "	shall be as defined in Article 12 1 1(f)
"Company"	means UKDN Waterflow Group Limited

<b>"Company's website"</b>	means any website operated or controlled by the Company which contains information about the company
<b>"C Ordinary Shares"</b>	means the C ordinary shares of 1p each in the capital of the Company
<b>"Default Event"</b>	shall mean any of the following <ul style="list-style-type: none"> <li>(a) a proposed resolution (i) for the winding-up of the Company, (ii) for a reduction in the capital of the Company or (iii) varying any of the rights attaching to the A Ordinary Shares,</li> <li>(b) the Company being, or in the reasonable opinion of the Investors, having no reasonable prospect of avoiding becoming, in material breach of the provisions of (i) the Financing Documents or (ii) the provisions set out or referred to in clause 5 and/or clause 6 of the Investment Agreement</li> </ul>
<b>"Defaulting Shareholder"</b>	shall be as defined in Article 11 3
<b>"Director"</b>	means a director of the Company from time to time
<b>"Employee Trust"</b>	means any trust established to enable or facilitate the holding of Shares by, or for the benefit of, all or most of the bona fide employees of any Group Company
<b>"Equity Shares"</b>	means the A Ordinary Shares, A1 Ordinary Shares, B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares in issue from time to time
<b>"Excluded Notice"</b>	means a Sale Notice, a notice to a Defaulting Shareholder under Article 10 3 or a notice to appoint or remove a Director under Article 19
<b>"Exit"</b>	means a Sale or Quotation
<b>"Fair Price"</b>	shall be as defined in Article 13 4 3
<b>"Fair Price Cap"</b>	means the maximum Fair Price of any Leaver's Shares assuming a maximum enterprise value of the Group which is five times the consolidated EBITDA of the Group for the 12 month preceding period ending on the last accounting reference date prior to the Leaving Date
<b>"Family Member"</b>	means in relation to a Relevant Employee, his spouse and/or any one or more of his children (including step children)
<b>"Family Trust"</b>	means in relation to a Relevant Employee, a trust or settlement set up wholly for the benefit of that person and/or his Family Members
<b>"Financing Documents"</b>	shall be as defined in the Investment Agreement
<b>"Financial Services Authority"</b>	means the Financial Services Authority or any body with responsibility under legislation replacing the FSMA for carrying out regulatory actions

<b>"FSMA"</b>	means the Financial Services and Markets Act 2000
<b>"Fund"</b>	means any bank, company, unit trust, investment trust, investment company, limited, general or other partnership, industrial provident or friendly society, any collective investment scheme (as defined by the FSMA), any investment professional (as defined in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005 (the "FPO")), any high net worth company, unincorporated association or partnership (as defined in article 49(2) of the FPO) or any high value trust (as defined in article 49(6) of the FPO), any pension fund or insurance company or any person who is an authorised person under the FSMA
<b>"Fund Participant"</b>	shall be as defined in Article 11 5
<b>"Good Leaver"</b>	shall be as defined in Article 13 4 1(a)
<b>"Garden Leave"</b>	shall mean any period (following either the Company, any Group Company or the relevant employee having given notice to terminate that employee's employment with the Company or any Group Company) during which the Company or other Group Company shall, in respect of an employee and pursuant to the service contract between the Company or relevant Group Company and that employee, cease or have ceased to provide that employee with work and withdraw or have withdrawn his right of access to any premises of the Company and any other Group Company
<b>"Group"</b>	means the Company and any company which is a subsidiary undertaking of the Company from time to time and references to <b>"Group Company"</b> and <b>"members of the Group"</b> shall be construed accordingly
<b>"in electronic form"</b>	means in a form specified by section 1168(3) of the Act and otherwise complying with the requirements of section 1168 of the Act
<b>"Independent Expert"</b>	means a partner at a leading UK firm of accountants (acting as an expert and not as an arbitrator) nominated by the parties concerned or, in the event of disagreement as to nomination, appointed by the President from time to time of the Institute of Chartered Accountants in England and Wales
<b>"Investment Agreement"</b>	means the investment agreement dated 22 December 2009 and made between (1) the Company, (2) De Facto 1718 Limited, (3) Greg Beech and others, (4) Lyceum Capital Fund II A, (5) Lyceum Capital Fund II B and, (6) Lyceum Capital Investment Partners Fund II, as amended and novated from time to time
<b>"Investor"</b>	means any person who is or becomes an Investor for the purposes of the Investment Agreement and <b>"Investors"</b> shall be construed accordingly
<b>"Investor Associate"</b>	means, in relation to an Investor <ul style="list-style-type: none"> <li>(a) each member of that Investor's Investor Group (other than the Investor itself),</li> </ul>

- (b) any general partner, limited partner or other partner in, or trustee, nominee, custodian, operator or manager of, or adviser to, that Investor or any member of its Investor Group
- (c) any member of the same group of companies as any trustee, nominee, custodian, operator or manager of, or adviser to, that Investor or any member of its Investor Group,
- (d) any Fund which has the same general partner, trustee, nominee, operator, manager or adviser as that Investor or any member of its Investor Group,
- (e) any Fund which is advised, or the assets of which (or some material part thereof) are managed (whether solely or jointly with others), by that Investor or any member of its Investor Group,
- (f) any Fund in respect of which that Investor or any member of its Investor Group is a general partner, or
- (g) any Investors on whose behalf the Investor manages on investment in the Group

**"Investor Consent"**

shall be as defined in the Investment Agreement

**"Investor Direction"**

shall be as defined in the Investment Agreement

**"Investor Director"**

shall be as defined in the Investment Agreement

**"Investor Group"**

means, in relation to an Investor, that Investor and its subsidiary undertakings or, as the case may be, that Investor, any parent undertaking, whether direct or indirect, of that Investor and any other subsidiary undertaking of any such parent undertaking from time to time and references to "member" or "members" of the or an "Investor Group" shall be construed accordingly

**"Issue Price"**

means the price at which the relevant Share is issued, being the aggregate of the amount paid up or credited as paid up in respect of the nominal value thereof and any share premium thereon

**"Leaver"**

means

- (a) any Shareholder who
  - (i) ceases, or has ceased, to be a Relevant Employee, or
  - (ii) has served or received written notice pursuant to which they shall cease to be a Relevant Employee

provided that, for these purposes, a Shareholder shall be deemed to cease, or have ceased, to be a Relevant Employee upon the commencement of any period during which the relevant individual is placed on Garden Leave pursuant to their service contract with the Company or other Group Company, notwithstanding that the relevant

individual remains an employee of the Company or any other Group Company,

- (b) any Shareholder who is (or is the nominee of) a Family Member of any person who ceases to be a Relevant Employee,
- (c) any Shareholder who is (or is the nominee of) the trustee of a Family Trust of any person who ceases to be a Relevant Employee in respect of the Shares held on behalf of such person or on behalf of any Family Member of such person,
- (d) any Shareholder (not being an Investor) holding Shares as a result of a transfer made after the date of the adoption of these Articles by a person in relation to whom such Shareholder was a permitted transferee under the provisions of Article 11 (Permitted Transfers) who ceases to be a permitted transferee in relation to such person, including, without limitation, any Shareholder who ceases to be the spouse of a Relevant Employee,
- (e) any person who holds or becomes entitled to any Shares
  - (i) following the death of a Shareholder,
  - (ii) following the bankruptcy of a Shareholder (if an individual) or the receivership, administrative receivership, administration, liquidation or other arrangement for the winding-up (whether solvent or insolvent) of a Shareholder (if a company), or
  - (iii) following the exercise of an option after ceasing to be a Relevant Employee, or
- (f) any Shareholder holding Shares as a nominee for any person who ceases, or who has ceased, to be a Relevant Employee in respect of the Shares held on behalf of such person

**"Leaver's Shares"**

means all of the Shares held by a Leaver or to which he is entitled, on the Leaving Date and any Shares acquired by a Leaver after the Leaving Date whether under an employee share scheme or otherwise, or to which he becomes entitled

