

WE CERTIFY THIS TO BE  
A TRUE COPY OF THE ORIGINAL

*Blaney 22 Dec 2014*

WEIGHTMANS LLP  
PALL MALL COURT  
61-67 KING STREET  
MANCHESTER M2 4PD

Company number 07127051

PRIVATE COMPANY LIMITED BY SHARES

## WRITTEN RESOLUTION

of

CIRRUS CONNECT LIMITED (Company)



\*A3NE7D69\*

A37

24/12/2014

#231

COMPANIES HOUSE

Circulation Date 19 December 2014

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the director of the Company proposes that the resolutions below are passed as special resolutions (the **Special Resolutions**)

### SPECIAL RESOLUTIONS

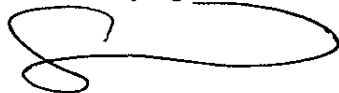
- 1 THAT the draft articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association
- 2 THAT, in accordance with section 551 of the Companies Act 2006 (**2006 Act**), the directors of the Company (**Directors**) be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) up to an aggregate nominal amount of £106 80 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 18 December 2019, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act
- 3 THAT, notwithstanding anything to the contrary in the articles of association of the Company and in accordance with section 569 of the 2006 Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by resolution 2, as if section 561 of the 2006 Act did not apply to any such allotment, provided that this power shall
  - (a) be limited to the allotment of equity securities up to an aggregate nominal amount of £106 80, and
  - (b) expire on 18 December 2019 (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may

allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired

## AGREEMENT

Please read the notes at the end of this document before signifying your agreement to the Special Resolutions

The undersigned, a person entitled to vote on the above resolution on the Circulation Date, hereby irrevocably agrees to the Special Resolutions



Name of shareholder *SIMON HAYWARD FOR HIMSELF AND AS DULY*

Date *19/12/14* *AUTHORISED ATTORNEY FOR:*

*CAROL SMITH*  
*NICOLA LITTLE*  
*STEVEN LITTLE*  
*NIGEL SELLENS*  
*PHILIP HOWELLS*  
*SHAUN KEEFE*  
*CLARE HAYWARD*  
*MAX HAYWARD*  
*HARRY HAYWARD*



*DOUGLAS QUINN*

*DATE 19/12/14*

## NOTES

- 1 If you agree to the Special Resolutions, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following methods
  - **By Hand** delivering the signed copy to Doug Quinn at Cirrus Connect Limited, Sandfield House, Water Lane, Wilmslow, SK9 5AR
  - **E-mail** by attaching a scanned copy of the signed document to an e-mail and sending it to [doug.quinn@cirrus-connect.com](mailto:doug.quinn@cirrus-connect.com)

If you do not agree to the Special Resolutions, you do not need to do anything you will not be deemed to agree if you fail to reply

- 2 You may agree to all of the Special Resolutions or none of them
- 3 Once you have indicated your agreement to the Special Resolutions, you may not revoke your agreement
- 4 Unless, by 17 January 2015, sufficient agreement has been received for the Special Resolutions to pass, they will lapse. If you agree to the Special Resolutions, please ensure that your agreement reaches us by that date
- 5 If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document

WE CERTIFY THIS TO BE  
A TRUE COPY OF THE ORIGINAL

K. Kennedy 22 Dec 2014

WEIGHTMANS LLP  
PALL MALL COURT  
61-67 KING STREET  
MANCHESTER M2 4PD

THE COMPANIES ACT 2006  
A PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

CIRRUS CONNECT LIMITED

Company number 07127051

(adopted by special resolution passed on 19/12/2014)

PRELIMINARY

- 1 The Model Articles for Private Companies Limited by Shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008 No 3229) (the Model Articles) shall apply to the Company except in so far as they are excluded or varied hereby. None of the regulations in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended, shall apply to the Company.
- 2 Model Articles 13, 14, 22 and 26(5) do not apply to the Company.

INTERPRETATION AND LIMITATION OF LIABILITY

3. Defined terms

- (1) In the Articles, unless the context requires otherwise

"A' Ordinary Share"	means an 'A' ordinary share of £0.01 in the capital of the Company,
"A' Ordinary Shareholder"	means a registered holder for the time being of any 'A' Ordinary Shares,
"Alternate or Alternate Director"	has the meaning given in Article 19 and Article 20 respectively,
"Articles"	means the Company's articles of association, as from time to time amended,
"Associated Party"	any member of the Fund's Group, North West Business Finance Limited ("NWBF") (company number 07028838) and any party that NWBF may nominate,

<b>"B' Ordinary Share"</b>	means a 'B' ordinary share of £0.01 in the capital of the Company,
<b>"B' Ordinary Shareholder"</b>	means a registered holder for the time being of any 'B' Ordinary Shares,
<b>"Bad Leaver"</b>	has the meaning given to it in Article 29(4)(i)(iii),
<b>"Board"</b>	means the board of directors of the Company, as from time to time constituted,
<b>"Business Day"</b>	any day (other than a Saturday or a Sunday) on which clearing banks are open for a full range of banking transactions,
<b>"CH"</b>	Claire Hayward, one of the Initial Shareholders,
<b>"Companies Act"</b>	means the Companies Act 2006 including any statutory modification or re-enactment of it for the time being in force,
<b>"Company"</b>	means Cirrus Connect Limited a company registered in England and Wales with company number 07127051,
<b>"Compulsory Sale Notice"</b>	has the meaning given to it in Article 29(4)(b),
<b>"Connected Person"</b>	in relation to any person the spouse of that person or a company controlled by that person or controlled together by that person and persons connected with him, and for such purposes 'control' shall be construed in accordance with section 416 of the Income and Corporation Taxes Act 1988,
<b>"Custodian"</b>	has the meaning given to it in Article 29(4)(i)(iv),
<b>"Eligible Director"</b>	means a director who is entitled to vote on the relevant matter at a directors' meeting but excluding any director whose vote is not to be counted in respect of the relevant matter,
<b>"Employee Shareholder"</b>	means a Shareholder who is an individual and who is a director or an employee or consultant of a Group Company,
<b>"Employee Trust"</b>	means a trust approved by the Investors whose beneficiaries are bona fide employees or former employees of any Group Company,
<b>"Equity Shares"</b>	means the Ordinary Shares, 'B' Ordinary Shares (if any) and the "A" Ordinary Shares,
<b>"Fair Value"</b>	has the meaning given to it in Article 29(4)(n),
<b>"Family Trust"</b>	means, in relation to a Shareholder being an individual, a trust (whether arising under a settlement, declaration of trust, testamentary disposition or an intestacy) under which

	the only persons being (or capable of being) beneficiaries are that Shareholder and/or his Privileged Relations and/or any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities), and no power of control over the voting powers conferred by such Shares is exercisable at any time by or subject to the consent of any person other than the trustees as trustees or such individual Shareholder or his Privileged Relations,
"Fund"	means NWF (Digital & Creative) LP company number LP014161, registered address 57G Randolph Street, London W9 1BQ (acting through its general partner, North West 4 Digital General Partner Ltd (co no 7411002)),
"Fund's Group"	NWF (Digital & Creative) LP, any of its subsidiary undertakings, any holding company and any subsidiary undertaking of any such holding company,
"Good Leaver"	has the meaning given to it in Article 29(4)(l)(i),
"Group"	A company, any subsidiary or subsidiary undertaking of such company, any holding company of such company and any subsidiary or subsidiary undertaking of any such holding company and "Group Company" and "Group Companies" shall be construed accordingly,
"Independent Experts"	has the meaning given to it in Article 29(4)(o),
"Inherent Conflict"	shall have the meaning given to it in Article 13(1)(a),
"Initial Shareholders"	means the Manager and the other persons who are Shareholders immediately before the date of adoption of these Articles and each an "Initial Shareholder",
"Investors"	means the holder(s) from time to time of a majority in number of the 'A' Ordinary Shares,
"Investor Director"	has the meaning given in Article 15(2),
"Investment Agreement"	means an agreement made on or around the date of adoption of these Articles between (1) the Company (2) the Manager (3) the Fund and (4) the Existing Shareholders listed therein,
"Joint Election"	means a joint election under section 431 of the Income Tax (Earnings and Pensions) Act 2003 in a form approved by the Board,