**"Leaving Date"**

means the date on which the relevant person becomes a Leaver

**"Lyceum Investors"**

shall be as defined in the Investment Agreement

**"Managers"**

shall be as defined in the Investment Agreement

**"Offeror"**

shall be as defined in Article 14 1

**"Option Buyer"**

shall be as defined in Article 7 2

**"Option Seller"**

shall be as defined in Article 7 2

**"Option Shares"**

shall be as defined in Article 7 1



<b>"Option Price"</b>	the consideration for the Option Shares being £2,500 per Option Share
<b>"Other Shareholders"</b>	shall be as defined in Article 14 3
<b>"Pension Scheme"</b>	means an occupational pension scheme (as defined in section 232(6) of the Act) for the benefit of employees of any Group
<b>"Proposed Buyer"</b>	shall be as defined in Article 15 1
<b>"Proposed Sale"</b>	shall be as defined in Article 15 1
<b>"Proposed Sellers"</b>	shall be as defined in Article 15 1
<b>"Put Exercise Notice"</b>	means a written notice to exercise a Put Option pursuant to Article 7 2
<b>"Put Option"</b>	the option granted under Article 7 1
<b>"Qualifying Offer"</b>	shall be as defined in Article 14 1
<b>"Quotation"</b>	means the admission of the whole of any class of the issued share capital of the Company or any new holding company of the Company formed as a special purpose vehicle for the purpose of admission, to either (i) listing on the Official List of the United Kingdom Listing Authority and to trading on London Stock Exchange plc's main market for listed securities or (ii) trading on the London Stock Exchange plc's AIM market or on any other Recognised Stock Exchange
<b>"Recognised Stock Exchange"</b>	means a recognised investment exchange, recognised overseas investment exchange, designated investment exchange or designated overseas investment exchange, in each case for the purposes of FSMA
<b>"Regulations"</b>	shall be as defined in Article 1 1
<b>"Relevant Employee"</b>	shall mean <ul style="list-style-type: none"> <li>(a) an employee of the Company or any other Group Company, or</li> <li>(b) a Director or a director of any other Group Company (other than in either case, for the purposes of Article 12 (Leavers), an Investor Director)</li> </ul>
<b>"Relevant Leaver's Shares"</b>	shall be a defined in Article 13 7
<b>"Relevant Shares"</b>	shall be as defined in Article 11 3
<b>"Restrictive Covenants"</b>	shall be as defined in Article 13 7
<b>"Sale"</b>	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
<b>"Sale Notice"</b>	shall be as defined in Article 13 2

"Sale Price"	shall be as defined in Article 13 4 2
"Share"	means any share in the capital of the Company from time to time
"Shareholder"	means any holder of any Share from time to time
"Shareholder Communication"	means any notice, resolution, document or information which the Company wishes or is required to communicate with Shareholders or other persons
"Statutes"	means the Act and the Electronic Communications Act 2000 (including any subordinate legislation made under them)
"website communication"	means the publication of a Shareholder Communication on the Company's website in accordance with Part 4 of Schedule 5 of the Act

2 2 Unless the context otherwise requires, words and expressions defined in or having a meaning provided by the Act shall have the same meaning in these Articles. The term **"connected person"** shall have the meaning attributed to it at the date of adoption of these Articles by section 839 of the Income and Corporation Taxes Act 1988 and the words **"connected with"** shall be construed accordingly. The term **"acting in concert"** shall have the meaning attributed to it at the date of adoption of these Articles by the City Code on Takeovers and Mergers.

2 3 Unless the context otherwise requires, references in these Articles to

2 3 1 any of the masculine, feminine and neuter genders shall include other genders,

2 3 2 the singular shall include the plural and vice versa,

2 3 3 a person shall include a reference to any natural person, body corporate, unincorporated association, partnership, firm or trust,

2 3 4 save where used in the definition of "Employee Trust" **"employees"** shall be deemed to include workers, consultants and non-executive directors and references to **"contracts of employment"**, **"terms and conditions of employment"**, **"employment arrangements"** and to **"commencement or cessation of employment"** and to **"resignation"** shall be deemed to include workers' contracts, contracts for consultancy, letters of appointment and commencement, termination or cessation of workers' contracts, consultancy contracts or letters of appointment and references to summary dismissal shall be deemed to include a reference to termination of contracts without notice, and

2 3 5 any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, consolidated, re-enacted or replaced

2 4 The headings in these Articles are for convenience only and shall not affect their meaning

2 5 In construing these Articles, general words introduced by the word **"other"** shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words

### 3 **SHARE CAPITAL**

3 1 The share capital of the Company as at the date of adoption of these Articles is divided into

A Ordinary Shares,  
A1 Ordinary Shares,  
B Ordinary Shares,  
B1 Ordinary Shares,  
B2 Ordinary Shares,  
B3 Ordinary Shares, and  
C Ordinary Shares

- 3 2 Regulation 43(1) shall be amended by the insertion of the words "with Investor Consent" after the words "the Company may" and before the words "issue shares"
- 3 3 Regulation 44(2)(a) shall be amended by the insertion of the words "with Investor Consent" after the words "in cash, or" and before the words "in fully paid or partly paid shares or other securities" and also the words "partly in one way"
- 3 4 All B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares issued or transferred to any holder of A Ordinary Shares or A1 Ordinary Shares pursuant to these Articles or otherwise shall be automatically designated or re-designated A1 Ordinary Shares (as appropriate) prior to registration

## **SHARE RIGHTS**

### **4 DIVIDEND RIGHTS**

- 4 1 Subject to (i) the Board recommending payment of the same and (ii) Investor Consent, any Available Profits which the Company may determine to distribute in respect of any financial year shall be distributed amongst the holders of the Equity Shares according to the number of such Shares held (pari passu as if the same constituted one class of share)
- 4 2 Regulation 70(1) shall be amended by the insertion of the words "Subject to Article 4 1" at the start of that Regulation
- 4 3 Regulation 70(2) shall be amended by the insertion of the words "Subject to Article 4 1" at the start of that Regulation

### **5 RETURN OF CAPITAL RIGHTS**

On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities shall be distributed as follows -

- 5 1 first in paying to the holders of A1 Ordinary Shares, an amount equal to the Issue Price of each A1 Ordinary Share held,
- 5 2 second, subject to Article 5 1, the balance of proceeds available for distribution up to (and including) £40,000,000 amongst the holders of Equity Shares according to the number of such Shares held (pari passu as if the same constituted one class of share),
- 5 3 third, subject to Articles 5 1 and 5 2, in respect of the balance over £40,000,000 available for distribution, the first £1,500,000 amongst the holders of B1 Ordinary Shares according to the number of such Shares held, and
- 5 4 finally, subject to Articles 5 1, 5 2 and 5 3, in respect of the balance available for distribution over £41,500,000, amongst the holders of Equity Shares according to the number of Shares held (pari passu as if the same constituted one class of share)

### **6 VOTING RIGHTS**

- 6 1 The voting rights attached to each class of Shares shall be as set out in this Article

- 6 1 1 on a written resolution, every Shareholder holding one or more Equity Shares on the date on which the resolution is circulated as required by the Act shall, subject to sections 289 and 290 of the Act, have one vote for each Equity Share held by him,
- 6 1 2 on a resolution to be passed at a general meeting of the Company on a show of hands, every qualifying person (as defined in section 318(3) of the Act) present shall, subject to section 323(4) of the Act, have one vote, and
- 6 1 3 on a resolution to be passed at a general meeting of the Company on a poll, every Shareholder holding one or more Equity Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote for each Equity Share of which he is the holder
- 6 2 If at any time (without Investor Consent) a Default Event has occurred, then the Investors may by Investor Direction serve notice pursuant to this Article 6 2 on the holders of the B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares in which case
  - 6 2 1 the B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares shall cease to entitle each holder thereof to vote on any written resolution of the Company or to attend and vote (whether on a show of hands or on a poll) at any general meeting of the Company, and
  - 6 2 2 new shares in the Company may be issued, ranking ahead of or pari passu with the B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares (or otherwise), without the consent of the holders of the B Ordinary Shares B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares
- 6 3 The provisions of Article 6 2 shall continue for so long as the breach giving rise to the Default Event subsists
- 6 4 For the avoidance of doubt, the provisions in Article 6 2 shall enable the holders of any A Ordinary Shares and A1 Ordinary Shares in issue from time to time together to consent to the holding of a general meeting of the Company on short notice pursuant to the Act on the basis that all such holders would constitute the only Shareholders who would be entitled to attend and vote at the general meeting
- 6 5 The provisions of Article 6 6 shall apply if at any time (without Investor Consent)
  - 6 5 1 any Shareholder (other than an Investor) is in material breach of the provisions of these Articles (without prejudice to the provisions of Article 11 3) and/or the Investment Agreement,
  - 6 5 2 any Group Company is entitled to terminate any contract of employment by reason of a repudiatory breach thereof by a Shareholder, or
  - 6 5 3 any person becomes a Leaver
- 6 6 If the provisions of this Article apply the Investors may by Investor Direction serve notice on the relevant Shareholder pursuant to this Article 6 6 in which case
  - 6 6 1 the Shares which such person holds or to which he is entitled, and
  - 6 6 2 any Shares formerly held by such person which have been transferred either in breach of the provisions of these Articles or in accordance with Article 12 (Permitted Transfers)

shall immediately cease to entitle the holders thereof to vote on any written resolution of the Company and to attend and vote (whether on a show of hands or on a poll) at any general meeting or at any separate class meeting of the Company

6 7 The provisions of Article 6 5 shall continue

6 7 1 in the case of Article 6 5 1, for so long as such breach subsists, and

6 7 2 in the case of Article 6 5 2 and 6 5 3, until such time as such person ceases to be a Shareholder

## 7 **B3 ORDINARY SHARE PUT OPTION**

7 1 Subject to the provisions of this Article 7 the holders of B3 Ordinary Shares shall have the benefit of a Put Option to require an Investor to purchase all of the B3 Ordinary Shares of which he is the holder (the "**Option Shares**")

7 2 A holder of Option Shares (the "**Option Seller**") may exercise the Put Option by serving a Put Exercise Notice on the other relevant Investor party (the "**Option Buyer**") at any point following the adoption of these Articles

7 3 The Put Exercise Notice shall

7 3 1 contain a covenant to the Option Buyer that Option Seller has, and will have at completion of the transfer of the Option Shares, the right to sell and transfer the whole of the legal and beneficial interest in and title to the Option Shares free from all liens, charges and encumbrances, and

7 3 2 state the date of completion for the transfer of the Option Shares to be not less than 5 days from the date of the Put Exercise Notice

7 4 Completion of the sale and purchase of the Option Shares following the exercise of a Put Option shall take place on the date stated in the Put Exercise Notice whereupon the Option Seller shall deliver to the Option Buyer at its registered office

7 4 1 the duly executed transfers in respect of the Option Shares in favour of the Option Buyer,

7 4 2 the certificates representing the Option Shares (or an express indemnity in a form satisfactory to the Option Buyer in the case of any found to be missing), and

7 4 3 such other documents as may be necessary to enable the Option Buyer or its nominee(s) to obtain a good title to the Option Shares including, without limitation, any power of attorney pursuant to which the is required by the Option Buyer

7 5 Upon delivery of the documents referred to in Article 7 4 the Option Buyer shall pay the Option Price in respect of the Option Shares to the account of the Option Seller

7 6 If an Option Seller defaults in transferring the Option Shares, the directors of the Company shall be entitled to receive and give good discharge for the consideration on behalf of the relevant Option Seller (but shall not be bound to earn interest on it) and the Company may nominate some person to execute an instrument of transfer of such Option Shares in the name and on behalf of the Option Seller in favour of the Option Buyer (or as the Option Buyer may direct) and thereafter, when such instrument has been duly stamped (if required), the Company shall hold the Option Price on trust (without interest) for the Option Seller and approve the registration of such transfers

## 8 **RIGHTS ON SALE**

In the event of a Sale then, notwithstanding anything to the contrary in the terms and conditions governing such Sale, upon an Investor Direction, the selling Shareholders immediately prior to such Sale shall procure that the consideration (whenever received) shall be placed in a designated trustee account and shall be distributed -

8 1 first in paying to the holders of A1 Ordinary Shares, an amount equal to the Issue Price of each A1 Ordinary Share held,

- 8 2 second, subject to Article 8 1 the balance of proceeds available for distribution up to £40,000,000 amongst the holders of Equity Shares according to the number of such Shares held (or if the same constituted one class of share),
- 8 3 third, subject to Articles 8 1 and 8 2, in respect of the balance over £40,000,000 available for distribution, the first £1,500,000 amongst the holders of B1 Ordinary Shares according to the number of such Shares held, and
- 8 4 finally, subject to Articles 8 1, 8 2 and 8 3 in respect of the balance available for distribution over £41,500,000, amongst the holders of Equity Shares according to the number of Shares held (as if the same constituted one class of Shares)

## 9 **LIEN AND FORFEITURE**

- 9 1 The lien conferred by Regulation 52(1) shall attach to all Shares of any class, whether fully paid or not, and to all Shares registered in the name of any person indebted or under liability to the Company, whether he be the sole registered holder thereof or one of two or more joint holders Regulation 52 shall be modified accordingly
- 9 2 Regulation 52(3) shall be amended by the insertion of the words "with Investor Consent "after the words "the directors may"
- 9 3 Regulation 53(1) shall be amended by the insertion of the words "to such person(s) and on such terms as shall be contained in an Investor Direction" after the words "in such manner as the directors decide"
- 9 4 Regulation 60(2)(c) shall be amended by the insertion of the words "subject always to compliance with the provisions of Article 10 " at the end of that Regulation
- 9 5 Regulation 61(1) shall be amended by the insertion of the words "(subject to Article 10)" after "If and immediately prior to the words "a forfeited share"

## **SHARE ISSUES**

### 10 **SHARE ISSUES**

- 10 1 Save in respect of share issues effected pursuant to

10 1 1 Article 10 4 below,

10 1 2 clause 8 11 of the Investment Agreement,

all new Shares to be issued to any person (the "Investing Shareholder") shall be offered for subscription to the holders of Equity Shares (which for these purposes shall be treated as one class of shares defined as the "**Ordinary Shares**"), as nearly as possible, on the same terms and in the same proportions between them as the number of Ordinary Shares for the time being held respectively by each such holder bears to the total number of such Ordinary Shares in issue, provided that it shall be a condition of any subscription for Shares under this Article 10 1 that any Shareholder wishing to take up its subscription rights will be required to subscribe for such amount of loan notes or other debt instruments as bears the same proportion to the number of Shares being subscribed as the amount of any loan notes or other debt securities being subscribed by the Investing Shareholder bears to the number of Shares being subscribed by the Investing Shareholder(s)

- 10 2 The offer referred to in Article 10 1 shall be made by notice specifying the number of Shares to which the relevant holder is entitled and limiting a time (being not less than 10 Business Days) within which the offer if not accepted will be deemed to be declined and after the expiration of such time or on the receipt of an intimation from the holder or holders to whom such notice is given that he declines to accept the Shares so offered the Board may (with Investor Consent) deal with the same in such manner as it may think most beneficial to the Company (including the decision not to

issue the Shares to any person) If any fractional entitlements arise on the apportionment of any such new Shares amongst the Shareholders the allocation of such entitlements shall, in the absence of direction by the Company, be determined by the Board (with Investor Consent, such consent not to be unreasonably withheld or delayed)