"Leaver"	has the meaning given to it in Article 29(4)(l)(iv),
"Listing"	the admission by the Financial Conduct Authority in its capacity as the UK Listing Authority of any part of the Share capital of the Company to the Official List of London Stock Exchange plc or the admission by London Stock Exchange plc of any part of the Share capital of the Company to trading on AIM or the admission by any recognised investment exchange (as such term is defined in the Financial Services and Markets Act 2000) of any part of the Share capital of the Company and, in each case, such admission becoming effective,
"Manager"	means Simon Hayward,
"New Manager"	means such person or persons, approved by the Investors, who has or have been or will be promoted or recruited as a director or employee of any Group Company,
"North West Region"	means Cumbria, Lancashire, Blackpool, Blackburn with Darwen, Sefton, Wirral, Liverpool, Knowsley, St Helens, Wigan, Bolton, Bury, Rochdale, Oldham, Salford, Trafford, Manchester, Stockport, Tameside, Halton, Warrington and Cheshire,
"Observer"	means an observer appointed pursuant to Article 23,
"Original Shareholder"	has the meaning given to it in the definition of Privileged Transferee below,
"Ordinary Share"	means an ordinary share of £0.01 in the capital of the Company,
"Ordinary Shareholder"	means a registered holder for the time being of any Ordinary Shares,
"Permitted Family Transfer"	means any transfer of Shares after the date of adoption of these Articles which is permitted under Article 29(2)(a),
"Privileged Relation"	means in relation to a Shareholder, the spouse or widow or widower of that Shareholder and that Shareholder's children and grandchildren and their issue (including step and adopted children)
"Privileged Transferee"	means a person or persons (including the trustees of a Family Trust) holding Shares in consequence, directly or indirectly, of a Permitted Family Transfer or series of Permitted Family Transfers (the "Original Shareholder" in the case of a series of such transfers being the first transferor in such series),
"Relevant Shares"	has the meaning given in Article 29(2)(h),

<b>"Relevant Situation"</b>	has the meaning given in Article 13,
<b>"Sale"</b>	means other than as a result of an intra-group re-organisation approved by the Investors, the completion of the sale (whether by one transaction or a series of related transactions) of 75 per cent or more of the Share capital of the Company,
<b>"Sale Proceeds"</b>	means in the event of a Sale, the aggregate price to be paid for or properly attributable to the Shares being sold (including cash and non-cash consideration and taking into account any indebtedness which any of the Shareholders might assume responsibility to repay as part of the terms of the Sale), after the deduction of all professional and other costs incurred in connection with or for the purposes of the Sale,
<b>"SH"</b>	Simon Hayward, one of the Initial Shareholders,
<b>"Shares"</b>	means Shares of whatever class in the capital of the Company,
<b>"Shareholders"</b>	means the holders for the time being of the issued Shares and "Shareholder" shall be construed accordingly,
<b>"Transfer Notice"</b>	has the meaning given in Article 29(3)(b)
(2)	Unless the contrary intention appears, words importing the singular number include the plural number and vice versa, words importing one gender include all genders and words importing persons include bodies corporate and unincorporated associations
(3)	Reference to a statutory provision includes reference to <ul style="list-style-type: none"> <li>(a) any order, regulation, statutory instrument or other subsidiary legislation at any time made under it for the time being in force (whenever made), and</li> <li>(b) any modification, amendment, consolidation, re-enactment or replacement of it or provision of which it is a modification, amendment consolidation, re-enactment or replacement</li> </ul>
(4)	Reference to an Article is to a provision of these Articles
(5)	Headings to the Articles are inserted for convenience only and shall not affect construction
(6)	Model Article 1 shall be amended accordingly
<b>4</b>	<b>Liability of Shareholders</b>  The liability of the Shareholders is limited to the amount, if any unpaid on the Shares held by them



## **UNRESTRICTED OBJECTS**

- 5 Nothing in these Articles shall constitute a restriction on the objects of the Company to do (or omit to do) any act and, in accordance with section 31(1) of the Companies Act, the Company's objects are unrestricted

## **DIRECTORS**

### **6 Directors' duties**

#### **(1) The purpose of the Company**

- (a) may, if and to the extent that the directors consider it appropriate, and
- (b) shall, if directed by the holders of the majority of the Shares by notice in writing to the Company,

include promoting the success of the group as a whole or of any one or more Shareholders of the group (and in this context group means the Company, any other body corporate which is its holding company or subsidiary and any other body corporate which is a subsidiary of that holding company)

- (2) An Investor Director will not breach his duty to exercise independent judgment if he acts in accordance with a direction from the Shareholder(s) who appointed him to take into account the interests of the Shareholder(s) who appointed him
- (3) In the exercise of his duties, an Investor Director shall not be restricted by any duty of confidentiality to the Company from providing information regarding the Company to his appointing Shareholder, but an Investor Director who is also a director of the Shareholder who appointed him shall owe a strict duty of confidentiality to his appointing Shareholder in relation to confidential information of the Shareholder and shall not be obliged to disclose such confidential information to the Company or use it for the benefit of the Company

### **7 Unanimous decisions**

Model Article 8 shall be amended by the deletion of paragraph (3) and the re-numbering of existing paragraph (4) as new paragraph (3)

### **8 Participation in directors' meetings**

Model Article 10(3) shall be amended by inserting after the first sentence, the sentence "In the absence of such a decision, the meeting is deemed to take place at the location from where the chairman participates "

### **9. Number of directors**

Unless otherwise determined by ordinary resolution, the number of directors (other than Alternate Directors) shall not be subject to any maximum but shall not be less than two

### **10 Quorum for directors' meetings**

- (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting
- (2) The quorum for directors' meetings shall, subject to paragraph (3), be two Eligible Directors
- (3) For the purposes of any meeting (or part of a meeting)
  - (a) held pursuant to Article 13 to authorise a Relevant Situation involving the Investor Director, or
  - (b) at which the Investor Director is not permitted to vote on any resolution in accordance with Article 13 as a result of a Relevant Situation,
 the quorum for such meeting (or part of a meeting) shall be two directors, one of which shall be the Investor Director where appointed
- (4) For the purpose of any directors' meeting (or part of a meeting) held in accordance with Article 13 to authorise a director's conflict of interest, if only one Eligible Director is in office, the quorum is one Eligible Director
- (5) If the total number of directors for the time being in office is less than the quorum required, the director or directors in office must not take any decision other than a decision
  - (a) to appoint further directors, or
  - (b) to call a general meeting so as to enable the Shareholders to appoint further directors