- 10 3 Any Shareholder who accepts an offer referred to in Article 10 1 in accordance with Article 10 2 shall be issued with Shares of the same class (treating, for these purposes and for the avoidance of doubt, each class of Shares as a separate class) as such Shareholder holds as at the date of the offer
- 10 4 Notwithstanding the provisions of Articles 10 1 and 10 2, if the Investors reasonably consider that it is necessary for the Company to issue further Shares to cure a breach (or, in the opinion of the Investor Directors, a reasonably foreseeable breach) of any Financing Document then upon an Investor Direction (which shall follow such consultation with the other Shareholders as is feasible in the circumstances) the Company shall issue such number of new Shares (the "**New Investor Shares**") to any Investor (or their nominee) as the Investor Direction shall specify, and the rights of pre-emption of the holders of Ordinary Shares (other than the Investor) shall be deemed to be waived in respect of any such issue As soon as reasonably practicable following the issue of such New Investor Shares, and in any event, no later than 30 Business Days after subscription of the New Investor Shares by the Investors, the Investors shall offer such proportion of such New Investor Shares to those other Shareholders as they would have been entitled to had Articles 10 1-10 3 (inclusive) applied Any such offer shall be on the same terms that would have applied under Articles 10 1-10 3 (inclusive) and the Investors shall transfer the relevant number of New Investor Shares to such Shareholders who accept such offer
- 10 5 Without prejudice to the general effect of this Article 10, any amendment, variation or waiver of this Article will be deemed to constitute an alteration of the rights attached to the A Ordinary Shares (as one class), A1 Ordinary Shares (as one class), B Ordinary Shares (as one class), B1 Ordinary Shares (as one class), B2 Ordinary Shares (as one class), B3 Ordinary Shares (as one class) and C Ordinary Shares (as one class) and will require the prior consent of the holders of 75% of the issued Shares of (i) the A Ordinary Shares, (ii) the B Ordinary Shares, (iii) the B1 Ordinary Shares, (iv) the B2 Ordinary Shares, (v) the B3 Ordinary Shares, and (vi) the C Ordinary Shares (and for these purposes the A Ordinary Shares, A1 Ordinary Shares, B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares shall together be treated as one class Shares)
- 10 6 The provisions of section 561(1) and sections 562(1), 562(3), 562(4), 562(5) and 568(3) (inclusive) of the Act shall not apply to the Company

## **SHARE TRANSFERS**

### **11 PROHIBITED TRANSFERS**

- 11 1 Any person who holds, or becomes entitled to, any Share shall not, without Investor Consent, effect a transfer of such Shares, except in accordance with Article 7 (B3 Ordinary Share Put Option), Article 12 (Permitted Transfers), Article 13 (Leavers), Article 14 (Drag Along) (where such person is an Accepting Shareholder or Other Shareholder) or Article 15 (Tag Along) (where such person is a Proposed Seller or any person who sells to a Proposed Buyer in accordance with an offer made under Article 15 2)
- 11 2 The reference in Article 11 1 to the transfer of a Share shall mean the transfer of either or both of the legal and beneficial ownership in such Share and/or the grant of an option to acquire either or both of the legal and beneficial ownership in such Share and the following shall be deemed (but without limitation) to be a transfer of a Share
- 11 2 1 any direction (by way of renunciation or otherwise) by a Shareholder entitled to an allotment or issue of any Share that such Share be allotted or issued to some person other than himself,

11 2 2 any sale or other disposition of any legal or equitable interest in a Share (including any voting right attached thereto) and whether or not by the registered holder thereof and whether or not for consideration or otherwise and whether or not effected by an instrument in writing, and

11 2 3 any grant of a legal or equitable mortgage or charge over any Share

11 3 For the purpose of ensuring compliance with Article 10 1, the Company shall immediately on an Investor Direction and may with Investor Consent require any Leaver or other Shareholder to procure that (i) he or (ii) such other person as is reasonably believed to have information and/or evidence relevant to such purpose provides to the Company any information and/or evidence relevant to such purpose and failing such information and/or evidence being provided the Board shall forthwith upon receipt of an Investor Direction, or otherwise with Investor Consent, notify the relevant Leaver or Shareholder (the "**Defaulting Shareholder**") that a breach of the transfer provisions of these Articles is deemed to have occurred, whereupon

11 3 1 the Company shall refuse to register any transfer of the Relevant Shares (otherwise than with an Investor Consent),

11 3 2 the Relevant Shares shall cease to confer on the holder thereof (or any proxy thereof) any rights

(a) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting of the Company or at any separate meeting of the class in question), or

(b) to receive dividends or other distributions (other than in accordance with Article 5 upon a return of capital),

otherwise attaching to the Relevant Shares or to any further Shares issued pursuant to the exercise of a right attaching to the Relevant Shares or in pursuance of an offer made to the holder thereof, and

11 3 3 if the Defaulting Shareholder is not a Leaver, he shall (upon an Investor Direction) forthwith be treated as a Leaver, or if no such Investor Direction is made, he may be required at any time following such notice to transfer (or procure the transfer of) some or all of the Relevant Shares to such person(s) at a price determined by the Board with Investor Consent or as directed by an Investor Direction

The rights referred to in Article 11 3 2 may be reinstated by the Board (with Investor Consent) or, if earlier, upon the completion of the transfer of the Leaver's Shares or other transfer as contemplated by Article 11 3 3. The expression "**Relevant Shares**" shall mean the Shares which the Defaulting Shareholder holds or to which he is entitled and any Shares formerly held by him which have been transferred in breach of Article 10 1 or in accordance with Article 11 (Permitted Transfers)

11 4 Each Shareholder hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any powers hereby conferred, other than this power of substitution, as if he had been originally appointed by this Power of Attorney) to give effect to the provisions of these Articles

11 5 Notwithstanding the provisions of Article 11 2, any transfer by any partner, unitholder, shareholder, or other participant in, or operator, manager or custodian of, any Fund (a "**Fund Participant**") (or by any trustee or nominee for any such Fund Participant) of any interest in such Fund to any person who is, or as a result of such transfer becomes, a Fund Participant, shall not, and shall not be deemed to, be a transfer of Shares for any purpose under these Articles

11 6 Regulation 67(4) shall be amended by the insertion at the end of that Regulation of the words "and, accordingly, shall be subject to the restrictions on transfers of Shares contained in Article 10"



## 12 PERMITTED TRANSFERS

### 12 1 Notwithstanding the provisions of Article 10 (Prohibited Transfers)

12 1 1 any Shareholder who is an Investor or any person who holds Shares as nominee, custodian or trustee or otherwise on behalf of an Investor may at any time transfer any Share to

- (a) another Investor,
- (b) any Investor Associate of that Investor,
- (c) the beneficial owner of the Shares,
- (d) any director or employee of any member of the Group,
- (e) on a distribution in kind or otherwise under the relevant partnership agreement or trust deed or other constitutional document(s) of a Fund, the partners of a limited partnership or to the holders of units in a unit trust or to the shareholders of, participants in, or holders of any other interest in, any Fund,
- (f) any co-investment scheme, being a scheme under which certain officers, employees or partners of an Investor or its adviser, manager, operator, nominee or any member of its Investor Group are entitled or required (as individuals or through a Fund or any other vehicle) to acquire Shares ("**Co-Investment Scheme**"), or
- (g) in accordance with clause 8 6 (Syndication) of the Investment Agreement,

12 1 2 any Shareholder holding Shares in connection with a Co-Investment Scheme may at any time transfer any Share to

- (a) another person who holds or is to hold Shares in connection with such Co-Investment Scheme, or
- (b) any persons on their becoming entitled to the same under the terms of such Co-Investment Scheme

12 2 Subject to Article 11 3, the Company shall be obliged to register any transfer made pursuant to the above provisions

12 3 Where any Shareholder holding Shares as a result of a transfer made after the date of the adoption of these Articles by a person in relation to whom such Shareholder was a permitted transferee ceases to be such a permitted transferee, the Shareholder shall immediately transfer all such Shares to the person who originally transferred such Shares or to any other permitted transferee of such original transferor (a "**Transfer Back**") and prior to such Transfer Back occurring the provisions of Article 11 3 shall apply

## 13 LEAVERS

13 1 The provisions of this Article shall apply to any Leaver and to any Leaver's Shares

13 2 Within the period commencing on the relevant Leaving Date and expiring at midnight on the date falling twelve months after such date, the Investors may direct the Company by an Investor Direction immediately to serve a notice (which may be served on one or more occasion if the first and subsequent notices do not relate to all the Leaver's Shares) on the Leaver notifying him that he is, with immediate effect, deemed to have offered such number of his Leaver's Shares to any person(s) as may be (subject always to Article 13 6) specified in the Investor Direction (a "**Sale Notice**") On receipt of such Sale Notice, the Leaver shall be obliged forthwith to transfer, at the Sale Price as determined in accordance with Article 13 4 (but subject always to Article 13 7), such

number of his Leaver's Shares to the person(s) specified in the Sale Notice. Completion of the sale and purchase of the Leaver's Shares in accordance with the Sale Notice shall take place within five Business Days of

13.2.1 the date of the Sale Notice, or

13.2.2 where there is a dispute as to the Fair Price, the date on which the Fair Price has been agreed in accordance with this Article 13,

whereupon the Leaver shall transfer such Shares to the person(s) specified in the Sale Notice and deliver the relevant Share certificates against payment of (subject always to Article 13.7) the Sale Price for such Shares

13.3 If the Leaver defaults in transferring any Leaver's Shares pursuant to Article 13.2, the Company may receive the relevant purchase money and may nominate some person to execute an instrument of transfer of such Leaver's Shares in the name and on behalf of the Leaver and thereafter, when such instrument has been duly stamped (if required), the Company shall cause the name of the proposed transferee to be entered in the register of members as the holder of such Leaver's Shares and shall hold the purchase money on trust (without interest) for the Leaver. The receipt of the Company for the purchase money shall be a good discharge to the proposed transferee (who shall not be bound to see to the application thereof) and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person. In the case of an acquisition of Leaver's Shares by the Company, if the Leaver defaults in transferring any Leaver's Shares pursuant to Article 13.2, the Company may nominate some person to execute an instrument of transfer of such Leaver's Shares in the name and on behalf of the Leaver and thereafter, when such instrument has been duly stamped (if required), the Company shall cause such share capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Leaver

13.4 In these Articles

13.4.1 in the case of any Leaver's Shares

- (a) a Shareholder shall be deemed to be a "Good Leaver" in respect of all of his Leaver's Shares in circumstances where he ceases to be a Relevant Employee by virtue of (i) his death, (ii) permanent incapacity due to ill-health which, in the opinion of the Board, is sufficiently serious to prevent the Shareholder from carrying out his normal duties, (iii) wrongful dismissal where the Shareholder was initially dismissed from employment with the unanimous vote of the Board excluding the vote of the Shareholder, (iv) circumstances which have resulted in a successful claim against the Group or member of the Group for unfair dismissal (otherwise than as a result of procedural error) and where the Shareholder was initially dismissed from employment with the unanimous vote of the Board excluding the vote of the Shareholder or (v) where such person is categorised as a Good Leaver by an Investor Direction within 12 months of his Leaving Date,
- (b) a Shareholder shall be deemed to be a "Bad Leaver" in respect of all of his Leaver's Shares in circumstances where he ceases to be a Relevant Employee and is not a Good Leaver

13.4.2 the "Sale Price" shall be

- (a) as regards any Leaver's Shares held by a Good Leaver, the Fair Price,
- (b) as regards any Leaver's Shares held by a Bad Leaver, the lower of Fair Price and Issue Price

13.4.3 the "Fair Price" shall be such price as the transferor and (with Investor Consent) the Company shall agree (being in all circumstances less than the Fair Price Cap) within 10

Business Days of the date of the deemed Sale Notice or, failing such agreement (and subject always to the provisions of Article 13 5 5), such price as an Independent Expert shall determine pursuant to Article 13 5

13 5 If the Fair Price falls to be determined by the Independent Expert

- 13 5 1 the Company shall immediately instruct the Independent Expert to determine the Fair Price on the basis which, in their opinion, represents a fair price for the Leaver's Shares at the Leaving Date as between a willing seller and a willing buyer and, in making such determination, the Independent Expert shall disregard (i) the fact of whether or not the Leaver's Shares comprise a majority or minority interest in the Company, (ii) any restrictions attaching to the Leaver's Shares pursuant to these Articles and (iii) the provisions of Article 5 1 Notwithstanding the foregoing, the Independent Expert shall be instructed to assume that the enterprise value of the Group is capped at (i.e. such sum that it may be less but shall not be more) five times the consolidated EBITDA of the Group for the 12 month preceding period ending on the last accounting reference date prior to the Leaving Date,
- 13 5 2 the Independent Expert shall certify the Fair Price as soon as possible after being instructed by the Company and, in so certifying, the Independent Expert shall be deemed to be acting as experts and not as arbitrators and the Arbitration Act 1996 shall not apply,
- 13 5 3 the certificate of the Independent Expert shall, in the absence of manifest error, be final and binding (subject to the provisions of Article 13 5 5),
- 13 5 4 the Company shall procure that any certificate required hereunder is obtained with due expedition and the cost of obtaining such certificate shall be borne by the Company unless (i) such an arrangement would not be permitted by the Act or (ii) the Fair Price as determined by the Independent Expert is not more than 110% of that price (if any) which the Company had previously notified to the Leaver as being in its opinion the Fair Price, in which event the cost shall be borne by the Leaver, and
- 13 5 5 notwithstanding anything to the contrary contained in the certificate, the enterprise value of the Group when determining the Fair Price shall be limited to the amount which is five times the consolidated EBITDA of the Group for the 12 month preceding period ending on the last accounting reference date prior to the Leaving Date, such that the Fair Price shall never exceed the Fair Price Cap

13 6 Leaver's Shares are to be offered at the determination of the Remuneration Committee in the following order of priority

- 13 6 1 firstly, to any future employee of any Group Company or any nominee pending allocation to a future employee of any Group Company,
- 13 6 2 secondly, any Employee Trust,
- 13 6 3 thirdly, the holders of the B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares and B3 Ordinary Shares (other than the Leaver) pro rata to their respective holdings of B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares and B3 Ordinary Shares (as if the same constituted one class of shares) or otherwise as the Remuneration Committee shall otherwise direct as being for the benefit of the business of the Group, and
- 13 6 4 finally, any person with Investor Consent

13 7 Notwithstanding Article 13 4 2, if the Fair Price should be higher than the Issue Price then there shall be paid to the Leaver on the completion of the sale and purchase of a Leaver's Shares pursuant to Article 13 2 in the case of a Good Leaver falling within the definition set out in Article 13 4 1(a), in respect of each of his Leaver's Shares (the "**Relevant Leaver's Shares**"), the Issue Price In addition the difference between the Issue Price and the Fair Price of each Relevant Leaver's Shares (the "**Balancing Payment**") shall

- 13 7 1 be paid into an escrow account (the "**Escrow**") to be held by the Company's Solicitors, and
- 13 7 2 be paid out of the Escrow to the Leaver within 10 Business Days of the expiry of the relevant Leaver's covenants given by him pursuant to clause 10 of the Investment Agreement (the "**Restrictive Covenants**") or if earlier on the date of an Exit provided always that if the Board (acting reasonably) determines that the relevant Leaver has, prior to such date, been in breach of the Restrictive Covenants, the relevant Leaver's entitlement to the Balancing Payment shall automatically (and without any further action being required on the part of the Company) cease and determine in all respects and in those circumstances the Balancing Payment shall be paid out of the Escrow to the Company