(6) Model Article 11 shall be amended accordingly

#### **11 Chairing of directors' meetings**

- (1) Model Article 12(4) shall apply as if the word "may" is substituted for the word "must"
- (2) The chairman of a directors' meeting is not entitled to a second or casting vote and Model Article 13 does not apply to the Company

### **DIRECTORS' INTERESTS**

#### **12. Directors' interests in relation to transactions or arrangements with the Company**

The relevant provisions of the Companies Act (including, without limitation, sections 177 and 182 of the Companies Act) shall apply in relation to declarations of interests in proposed and existing transactions or arrangements with the Company

#### **13 Directors' interests other than in relation to transactions or arrangements with the Company**

##### **(1) Inherent conflict**

- (a) An **Inherent Conflict** is a situation where a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company in circumstances where that situation arises as a direct or indirect result of the business aims, ownership and control of the Company and contracts with Shareholders, directors and others, including (without limitation) the director's relationship (whether as employee, officer, agent, representative, agent, consultant or

otherwise) with the Shareholder or Shareholders who appointed him (or any subsidiaries or parent companies thereof)

- (b) An Investor Director appointed pursuant to Article 15(2) is authorised to have an interest which constitutes an Inherent Conflict
- (c) An Investor Director appointed pursuant to Article 15(2) who is subject to an Inherent Conflict may, subject to Article 14, vote as a director (and be counted in the quorum as a Eligible Director) on a resolution concerning any such situation and attend a meeting, or participate in any discussion, relating to that situation and receive information or advice received by the Company on such situations
- (d) Any reference in paragraph (1) to a conflict of interest includes a conflict of interest and duty and a conflict of duties

(2) **Relevant Situation**

If a situation other than one relating to an Inherent Conflict (a **Relevant Situation**) arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it, but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest) the following provisions shall apply if the conflict of interest does not arise in relation to a transaction or arrangement with the Company

- (a) if the Relevant Situation arises from the appointment or proposed appointment of a person as a director of the Company
  - (i) the directors (other than such appointee, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution), or
  - (ii) the Shareholders (by ordinary resolution or by notice in writing given to the Company by the holders of a majority of the Shares of the Company),may resolve to authorise the appointment of the director and the Relevant Situation on such terms as they may determine,
- (b) if the Relevant Situation arises in circumstances other than in paragraph (a)
  - (i) the directors (other than the director and any other director with a similar interest who shall not be counted in the quorum at the meeting and shall not vote on the resolution), or
  - (ii) the Shareholders (by ordinary resolution or by notice in writing given to the Company by the holders of a majority of the Shares of the Company),may resolve to authorise the Relevant Situation and the continuing performance by the director of his duties on such terms as they may determine

- (3) Any reference in paragraph (2) to a conflict of interest includes a conflict of interest and duty and a conflict of duties

- (4) Any terms determined by the directors or the Shareholders under paragraphs (2)(a) or (2)(b) may be imposed at the time of the authorisation or may be imposed or varied subsequently by either the directors or the Shareholders and may include (without limitation)
- (a) whether the interested directors may vote (and be counted in the quorum at any meeting) in relation to any decision relating to the Relevant Situation,
  - (b) the exclusion of the interested directors from all information and discussion by the Company of the Relevant Situation, and
  - (c) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the Relevant Situation
- (5) Any authorisation given under paragraphs (2)(a) or (2)(b) may be withdrawn by either the directors or the Shareholders by giving notice to the director concerned
- (6) An interested director must, in his capacity as a director, act in accordance with any terms determined by the directors or the Shareholders under paragraphs (2)(a) or (2)(b)
- (7) Except as specified in paragraph (2), any proposal made to the directors and any authorisation by the directors in relation to a Relevant Situation shall be dealt with in the same way as any other matter may be proposed to and decided by the directors in accordance with the Articles
- (8) Any authorisation of a Relevant Situation given by the directors or the Shareholders under paragraph (2) shall be deemed to provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence
- (9)
- (a) If the directors make an authorisation under paragraph (2), impose or vary the terms of an authorisation under paragraph (4), or withdraw an authorisation under paragraph (5), they shall, as soon as reasonably practicable, notify the directors of this fact and provide, where applicable, any relevant particulars regarding the authorisation or its terms
  - (b) If the Shareholders make an authorisation under paragraph (2), impose or vary the terms of an authorisation under paragraph (4), or withdraw an authorisation under paragraph (5), they shall, as soon as reasonably practicable, notify the directors of this fact and provide, where applicable, any relevant particulars regarding the authorisation or its terms
- (10)
- (a) A director shall, as soon as reasonably practicable, declare the nature and extent of his interest in a Relevant Situation within paragraph (2)(a) or (2)(b) to the other directors  
  
Failure to comply with this requirement does not affect the underlying duty to make the declaration of interest
  - (b) If a declaration of interest in relation to a Relevant Situation proves to be, or becomes, inaccurate or incomplete, a further declaration must be made

**14 Directors' interests generally and voting**

- (1) Subject to the Companies Act and to Articles 12 and 13, a director notwithstanding his office
- (a) may be a party to, or otherwise interested or participate in, any transaction or arrangement with the Company or in which the Company is otherwise interested, including any such pensions, other benefits, transactions or arrangements as are referred to in Article 18,
  - (b) may act by himself or his firm in a professional capacity for the Company (except as auditor) and he or his firm shall be entitled to remuneration as if he were not a director,
  - (c) 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 otherwise interested, and
  - (d) shall not, by reason of his office (or of the fiduciary relationship established by holding that office), be accountable to the Company for any remuneration, profit or other benefit resulting from any Relevant Situation authorised under Article 13 or any interest permitted under paragraphs (1)(a), (1)(b), or (1)(c), and no contract, transaction or arrangement shall be liable to be avoided on the grounds of any director having an interest authorised under Article 13 or permitted under paragraphs (1)(a), (1)(b), or (1)(c)
- (2) Subject to Articles 12 and 13, a director shall be entitled to vote on any decision concerning any matter in which he has, directly or indirectly, an interest or a duty
- (3) In the case of an Alternate Director, an interest of his appointor shall be treated as an interest of the Alternate in addition to any interest which the Alternate otherwise has
- (4) Subject to the Companies Act, the Company may, by ordinary resolution or by notice in writing given to the Company by the holders of a majority of the Shares, suspend or relax the provisions of this Article to any extent or ratify any contract, transaction or arrangement not duly authorised by reason of a contravention of this Article
- (5) Where proposals are under consideration concerning the appointment of two or more directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each director separately and (provided he is not otherwise precluded from voting) each of the directors concerned shall be entitled to vote (and to form part of the quorum) in respect of each proposal except that concerning his own appointment
- (6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting and quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive
- (7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at

that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting and quorum purposes

**(8) Enhanced voting rights**

If at any time an event as set out in clause 8.7 of the Investment Agreement (Relevant Breach) has occurred then, for so long as the Relevant Breach continues to subsist without being remedied to the reasonable satisfaction of the Investor so that it is no longer occurring, the number of votes attaching to the 'A' Ordinary Shares held by the Investor (or its nominee, transferee or successor in title to such Shares) will, on notice being given by the holder of the majority of 'A' Ordinary Shares to the Company to that effect, represent 95% of the voting rights attaching to all Shares at any general meeting of the Company after the application of this Article, such enhanced voting rights to be deemed distributed between the holders of the 'A' Ordinary Shares then in issue, pro rata to their respective holdings such Shares at the relevant time. The foregoing enhanced voting rights shall only be used for the purpose of correcting that Relevant Breach.

**15 Appointment and termination of appointments of directors by Shareholders**

- (1) The holders of the majority of the Shares may appoint any person as a director and may remove any director (other than an Investor Director who shall only be appointed or removed in accordance with paragraph (2) below). Any such appointment or removal shall be made by notice in writing to the Company signed by the holders or on their behalf and shall take effect when it is lodged at the office or produced at any meeting of the directors.

**(2) Investor Director**

- (a) The holder(s) of a majority of the 'A' Ordinary Shares for the time being issued, for so long as such Shares represent at least 5% of the issued share capital of the Company, may from time to time nominate and appoint any one person as a director of the Company (the "Investor Director") and may remove and/or replace any person so appointed.
- (b) Every appointment or removal made under Article 15(2)(a) shall be in writing, signed by or on behalf of the 'A' Ordinary Shareholder(s) and shall take effect when it is lodged at the office or produced at any directors' meeting.
- (c) The Investor Director shall be permitted to bring an adviser to any meeting of the board of directors (or committee thereof) to advise in relation to any matter which may arise, provided that at least 3 Business Days' prior written notice of the intention to bring such adviser will be given to the directors to enable them to bring the Company's adviser to such meeting.
- (3) Subject to section 168 of the Companies Act 2006 on any resolution to remove an Investor Director appointed in accordance with paragraph (2) above, the 'A' Ordinary Shares shall together carry one vote in excess of fifty per cent of all the other votes exercisable at the general meeting at which such resolution is to be proposed and if any such Investor Director is removed pursuant to section 168 of the Companies Act 2006 or otherwise the holders of the 'A' Ordinary Shares may reappoint him or any other person as an Investor Director in accordance with paragraph (2) above.

- (4) Model Articles 17 and 18 shall be amended accordingly

**16 Directors' services and remuneration**

- (1) Directors may undertake any services for the Company that the directors decide and the Company may enter into a contract of service with any director on such terms as the directors think fit
- (2) Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of contract of service between the director and the Company
- (3) Directors are entitled to such remuneration as the directors determine
- (a) for their services to the Company as directors, and
- (b) for any other service which they undertake for the Company
- (4) Subject to the Articles, a director's remuneration may take any form
- (5) Unless the directors decide otherwise, directors' remuneration accrues from day to day
- (6) Model Article 19 shall be amended accordingly
- (7) This Article is subject to the provisions of Article 38

**17 Directors' expenses**

Model Article 20 shall be amended by inserting in the first line the words ",Alternate Directors and the company secretary (if any)" after the word "directors"

**18 Directors' pensions and other benefits**

- (1) The directors may exercise all the powers of the Company to
- (a) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any body corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate, or the relatives or dependants of any such person For that purpose, the directors may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums,
- (b) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including Shares, Share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted, and

- (c) support and subscribe to any institution or association which may be for the benefit of the Company or associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever
- (2) This Article is subject to the provisions of Article 38

#### **ALTERNATE DIRECTORS**

##### **19 Appointment and removal of alternates**

- (1) Any director (other than an Alternate Director) (the **appointor**) may appoint as an **Alternate** any other director, or any other person approved by a majority of the other directors and willing to act to
  - (a) exercise that director's powers, and
  - (b) carry out that director's responsibilities,in relation to the taking of decisions by the directors in the absence of the alternate's appointor
- (2) Any appointment or removal of an Alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors
- (3) The notice must
  - (a) identify the proposed alternate, and
  - (b) in the case of a notice of appointment, contain a statement signed by the proposed Alternate that the proposed Alternate is willing to act as the Alternate of the director giving the notice

##### **20 Rights and responsibilities of Alternate Directors**

- (1) Subject to the Articles, an Alternate may act as an **Alternate Director** to more than one director and has the same rights, in relation to any decision of the directors as the alternate's appointor
- (2) Except as the articles specify otherwise, Alternate Directors
  - (a) are deemed for all purposes to be directors,
  - (b) are liable for their own acts and omissions,
  - (c) are subject to the same restrictions as their appointors, and
  - (d) are not deemed to be agents of or for their appointors,and, in particular, each Alternate Director shall be entitled to receive notice of all directors' meetings and of all committee meetings of directors of which his appointor is a Shareholder
- (3) Subject to the Articles, a person who is an Alternate Director but not a director



- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating), and
- (b) may otherwise participate in a unanimous decision of the directors (but only if his appointor is an Eligible Director in relation to that decision and is not participating)

No Alternate may be counted as more than one director for such purposes

- (4) An Alternate Director is not entitled to receive any remuneration from the Company for serving as an Alternate Director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company

## **21 Alternates voting at directors' meetings**

Subject to the Articles, a director who is also an Alternate Director has an additional vote at a directors' meeting on behalf of each appointor who is

- (a) not participating in the directors' meeting, and
- (b) would have been an Eligible Director if he were participating in it

No Alternate may be counted as more than one director for the purpose of determining whether a quorum is present

## **22 Termination of Alternate Directorship**

An Alternate Director's appointment as an Alternate terminates

- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate,
- (b) on the occurrence in relation to the Alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,
- (c) on the death of the alternate's appointor,
- (d) when the alternate's appointor's appointment as a director terminates, or
- (e) where the directors otherwise decide

## **OBSERVER**

- 23 The Investor may from time to time nominate and appoint any one person as an observer. Any observer so appointed shall be entitled to receive notice of and to attend and speak at, but not to vote at, board meetings of the Company and meetings of any committee of the Board. Any observer so appointed shall be permitted to bring an adviser to any board meetings of the Company (or any committee meetings) to advise in relation to any matter which may arise, provided that at least 3 Business Days' prior written notice of the intention to bring such adviser will be given to the directors to enable them to bring the Company's adviser to such meeting

## **SHARES AND DISTRIBUTIONS – SHARES**

### **24 Share capital**

- (1) The Share capital of the Company is divided into Ordinary Shares, 'A' Ordinary Shares and 'B' Ordinary Shares (if any)
- (2) The Ordinary Shares and 'A' Ordinary Shares shall be separate classes of Shares and shall carry the respective voting rights, rights to appoint and remove directors and rights to capital set out in these Articles but shall rank *pari passu* in all other respects
- (3) The Company shall have the right to purchase its own shares pursuant to Chapter 4 of the Companies Act 2006 and in particular shall have the right to purchase its own shares with cash up to an amount in a financial year not exceeding the lower of £15,000 or the value of 5% of its share capital pursuant to section 692(1) of the Companies Act 2006 (as amended by the Buyback Regulations 2013)

### **25 All Shares to be fully paid up**

- (1) No Share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue
- (2) This does not apply to Shares taken on the formation of the Company by the subscribers to the Company's memorandum

### **26 Powers to allot Shares**

- (1) The directors shall not at any time exercise any power of the Company to allot Shares or grant rights to subscribe for or convert any security into Shares other than in accordance with the terms of the Investment Agreement or any document specifically referred to therein
- (2) The directors shall not allot Shares for non-cash consideration other than *pro-rata* to the holdings of Shares already held, unless authorised by a special resolution
- (3) Subject to the Articles and in particular subject to paragraph (1) above and Article 38, but without prejudice to the rights attached to any existing Share, the Company may issue further classes of Shares with such rights or restrictions as may be determined by ordinary resolution
- (4) Subject to the Articles and in particular subject to paragraph (1) above and Article 38, the Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such Shares
- (5) In the event that rights and restrictions attaching to Shares are determined by ordinary resolution or by the directors pursuant to this Article, those rights and restrictions shall apply, in particular in place of any rights or restrictions that would otherwise apply by virtue of the Companies Act in the absence of any provisions in the articles of a company, as if those rights and restrictions were set out in the Articles