#### 14 **DRAG ALONG**

- 14 1 In these Articles a "**Qualifying Offer**" shall mean an offer in writing which is made by or on behalf of any person (the "**Offeror**") including any company incorporated for the purposes of carrying out a bona fide refinancing of the Company or any Group Company (provided always that the terms of any such refinancing are no less favourable to the Group than those that are in place at the date of adoption of these Articles), which is communicated to any one or more of the Shareholders, and is for 100% of the Equity Shares not already owned by the Offeror or persons connected or acting in concert with the Offeror
- 14 2 Subject to the provisions of Articles 13 6, if the holders of not less than 50% in nominal value of the A Ordinary Shares and A1 Ordinary Shares then in issue (the "**Accepting Shareholders**") have indicated in writing that they wish to accept the Qualifying Offer, then the provisions of this Article shall apply
- 14 3 The Accepting Shareholders shall give written notice to the remaining holders of Shares (the "**Other Shareholders**") of their wish to accept the Qualifying Offer and the Other Shareholders shall thereupon become bound to accept the Qualifying Offer and to transfer their Shares (the "**Dragged Shares**") to the Offeror (or his nominee) with full title guarantee on the date specified by the Accepting Shareholders
- 14 4 If any Other Shareholder shall not, within five Business Days of being required to do so, execute and deliver transfers in respect of the Dragged Shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Accepting Shareholder shall be entitled
- 14 4 1 to execute, and shall be entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on the Other Shareholder's behalf,
- 14 4 2 against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Dragged Shares, to deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee),
- 14 4 3 to exercise, or to authorise and instruct such person as he thinks fit to exercise all such rights as the Accepting Shareholders think fit in relation to the Dragged Shares including the right to attend any general, class or other meeting of the Company and vote the Dragged Shares at such meetings (on both a show of hands and on a poll), the right to sign any written resolution of the Company and/or the holders of a particular class of Shares, to sign any consent to the holding of a meeting of Shareholders on short notice and any form of proxy in relation to the voting of the Dragged Shares at any general, class or other meeting of the Company in each case either prior to the transfer of the Dragged Shares or pending registration of the Buyer as the registered holder thereof For the avoidance of doubt such attorney shall have no right to give warranties or indemnities on that Dragged Shareholder's behalf other than title to the Dragged Shares and capacity to transfer the Dragged Shares, and

14 4 4 to register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person

14 5 Each Other Shareholder shall pay its/his pro rata share (as a deduction from the gross pre-tax proceeds to be received, without prejudice to any other deductions lawfully required to be made) of the costs incurred by the Accepting Shareholders in connection with the Qualifying Offer and the transfer of Shares to the extent that such costs can reasonably be demonstrated to have been incurred on behalf of all the Shareholders

## 15 TAG ALONG

15 1 If at any time one or more Shareholders (the "**Proposed Sellers**") propose to sell to any person, in one or a series of related transactions, such number of Shares which would, if registered, result in that person (together with persons connected or acting in concert with him) holding or increasing his holding to 50% or more of the issued Equity Shares in the capital of the Company (a "**Proposed Sale**"), the Proposed Sellers shall give written notice to the other holders of Shares of any Proposed Sale at least 10 Business Days prior to the proposed date of completion thereof. Such notice shall set out, to the extent not described in any accompanying documents, the identity of the proposed buyer (the "**Proposed Buyer**"), the sale price and other terms and conditions of payment, the proposed date of sale and the number of Shares to be acquired by the Proposed Buyer

15 2 The Proposed Sale may not be completed unless the Proposed Buyer has unconditionally offered to buy all the other issued Shares (other than any Shares already owned by the Proposed Buyer or persons connected or acting in concert with him) on the same terms and conditions as apply to the Proposed Sale. Such offer shall remain open for acceptance for not less than 21 days

15 3 The provisions of Articles 14 1 and 14 2 shall not apply to any Proposed Sale which is a Permitted Transfer under Article 11 or which is to take place pursuant to a Qualifying Offer under Article 13

15 4 Each Shareholder who is not a Proposed Seller shall pay its/his pro rata share (as a deduction from the gross pre-tax proceeds to be received, without prejudice to any other deductions lawfully required to be made) of the costs incurred by the Proposed Sellers in connection with the Proposed Sale and the transfer of Shares to the extent that such costs can reasonably be demonstrated to have been incurred on behalf of all the Shareholders

## SHAREHOLDER MEETINGS

### 16 PROCEEDINGS OF SHAREHOLDERS

16 1 No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business and, subject to Article 15 2, for its duration. Three persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation (and at least one of which shall be the, or proxy for, or a duly authorised representative of, the Lyceum Investors), shall be a quorum

16 2 If within half an hour from the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present for a period exceeding 10 minutes, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other time and place as the Shareholders present may decide and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholder or Shareholders present shall constitute a quorum

16 3 A resolution put to the vote of a meeting shall be decided on a show of hands unless before or on the declaration of the result of, the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded at any general meeting by the chairman or by any Shareholder present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a Shareholder entitled to vote

16 4 An instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board must be delivered to the registered office of the Company

16 4 1 in the case of a general meeting or an adjourned meeting, not less than 48 hours before the time appointed for the holding of the meeting or to the place of the meeting at any time before the time appointed for the holding of the meeting, and

16 4 2 subject to Article 15 5, in the case of a proxy notice given in relation to a poll, before the end of the meeting at which the poll was demanded

In calculating when a proxy notice is to be delivered, no account is to be taken of any part of a day that is not a Business Day A notice revoking the appointment of a proxy must be given in accordance with the Act

16 5 When a poll has been demanded it shall be taken immediately following the demand

16 6 The provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, with the necessary changes being made, apply to every separate meeting of the holders of any class of Share, except that the necessary quorum shall be two persons holding or representing by proxy at least one third in nominal amount of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present then the provisions of Article 15 2 shall apply)

16 7 Directors may attend and speak at general meetings, whether or not they are members

## **DIRECTORS**

### **17 NUMBER OF DIRECTORS**

The number of Directors (including the Investor Directors but excluding alternate directors) shall not be less than two

### **18 ALTERNATE DIRECTORS**

18 1 A Director (other than an alternate director) may appoint any other Director or (in the case of an Investor Director) any other person whomsoever, to be an alternate director and may remove from office an alternate director so appointed

18 2 A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum

18 3 Any person who is appointed an alternate director shall be entitled to vote at a meeting of the Board on behalf of the Director so appointing him to a director and he shall also be considered as a Director for the purposes of making a quorum of Directors unless he is the only individual present

### **19 PROCEEDINGS OF DIRECTORS**

19 1 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit Subject to Article 18 4 any two Directors (of whom at least one shall be an Investor Director) shall constitute a quorum and a quorum of Directors must be present throughout all meetings of the Board The Chairman of the meeting shall not have a second or casting vote, in the case of an equality of votes

19 2 Any 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 Act, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these

Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding 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 Chairman of the meeting then is.

- 19.3 If a situation arises or exists in which a Director has or could have a direct, or indirect interest that conflicts, or may potentially conflict, with the interests of the Company (other than an interest in relation to a transaction or arrangement with the Company or in circumstances which cannot reasonably be regarded as likely to give rise to a conflict of interest), without prejudice to the provisions of Articles 18.5 to 18.9, the Director concerned, or any other Director, may propose to the board that such situation be authorised, such proposal to be made in writing and delivered to the other Directors or made orally at a meeting of the board, in each case setting out particulars of the relevant situation. Subject to the Act, the Directors may authorise such situation and the continuing performance by the relevant Director of his duties as a Director of the Company on such terms as they may think fit.
- 19.4 The relevant Director shall not be counted in the quorum at the relevant meeting of the Directors to authorise such situation nor be entitled to vote on the resolution authorising such situation. If the Relevant Director is an Investor Director, for the purposes of any part of the meeting of the Directors at which a resolution authorising such situation pursuant to section 175(4)(b) of the Act is to be considered, the quorum requirement for such part of the meeting shall be any two Directors, neither of whom have any interest in the matter and notwithstanding the provisions of Article 18.1 it shall not be necessary for such Investor Director to be present during such part of the meeting for the quorum requirement to be met.
- 19.5 Subject to compliance by him with his duties as a Director under Part X of the Act (other than the duty in section 175(1) of the 2006 Act to the extent that it is the subject of this Article 18.5), an Investor Director may be a director or other officer of, employed by, hold shares or other securities in, or otherwise be interested, whether directly or indirectly, in
- 19.5.1 any Investor, Investor Associate, or other entity which, directly or indirectly, holds Shares in the Company (a "**Relevant Investor**") and as such the Investor Director may, on behalf of the Investor, give or withhold any consent or give any direction required of any Investor or Investors pursuant to the terms of any subscription, investment or shareholders' agreement relating to the Company, or of any similar agreement or document ancillary to such an agreement, or
- 19.5.2 any other company in which a Relevant Investor also holds shares or other securities or is otherwise interested, whether directly or indirectly
- (in either case an "**Investor Director Interest**"), and notwithstanding his office or the existence of an actual or potential conflict between any Investor Director Interest and the interests of the Company which would fall within the ambit of section 175(1) of the Act the relevant Investor Director
- 19.5.3 shall be entitled to attend any meeting or part of a meeting of the Directors or a committee of the Directors at which any matter which may be relevant to the Investor Director Interest may be discussed, and to vote on a resolution of the Directors or a committee thereof relating to such matter, and any board papers relating to such matter shall be provided to the relevant Investor Director at the same time as other Directors,
- 19.5.4 shall not be obliged to account to the Company for any remuneration or other benefits received by him in consequence of any Investor Director Interest,
- 19.5.5 shall be entitled to consult freely about the Group and its affairs with, and to disclose, for investment appraisal purposes, Confidential Information to, any Investor, Investor Associate, or (after consultation with the Board) proposed investor in the Group or any other person on whose behalf it is investing in the Group, and to the Group's auditors, lenders and (after consultation with the Board) proposed lenders (or with and to any of its or their professional advisers), and

- 19 5 6 for the purposes of facilitating a Sale or Quotation, shall be entitled to disclose any Confidential Information to any proposed purchaser, underwriter, sponsor or broker, subject to the relevant Investor Director
- (a) using his reasonable endeavours to procure that any such recipient is made aware that it is Confidential Information and agrees to treat it accordingly, and
  - (b) keeping the Board informed of the identity of any persons to whom disclosures are made pursuant to this Article 18 5 6, and
- 19 5 7 will not be obliged to disclose to the Company or use for the benefit of the Company any other confidential information received by him by virtue of his Investor Director Interest and otherwise than by virtue of his position as a Director, if to do so would breach any duty of confidentiality to a third party
- 19 6 For the purposes of Article 18 5, the expression "**Confidential Information**" shall mean all information (whether oral or recorded in any medium) relating to any Group Company's business, financial or other affairs (including future plans of any Group Company) which is treated by a Group Company as confidential (or is marked or is by its nature confidential)
- 19 7 Subject to compliance by him with his duties as a Director under Part X of the Act (other than the duty in section 175(1) of the Act which is the subject of this Article 18 7), a Director may, notwithstanding his office or the existence of an actual or potential conflict between the interests of the Company and those of a Group Company which would fall within the ambit of that section 175(1), be a director or other officer of, employed by or otherwise interested, whether directly or indirectly, in any other Group Company (a "**Group Company Interest**") and the relevant Director
- 19 7 1 shall be entitled to attend any meeting or part of a meeting of the Directors or a committee of the Directors at which any matter which may be relevant to the Group Company Interest may be discussed, and to vote on any resolution of the Directors or a committee thereof relating to such matter, and any board papers relating to such matter shall be provided to the relevant Director at the same time as the other Directors,
- 19 7 2 shall not be obliged to account to the Company for any remuneration or other benefits received by him in consequence of any Group Company Interest, and
- 19 7 3 will not be obliged to disclose to the Company or use for the benefit of the ^ Company any confidential information received by him by virtue of his Group Company Interest and otherwise than by virtue of his position as a Director, if to do so would breach any duty of confidentiality to any other Group Company or third party
- 19 8 Any Investor Director who has an Investor Director Interest or a Group Company Interest, and any other Director who has a Group Company Interest shall, as soon as reasonably practicable following the relevant Interest arising, disclose to the Board the existence of such Interest and the nature and extent of such Interest so far as the relevant Investor Director or other Director is able at the time the disclosure is made PROVIDED that no such disclosure is required to be made of any matter in respect of which the relevant Investor Director or other Director owes any duty of confidentiality to any third party A disclosure made to the Board under this Article 19 8 may be made either at a meeting of the Board or by notice in writing to the Company marked for the attention of the Directors
- 19 9 Notwithstanding the provisions of Articles 19 5 and 19 7, the holders of a majority of the issued A Ordinary Shares and A 1 Ordinary Shares from time to time may, at any time, by notice in writing to the Company, direct that any Investor Director Interest or any Group Company Interest be submitted to the Shareholders for authorisation If such a direction is made, the authorisation may be given by the consent in writing of the holders of 50% of the A Ordinary Shares and A1 Ordinary Shares in issue at the relevant time For the avoidance of doubt, the holders of the B Ordinary Shares, B1 Ordinary Shares, B2 Ordinary Shares, B3 Ordinary Shares and C Ordinary Shares in issue at the relevant time shall not be required to give their consent for the authorisation pursuant to this Article 19 9 to be valid Upon such consent being given, the provisions of Articles 19 5 3 to



19 5 7 (in the case of an Investor Director Interest) and the provisions of Articles 19 7 1 to 19 7 3 (in the case of a Group Company Interest) shall apply

19 10 No contract entered into by the Company shall be liable to be avoided by virtue of

19 10 1 any Director having an interest of the type referred to in Article 19 3 where the relevant situation has been approved as provided by that Article,

19 10 2 any Investor Director having an Investor Director Interest which falls within Article 19 5 or which is authorised pursuant to Article 19 9, or

19 10 3 any Director having a Group Company Interest which falls within Article 19 7 or which is authorised pursuant to Article 19 9

19 11 The provisions of Articles 19 3 to 19 10 shall not apply to a conflict of interest which arises in relation to an existing or proposed transaction or arrangement with the Company but the following provisions of this Article 19 11 and Article 19 12 shall so apply Any Director may be interested in an existing or proposed transaction or arrangement with the Company provided that he complies with the Act and in such event the Director shall not be deemed to be in breach of any duty to avoid a conflict of interest in relation to such transaction or arrangement notwithstanding the fact that such conflict situation may not have been 'authorised in accordance with, or otherwise fall within, this Article 19

19 12 Without prejudice to the obligation of each Director to declare an interest in accordance with the Act, a Director may vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has an interest, whether direct or indirect, which relates to a transaction or arrangement with the Company, or in relation to which he has a duty Having so declared any such interest or duty he may have, the Director shall be counted in the quorum present when any such resolution is under consideration and if he votes on such resolution his vote shall be counted

#### **Delegation and Committees**

19 13 Regulation 5(1) shall be amended by the insertion of the words "with Investor Consent" after the words "the directors may"

### **20 APPOINTMENT AND REMOVAL OF DIRECTORS**

20 1 Any person who is willing to act as a director and is permitted by law to do so may be appointed as a director of the Company either

20 1 1 by ordinary resolution of the members, or

20 1 2 subject to Investor Consent, by a resolution of the Board

20 2 In addition, the holders of a majority of the issued A Ordinary Shares from time to time in issue shall be entitled at any time to appoint any person or persons to the Board and at any time on or after the occurrence of a Default Event to remove any Director from the Board and to appoint another person or persons in his place Each such appointment and removal shall be made by notice in writing served on the Company and shall take effect on the date specified in the notice