### **27 Lien**

The Company shall have a first and paramount lien on all Shares (whether fully paid or not) standing registered in the name of a Shareholder, whether alone or jointly with any other person or persons, for all the debts and liabilities of such Shareholder to the Company

28 Share certificates

Model Article 24(5)(a) shall be amended by the insertion of the following words "or official seal and in the case of an official seal, unless otherwise determined by the directors, the certificate does not need to be signed" after the words "common seal"

29 Share transfers

(1) General

- (a) The directors shall not register a transfer of Shares unless such transfer is permitted by Article 29(2) or has been made in accordance with Article 29(3) or, if appropriate, Articles 29(4), 30 or 31 and subject always to the terms and conditions of the Investment Agreement. A transfer of Shares shall include the disposal of any interest in or right attaching to such Shares
- (b) The directors may in their absolute discretion refuse to register any transfer of a Share that would otherwise be permitted under or is made in accordance with these Articles if it is a transfer of a Share
  - (i) which is not fully paid or over which the Company has a lien,
  - (ii) whether full paid or not, in favour of more than four persons jointly,
  - (iii) to an employee, consultant or director or prospective employee, consultant or director of a Group Company if that person has not entered into a Joint Election with the Company after being requested to do so by the directors. If the directors refuse to register a transfer of any Shares, they must as soon as is reasonably practicable, and in any event within two months after the date on which the transfer was lodged with the Company, give to the transferee notice of the refusal, together with their reasons for the refusal
- (c) The directors may also decline to register any instrument of transfer unless the instrument of transfer is duly stamped (where required) and is in respect of only one class of Share and is lodged at the registered office of the Company (or such other place as the directors may appoint) accompanied by the relevant Share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). All instruments of transfer that are registered may be retained by the Company
- (d) A Shareholder shall not, except with the prior written consent of the directors and the Investors, create or permit to subsist any pledge, lien or charge over, or grant any option or other rights over or dispose of any interest in, any of the Shares held by him, other than the disposal of the entire legal and beneficial interest in such Shares in accordance with these Articles
- (e) No transfer or other disposal of any Shares shall be registered at any time and no transferee shall be recognised at any time by the Company as having any title to the Shares unless, where the proposed transferee is not a Shareholder at the date of adoption of these Articles, the transferee first executes a deed of adherence in the form required by the Investment Agreement

- (f) Save for transfers made in accordance with Articles 29(2) or 29(4) or transfers as part of a Sale, no transfer of any Share shall be made within a period of one year from the date of these Articles
- (g) Regulations 29 to 31 shall be modified to reflect the provisions of this Article 29 and Articles 29(3) to 31 (inclusive)

(2) **Permitted transfers**

- (a) Subject to the Investors being informed of any such transfer, Shares (other than any Shares which are the subject of a Compulsory Sale Notice) may be transferred by an individual Shareholder (not being in relation to the Shares concerned a holder thereof as a trustee of any Family Trust) to a Privileged Relation or to the trustees of a Family Trust of such Shareholder or from a Privileged Transferee to a Privileged Relation or to the trustees of a Family Trust of the relevant Original Shareholder or from the trustees of a Family Trust to any new trustees of the same Family Trust provided that, for the purposes of this Article 29(2), "Shareholder" does not include (a) a person who is bankrupt or a trustee in bankruptcy, or (b) any person to whom Shares have been transferred by way of Permitted Family Transfer under this Article 29 PROVIDED THAT an Original Transferor may not transfer more than 49% in aggregate of the Shares held by him on the date of adoption of these Articles (or, if later, on the date on which he first become a Shareholder) pursuant to a Permitted Family Transfer,
- (b) If a Privileged Transferee (not being the trustee of a Family Trust) ceases to be a Privileged Relation of the relevant Original Shareholder, that Privileged Transferee shall forthwith transfer the Relevant Shares back to the Original Shareholder for such consideration as they agree or, in default of agreement within 28 days of the cessation, for the consideration (if any) for which the Privileged Transferee acquired them. In the event that such transfer is not effected within the prescribed time the directors are authorised to appoint any director to execute instruments of transfer in favour of the Original Shareholder for nil consideration and to ensure that the name of the Original Shareholder be entered into the register of Shareholders in respect of such Shares. The provisions of this Article shall apply, mutatis mutandis, with regard to Privileged Transferees who are trustees of a Family Trust that ceases to satisfy the definition of a "Family Trust" in relation to the relevant Original Shareholder, such that such trustees shall forthwith transfer the Relevant Shares back to the Original Shareholder,
- (c) Any Privileged Transferee holding Shares as a result of one or more Permitted Family Transfers made after the date of the adoption of these Articles may, at any time, transfer any Relevant Share to the relevant Original Shareholder,
- (d) Any 'A' Ordinary Shares may be transferred at any time between the Fund and any Associated Party,
- (e) Any person holding Shares as a Custodian may at any time transfer those Shares to a New Manager,
- (f) An Employee Trust may at any time transfer Shares to any beneficiary of that Employee Trust,

- (g) Subject to Articles 29(1)(b) to 29(1)(e) (inclusive), the directors shall be obliged to register any transfer which is permitted or required by the terms of this Article 29, upon being satisfied that the transfer concerned properly falls within the provisions of this Article 29,
  - (h) For the purpose of this Article, "Relevant Shares" means the Shares originally acquired by the relevant Privileged Transferee(s) as a result of a Permitted Family Transfer or held by them under any arrangement or understanding with the Original Shareholder (whether or not in writing) and any additional Shares issued to such Privileged Transferee(s) by way of capitalisation or acquired by such Privileged Transferee(s) in exercise of any right or option granted or arising by virtue of the holding of such Shares or any of them or the shareholding thereby conferred
  - (i) Shaun Keefe shall be entitled to transfer up to 177 of his Shares to Jenny Perkins, subject to the Investment Agreement
- (3) **Pre-emption rights on transfer**
- (a) Except for a transfer of Shares which is permitted under Article 29(2), no Share (or any interest in any Share) shall be transferred until the following conditions of this Article 29 are complied with,
  - (b) Subject always to Article 29(1)(f), any Shareholder that is proposing to transfer Shares ("Proposing Transferor") shall give notice in writing ("Transfer Notice") to the Board that the Proposing Transferor desires to transfer such Share. In the Transfer Notice the Proposing Transferor shall specify
    - (i) the number of Shares which the Proposing Transferor wishes to transfer ("the Transfer Shares") (which may be all or part only of the Shares then held by the Proposing Transferor),
    - (ii) the price at which the Proposing Transferor wishes to sell the Transfer Shares ("the Transfer Price") and the identity of any person who has indicated a willingness to purchase the Transfer Shares at such price ("the Proposed Transferee")

A Transfer Notice, once given, shall not be revocable, except with the consent of the Board
  - (c) A Transfer Notice shall also state whether the Proposing Transferor wishes to impose a condition that unless all of the Transfer Shares are sold pursuant to the following provisions of this Article none shall be so sold ("Total Transfer Condition"), but in the absence of such a statement the Transfer Notice shall be deemed not to contain a Total Transfer Condition. Any two or more Shareholders shall be entitled to serve a joint Transfer Notice (meaning a notice signed by each of them specifying the Shares which they wish together to transfer) containing a Total Transfer Condition and such notice shall for all the purposes of this Article take effect as if it were a single Transfer Notice and the Total Transfer Condition related to all the Shares the subject of the joint Transfer Notice, but the obligations of those Shareholders thereunder or in respect thereof shall be several only, in proportion to the number of Transfer Shares which they hold respectively

- (d) The Transfer Notice shall constitute the Company (by the directors) as the agent of the Proposing Transferor with authority to sell the Transfer Shares (together with all rights attaching thereto at the date of the Transfer Notice or at any time thereafter) at the Transfer Price on the terms of this Article 29
- (e) Within 7 days after the receipt of any Transfer Notice the Board shall serve a copy of that Transfer Notice on all the Shareholders other than the Proposing Transferor. In the case of a deemed Transfer Notice under Article 29(4) the directors shall similarly serve notice on all Shareholders (other than the Proposing Transferor) notifying them that the same has been deemed to be served, within 7 days of the date on which the Transfer Notice is deemed to be served
- (f) Within 14 days after the Due Date (as defined in Article 29(3)(g)) the Transfer Shares shall be offered by way of a notice in writing ("the Offer Notice") for purchase at the Transfer Price by the Board to all Shareholders (other than (a) the Proposing Transferor and (b) any person on whom a Compulsory Sale Notice has been served)
- (g) The Offer Notice shall specify that each of the Shareholders to whom the offer is made may accept the offer in respect of all or any number of the Transfer Shares and that, in the case of competition in respect of such offer, the Transfer Shares shall be allocated to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any Shareholder beyond that applied for by him) to their existing holdings of Shares. For the purpose of Article 29(a)(f) and this Article 29(3)(g), "Due Date" shall mean the date on which the Transfer Notice is received by the Company or if it is a Transfer Notice that is deemed to have been given in accordance with Article 29(4), the date on which it is deemed given or, in the event that the Transfer Notice is deemed to have been given and a Fair Value falls to be agreed or determined, the date of such agreement or determination under Articles 29(4) and 30
- (h) The period during which the relevant Shareholder may accept the offer contained in the Offer Notice (at the end of which the offer will lapse) shall be determined by the Board and set out in the Offer Notice. Such period shall not be less than 14 days, nor more than 56 days after the date of the Offer Notice. The Offer Notice shall also contain a statement as to whether or not the Transfer Notice contained a Total Transfer Condition
- (i) If any of the Transfer Shares shall not be capable of being offered or allocated as aforesaid without involving fractions, the same shall be offered to or allocated amongst the Shareholders, or some of them, in such proportions as may be determined by lots drawn in respect thereof, and the lots shall be drawn in such manner as the Board shall think fit
- (j) If the Transfer Notice in question contained a Total Transfer Condition then no offer of Transfer Shares made by the Board pursuant to this Article shall be capable of acceptance until all of the Transfer Shares shall have been accepted by the Shareholders (or any of them). If by the foregoing procedure the Board shall not receive acceptances from Shareholders in respect of all the Transfer Shares within the period of the aforesaid offer it shall forthwith give notice in writing of that fact to the Proposing Transferor and none of the Transfer Shares will be sold to the Shareholders (except as mentioned below) pursuant to this Article. The Proposing Transferor may, but subject always to Article

29(3)(n) and Article 31, within a period of 3 months after the date of the Board's said notice sell all (but not some only) of the Transfer Shares to any Shareholder or to the Proposed Transferee identified in the Transfer Notice (or its/his nominee) but to no other person at any price which is not less than the Transfer Price (after deducting, where appropriate, any net dividend or other distribution to be retained by the Proposing Transferor) and otherwise on terms and conditions which are not more favourable to the relevant purchaser than those on which the Transfer Shares were offered to the Shareholders under this Article 29

- (k) If, by the foregoing procedure, the Board shall receive acceptances in respect of all of the Transfer Shares the Board shall forthwith give notice in writing as hereinafter mentioned to the Proposing Transferor and to the Shareholder(s) who have agreed to purchase the same ('Purchaser' or 'Purchasers') and the Proposing Transferor shall thereupon become bound to transfer to each Purchaser those Transfer Shares accepted by him and each Purchaser shall be bound to purchase such Shares. Every such notice shall state the name and address of each Purchaser, the number of Transfer Shares agreed to be purchased by him and the place and time appointed by the Board for the completion of the purchase (being not less than 7 days nor more than 28 days after the date of the said notice and not being at a place outside England). Subject to the giving of such notice the purchase shall be completed at the time and place appointed by the Board. At completion the Proposing Transferor shall transfer to each Purchaser the entire legal and beneficial interest in the Transfer Shares accepted by that Purchaser with full title guarantee free from all liens, charges and encumbrances and shall deliver to each Purchaser a duly completed stock transfer form in favour of that Purchaser in respect of the number of Transfer Shares accepted by that Purchaser together with the Share certificate(s) covering such Transfer Shares. At completion each Purchaser shall pay the total Transfer Price for the Shares transferred to him in cleared funds to the Proposing Transferor by way of banker's draft or such other method of payment as shall be agreed by the Proposing Transferor,
- (l) If the Transfer Notice in question did not contain a Total Transfer Condition and if by the foregoing procedure the Board shall receive acceptances in respect of none or part only of the Transfer Shares within the period(s) of the aforesaid offer(s) they shall forthwith give notice in writing of that fact to the Proposing Transferor, and the Proposing Transferor,
  - (i) shall thereupon become bound to transfer to each Purchaser (if any) those Transfer Shares accepted by him and each Purchaser (if any) shall be bound to purchase such Shares and the provisions of Article 30 shall apply mutatis mutandis thereto,
  - (ii) may, but subject always to Article 29(3)(n) and Article 31, within a period of 3 months after the date of the Board's said notice sell all or any of those Transfer Shares which have not been accepted as aforesaid to any Shareholder or to the Proposed Transferee identified in the Transfer Notice (or its/his nominee) but to no other person at any price which is not less than the Transfer Price (after deducting, where appropriate, the amount of any net dividend or other distribution to be retained by the Proposing Transferor) and otherwise on terms

and conditions which are not more favourable to the relevant purchaser than those on which the Transfer Shares were offered to the Shareholders under this Article 29

- (m) If a Proposing Transferor, having become bound to transfer any Transfer Shares pursuant to this Article, makes default in transferring the same the Board may authorise some person (who is (as security for the performance of the Proposing Transferor's obligations) hereby irrevocably and unconditionally appointed as the agent of the Proposing Transferor for the purpose) to execute the necessary instrument of transfer of such Transfer Shares and may deliver it on his behalf and the Company may receive the purchase money and shall thereupon (subject to such instrument being duly stamped with any necessary stamp duty) cause the transferee to be registered as the holder of such Transfer Shares and shall hold such purchase money on behalf of the Proposing Transferor. The Company shall not be bound to earn or pay interest on any money so held and shall not pay such money to the Proposing Transferor until he shall have delivered his Share certificates (or an appropriate indemnity in respect of any lost certificates) to the Company. The receipt of the Company for such purchase money shall be a good discharge to the transferee who shall not be bound to see to the application thereof, and after the name of the transferee has been entered in the register of Shareholders in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person,
  - (n) The directors may require to be satisfied that any Shares being transferred by the Proposing Transferor pursuant to either Article 29(4) or Article 31(2) are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer documentation and if not so satisfied may refuse to register the instrument of transfer. In addition, the Board shall refuse registration of the transfer until such time as any Tag Along Offer to be made in accordance with Article 31 has been made and, if accepted, completed, to the extent that Shareholders have not waived their rights under Article 31,
  - (o) An obligation to transfer a Share under the provisions of this Article shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share with full title guarantee free from any lien, charge or other encumbrance
  - (p) A Shareholder shall be entitled to waive his rights under this Article in whole or in part in any particular case
  - (q) Where a Transfer Notice is given by a Shareholder under Article 29(3)(b) in respect of all his Shares, a Transfer Notice must also be given on the same date in the same terms and manner by each Privileged Transferee of that Shareholder in respect of all the Relevant Shares held by him. Breach of this Article 29 shall be deemed to be a material breach of these Articles
  - (r) In the event of a conflict between this Article 29(3) and Article 29(4) then Article 29(4) shall prevail
- (4) **Compulsory Transfers**
- (a) Notwithstanding anything to the contrary contained in Model Articles 27 to 29, this Article 29(4) applies in the event of an Employee Shareholder becoming a Leaver