### **21 RETIREMENT BY ROTATION**

The Directors shall not be liable to retire by rotation and the words "by rotation or otherwise" and "and deemed to have been reappointed" in Regulation 67 and the last sentence of Regulation 84 shall not apply to the Company

### **MISCELLANEOUS**

## 22 THE SEAL

The provisions of Regulation 101 relating to the seal, and the obligation under Regulation 6 relating to the sealing of share certificates, shall only apply if the Company has a seal

## 23 INDEMNITY AND INSURANCE

23 1 Subject to, and on such terms as may be permitted by the Act, the Company may

23 1 1 indemnify, out of the assets of the Company, any director of the Company or any associated company against all losses and liabilities which he may sustain or incur in the performance of the duties of his office or otherwise in relation thereto (including, in respect of any director of either the Company or any associated company, where the Company or such associated company acts as trustee of a Pension Scheme, against liability incurred in connection with the relevant company's activities as trustee of such scheme),

23 1 2 provide a Director with funds to meet expenditure incurred or to be incurred by him

(a) at any time in defending any civil or criminal proceedings brought or threatened against him, or

(b) in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority

in either case in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an associated company and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under the Act to enable a Director to avoid incurring such expenditure,

23 1 3 provide a director of any holding company of the Company with funds to meet expenditure incurred or to be incurred by him in

(a) defending any civil or criminal proceedings brought or threatened against him, or

(b) defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority

in either case in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an associated company and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under the Act to enable such director to avoid incurring such expenditure, and

23 1 4 purchase and maintain insurance for any Director or any director of any associated company against any liability attaching to any such person in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any such associated company

23 2 For the purpose of Article 22 1 above, a company will be "**associated**" with another if one is a subsidiary of the other or both are subsidiaries of the same body corporate as such terms are defined in the Act

## 24 OVERRIDING PROVISIONS

The Company shall not pay any dividends on its Shares, redeem its Shares or purchase its Shares if to do so would cause the Company to be in breach of the provisions of any Financing Document

25 **NOTICES**

- 25 1 Subject to the specific terms of these Articles, any notice to be given to or by any person pursuant to these Articles (other than a notice calling a meeting of the Board or a committee thereof) shall be in writing
- 25 2 Any Shareholder Communication may be served by the Company on, or supplied by the Company to, a Shareholder or other person personally or by sending it by first-class post in a pre-paid envelope addressed to such Shareholder or other person at his postal address (as appearing in the Company's register of members in the case of Shareholders) or (except in the case of Excluded Notices and share certificates) by sending or supplying it in electronic form or by website communication in accordance with Articles 24 4 or 24 5 Excluded Notices shall be sent to or served upon the relevant person as required by these Articles in hard copy and delivered personally or sent by first-class post in a pre-paid envelope and shall not be sent in electronic form
- 25 3 In the case of a Shareholder Communication (including an Excluded Notice) sent by post, proof that an envelope containing the communication was properly addressed, pre-paid and posted shall be conclusive evidence that it was sent and it shall be deemed to be given or received at the expiration of 48 hours after the envelope containing it was posted
- 25 4 Subject to the provisions of the Statutes, any Shareholder Communication (except an Excluded Notice or a share certificate) will be validly sent or supplied by the Company to a person if sent or supplied in electronic form provided that person has agreed (generally or specifically) (or, if the person is a company and is deemed by the Statutes to have agreed) that the communication may be sent or supplied in that form and
- 25 4 1 the Shareholder Communication is sent in electronic form to such address as may for the time being be notified by the relevant person to the Company (generally or specifically) for that purpose or, if that relevant person is a company, to such address as may be deemed by a provision of the Statutes to have been so specified, and
- 25 4 2 that person has not revoked the agreement
- 25 5 Subject to the provisions of the Statutes, any Shareholder Communication (except an Excluded Notice or a share certificate) will be validly sent or supplied by the Company to a person if it is made available by means of a website communication where that person has agreed, or is deemed by the Statutes to have agreed (generally or specifically) that the communication may be sent or supplied to him in that manner and
- 25 5 1 that person has not revoked the agreement,
- 25 5 2 the person is notified in a manner for the time being agreed for the purpose between the person and the Company of
- (a) the presence of the Shareholder Communication on the Company's website,
- (b) the address of that website, and
- (c) the place on that website where the Shareholder Communication may be accessed and how it may be accessed, and
- 25 5 3 the Shareholder Communication continues to be published on the Company's website throughout the period specified in the Act, provided that if it is published on the website for part but not all of such period, the Shareholder Communication will be treated as published throughout that period if the failure to publish it throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid
- 25 6 When any Shareholder Communication is sent by the Company in electronic form, it shall be deemed to have been given on the same day as it was sent to the address supplied by the

Shareholder, and in the case of the provision of a Shareholder Communication by website communication, it shall be deemed to have been received when it was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that it was available on the website pursuant to Article 24 5 2

- 25 7 Where in accordance with these Articles a Shareholder or other person is entitled or required to give or send to the Company a notice in writing (other than an Excluded Notice), the Company may, in its absolute discretion, (or shall, if it is deemed to have so agreed by any provision of the Statutes) permit such notices (or specified classes thereof) to be sent to the Company in such electronic form and at such address as may from time to time be specified (or be deemed by the Statutes to be agreed) by the Company (generally or specifically) for the purpose, subject to any conditions or restrictions that the Board may from time to time prescribe (including as to authentication of the identity of the person giving or sending such notice to the Company),
- 25 8 A Shareholder who has not supplied to the Company either a postal or an electronic address for the service of notices shall not be entitled to receive notices from the Company. If, on three consecutive occasions, a notice to a Shareholder has been returned undelivered, such Shareholder shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company and supplied in writing to the office a new postal or electronic address for the service of notices. For these purposes, a notice shall be treated as returned undelivered if the notice is sent by post and is returned to the Company (or its agents) or, if sent in electronic form, if the Company (or its agents) receive(s) notification that the notice was not delivered to the address to which it was sent.
- 25 9 In the case of joint holders of a Share, all Shareholder Communications shall be sent or supplied to the joint holder who is named first in the register, and a Shareholder Communication so sent or supplied shall be deemed sent or supplied to all joint holders. Any provision of this Article 24 which refers to anything agreed, notified or specified by a member shall be deemed to have been validly agreed, notified or specified, notwithstanding any provisions of the Statutes, if agreed, notified or specified by only one and not all of the joint holders of any Shares held in joint names.

## 26 **WINDING UP**

If the Company is wound up, the liquidator may, with Investor Consent and any other sanction required by the Companies Acts, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

THE COMPANIES ACT 2006

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COMPANY LIMITED BY SHARES

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WRITTEN RESOLUTIONS

of

UKDN WATERFLOW GROUP LIMITED (the "Company")

Passed on 9 June 2014

The following resolutions have been passed as special resolutions of the Company pursuant to Chapter 2 of Part 13 of the Companies Act 2006

SPECIAL RESOLUTIONS

- 1 **THAT** the new articles of association of the Company in the form attached hereto and initialled by the Chairman of the Company for the purposes of identification, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association (the "**Adoption**"), with immediate effect following the approval of the Adoption by the directors of the Company
- 2 **THAT**, in respect of the proposed issue and allotment of an aggregate of 2,598,434 B1 ordinary shares, 399,758 B2 ordinary shares and 4 B3 ordinary shares in the capital of the Company to certain members of the Company's management in connection with each of them adopting employee shareholder status under section 205A of the Employment Rights Act 2006 (the "**ESS Issue and Allotment**"), all pre-emption rights, whether contained in article 10.1 of the Company's articles of association, the Investment Agreement (as defined in the Company's articles of association) or otherwise, be dis-applied in respect of the ESS Issue and Allotment



Director