- (b) Within two years after the later of (i) the occurrence of any event specified in Article 29(4)(a) (a "Transfer Event") or (ii) the date on which the directors becomes aware of the occurrence of a Transfer Event, the Company acting through the directors may serve notice (a "Compulsory Sale Notice") (and shall direct if required to do so by the Investors) on the Shareholder in question or his personal representatives or trustee in bankruptcy (as appropriate) and any Privileged Transferee of such Shareholder (each a "Compulsory Seller") notifying him/them that he/they is/are with immediate effect deemed to have given a Transfer Notice in respect of all the Shares (or in the case of a Privileged Transferee of the Shareholder who is the subject of the Transfer Event, all the Relevant Shares) then held by him/them ("the Compulsory Sale Shares") for the price determined in accordance with Article 29(4)(k), subject to Article 29(4)(c) below
- (c) If a Compulsory Seller, being an Initial Shareholder is a Good Leaver and has at the date he becomes a Leaver been engaged or employed by the Company for the relevant period of time following the date of the Investment Agreement set out in the chart below then each Initial Shareholder (being a Compulsory Seller) shall have the option to retain up to the specified percentage of Shares (as set out in the chart below) held by him at that date ("Retained Shares") on the terms set out in Article 29(4)(d) below

Time engaged or appointed as at the relevant date	Percentage of his shareholding that may be retained by the Initial Shareholder (being a Compulsory Seller)
Less than 2 years	33 <sup>1</sup> / <sub>3</sub> %
2 or more years but less than 3 years	50%
3 or more years but less than 4 years	66 <sup>2</sup> / <sub>3</sub> %
4 or more years but less than 5 years	83 <sup>1</sup> / <sub>3</sub> %
5 years and over	100%

**Further**

- (i) Only an Initial Shareholder shall be entitled to have Retained Shares pursuant to this Article unless the Board and the Investor agree otherwise Article 29(4)(b) shall apply to all other Employee Shareholders
- (ii) A Voluntary Leaver (other than SH and CH) shall only be permitted to have Retained Shares if he resigns after two years from the date of the Investment

Agreement In all other circumstances, other than in respect of SH and CH, Article 29(4)(b) shall apply A Voluntary Leaver (other than SH and CH) shall be entitled to retain up to 35% of his shareholding as Retained Shares on the terms of this Article 29 with the balance being subject to a Compulsory Sale Notice in accordance with Article 29(4)(b)

- (d) Any retention of Shares made pursuant to Article 29(4)(c) above shall be made on the following terms
- (i) each Compulsory Seller shall within 14 days of service of the Compulsory Sale Notice give written notice of his intention to retain such Shares, specifying therein the number of Shares he wishes to retain (up to the permitted percentage) ("Retained Shares"),
  - (ii) the Retained Shares shall immediately convert ("Conversion Date") into the same number of fully paid 'B' Ordinary Shares in the capital of the Company,
  - (iii) forthwith after the Conversion Date the Company shall issue to the Compulsory Seller certificates for the 'B' Ordinary Shares resulting from the conversion and the certificates for the Shares falling to be converted shall be deemed to be invalid for all purposes and the Compulsory Seller shall be bound to deliver the same to the Company for cancellation,
  - (iv) the 'B' Ordinary Shares arising on conversion of the Ordinary Shares shall in all rank in all respects as one uniform class of Shares with the Ordinary Shares in the Company then in issue, and
  - (v) any conversion of Ordinary Shares shall be without prejudice to the right of the holder of those Shares immediately before conversion to any unpaid arrears or accruals of dividend whether or not the same shall have become due and payable as at conversion
- (e) In the event SH is a Leaver and thereafter the combined shareholding of SH and CH represents 40% or more of the issued share capital of the Company pursuant to Article 29(4)(c) ("Combined Shareholding") then subject to the Act the Company shall have a right of first refusal to acquire up to 20% of the Combined Shareholding from SH and/or CH (the split to be agreed between SH and CH or, if they do not agree, the split shall be pro rata to their respective shareholdings) at Fair Value, such Shares or an equal number of such Shares to be used to recruit, retain and incentivise senior employees and/or directors of the Company or any Group Company The Company shall have 90 Business Days from the date on which SH ceases to be a director or employee of the Company to confirm in writing whether it wishes to exercise its rights hereunder ("First Refusal Notice") The First Refusal Notice shall set out the price to be paid for the Shares to be acquired and shall state a date for completion of acquisition of those Shares being not less than 5 Business Days or more than 20 Business Days from the date of the First Refusal Notice The price payable by the Company hereunder for Shares shall be the Fair Value of those Shares as at the proposed date of transfer SH and CH shall thereupon become bound to transfer to the Company those Shares accepted by the Company and the Company (subject always to the Act) shall be bound to purchase such Shares Subject to the giving of the First Refusal Notice and the

Act the purchase shall be completed at the time and place appointed by the Board. At completion, provided always the Company is able to complete the purchase (and is not prohibited due to the Act or lack of Shareholder consent) SH and CH (as applicable) shall transfer to the Company the entire legal and beneficial interest in the Shares set out in the First Refusal Notice with full title guarantee free from all liens, charges and encumbrances and shall deliver to the Company a duly completed stock transfer form and buyback contract in favour of the Company together with the Share certificate(s) covering such Shares or an indemnity in a form acceptable to the Board. Subject to the Act, at completion, the Company shall pay to SH and CH (as applicable) the total purchase price for the Shares transferred to it in cleared funds by way of banker's draft or such other method of payment as shall be agreed by SH and CH (as applicable).

- (f) In the event the Board notifies SH and CH that it is not exercising its rights pursuant to Article 29(4)(e) or it has not sent a First Refusal Notice to SH and CH within 90 Business Days from the date on which SH ceases to be a director or employee of the Company, then SH and CH shall grant an option ("Option") to the Company (or such person as the Company shall nominate) to acquire up to 20% of the Combined Shareholding (provided the combined shareholding of SH and CH at the time of exercise of the Option still represents 40% or more of the issued share capital of the Company) from SH and CH, such Shares or an equal number of such Shares to be used to recruit, retain and incentivise senior employees and/or directors of the Company or any Group Company. The Option hereunder shall lapse on the date which is five years following the date on which SH ceases to be a director or employee of the Company or any Group Company ("Long Stop Date"). The Option shall be exercisable at any time by the Company (acting by its Board) such that any Shares to be acquired hereunder are acquired by the Company (or such person as the Board may nominate) on or before the Long Stop Date. The price payable for the Shares hereunder shall be the Fair Value of those Shares as at the proposed date of transfer. In the event the Company wishes to exercise its rights under this Article, the Company (acting by its Board) shall confirm in writing to SH and CH whether it wishes to exercise its rights hereunder ("Option Notice"). The Option Notice shall set out the price to be paid for the Shares to be acquired (which shall be designated as Ordinary Shares upon transfer unless the Board resolves otherwise), the identity of the proposed purchaser and shall state a date for completion of acquisition of those Shares being not less than 5 Business Days or more than 20 Business Days from the date of the Option Notice and in any event shall be no later than the Long Stop Date. SH and CH (as applicable) shall thereupon become bound to transfer to the Company (or such person as the Company shall nominate) those Shares accepted by the Company and the Company (subject always to the Act) or such person as the Company shall nominate to acquire the Shares hereunder shall be bound to purchase such Shares. Subject to the giving of the Option Notice the purchase shall be completed at the time and place appointed by the Board. At completion SH and CH (as applicable) shall transfer to the Company (or such person as the Company shall nominate) the entire legal and beneficial interest in the Shares set out in the Option Notice with full title guarantee free from all liens, charges and encumbrances and shall deliver to the Company a duly completed stock transfer form (and buyback contract if applicable) in favour of the Company (or such person as the

Company shall nominate) together with the Share certificate(s) covering such Shares or an indemnity in a form acceptable to the Board. Subject to the Act, at completion, the Company (or the purchaser if different) shall pay to SH and CH (as applicable) the total purchase price for the Shares transferred to it in cleared funds by way of banker's draft or such other method of payment as shall be agreed by SH and CH (as applicable)

- (g) The provisions of articles 29(4)(e) and 29(4)(f) shall apply mutatis mutandis to CH with any references therein to "SH" being deemed to read "CH" and any references therein to "CH" being deemed to read "SH"
- (h) Upon becoming aware of the occurrence of a Transfer Event, the directors shall forthwith notify the Investors of the same and shall be obliged to serve a Compulsory Sale Notice on each Compulsory Seller if directed to do so by the Investors. A deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice
- (i) The Board shall be obliged (with the consent of the Investors) to offer the Compulsory Sale Shares (or any of them) to the Company for purchase and cancellation. The Board will subsequently direct (and will do so at the request of the Investors) in the Compulsory Sale Notice that any or all remaining Compulsory Sale Shares shall be offered for sale to any or all of the following categories of offeree for a period of 3 (three) months from the date of the Compulsory Sale Notice (the "Invitee Period")
  - (i) a New Manager,
  - (ii) an Employee Trust, such Employee Trust to be financed by the Company, subject to such finance being available and lawful, or
  - (iii) an individual or individuals (a "Custodian") to be held on trust for a New Manager or New Managers to be recruited or promoted, such Custodian to be financed by the Company, subject to such finance being available and lawful

Any such offer shall be made to the relevant offeree(s) at the relevant price referred to in Article 29(4)(k) and shall be on terms that the Compulsory Sale Shares are sold by the Compulsory Seller(s) with full title guarantee, free from all liens, charges and encumbrances and together with all rights attached thereto on the date of the Compulsory Sale Notice or arising thereafter. If any Compulsory Sale Shares are offered to a Custodian then, to the extent necessary, a trust shall be established in such form as shall be approved by the Investors

- (j) Subject to Article 29(4)(i) and after the earlier of (i) the date upon which the Compulsory Sale Shares subject to article 29(4)(i) are allocated pursuant to article 29(4)(i) and (ii) the expiry of the Invitee Period, the Compulsory Sale Shares the subject of any deemed Transfer Notice (including, for the avoidance of doubt, any Compulsory Sale Shares which have not been allocated pursuant to article 29(4)(i)) shall be offered for sale in accordance with Article 29(3) as if they were Transfer Shares in respect of which a Transfer Notice had been given and the relevant Compulsory Seller was a Proposing Transferor. The provisions of Article 29(3) shall apply to such deemed Transfer Notice save that

- (i) the Transfer Notice shall be deemed to have been given on the date of service of the Compulsory Sale Notice,
  - (ii) a deemed Transfer Notice shall not contain a Total Transfer Condition,
  - (iii) the Transfer Price of the Compulsory Sale Shares shall be determined in accordance with Article 29(4)(k),
  - (iv) the Compulsory Sale Shares shall be sold together with all rights attaching thereto as at the date of the service of the Compulsory Sale Notice or arising thereafter, and
  - (v) the timetable for offers set out in Article 9 shall be modified as necessary to take into account any offer(s) to be made pursuant to Article 29(4)(i)
- (k) The transfer price for each Compulsory Sale Share which is the subject of a Compulsory Sale Notice given as a consequence of a Transfer Event falling within Article 29(4)(a) shall
- (i) if the Compulsory Seller is (A) a Good Leaver or a Privileged Transferee of a Good Leaver, or (B) a Voluntary Leaver who has resigned after two years of being appointed (whether as an employee, manager, consultant or otherwise), or (C) a Voluntary Leaver at any time that is SH or CH, be the higher of its Fair Value and the price paid for that Compulsory Sale Share by the Good Leaver, and
  - (ii) if the Compulsory Seller is a Bad Leaver or a Privileged Transferee of a Bad Leaver, or a Voluntary Leaver who has resigned within two years of being appointed (whether as an employee, manager, consultant or otherwise) and who is not SH or CH, be the lower of its Fair Value and the price paid for that Compulsory Sale Share by the Bad Leaver
- (l) In these Articles
- (i) "Good Leaver" means any Leaver who is not a Bad Leaver and includes a Voluntary Leaver,
  - (ii) "Voluntary Leaver" means an Employee Shareholder who is a Leaver as a result of his resignation in compliance with the terms of his service or consultancy agreement,
  - (iii) "Bad Leaver" means an Employee Shareholder to whom the following applies (whether or not he leaves his position as an employee, director or consultant with the Group) or who is a Leaver as a result of the termination of that Leaver's contract of employment, directorship and/or consultancy agreement on the following grounds
    - (a) is disqualified from acting as a director,
    - (b) is guilty of any gross misconduct which causes serious material adverse financial harm to the value of the Company,
    - (c) is declared bankrupt,

- (d) is convicted of any criminal offence which carries a custodial sentence (other than road traffic offences),
  - (e) ceases to be eligible to work in the United Kingdom,
  - (f) is guilty of any fraud,
  - (g) is guilty of any dishonesty which causes or could potentially cause serious adverse harm to the value of the Company,
  - (h) a material or persistent breach of restrictive covenants in his service agreement or the Investment Agreement which causes or could potentially cause serious material adverse financial harm to the value of the Company, and
  - (i) where the terminations referred to in this Article 29(4)(l)(iii) (if challenged by the Leaver) is not subsequently held to be wrongful or unfair by a court of competent jurisdiction other than for purely procedural reasons
- (iv) "Leaver" means an Employee Shareholder ceasing for whatever reason (including death) to be a director, an employee or a consultant of any Group Company and as a consequence no longer being a director or an employee or consultant of any other Group Company
- (m) For the purpose of this Article 29, the date upon which an Employee Shareholder ceases to hold office or employment or to be a consultant shall be
- (i) where a contract of employment or consultancy or directorship is terminated by the relevant Group Company by giving notice to the Leaver of the termination of the employment or directorship or consultancy, the date of that notice (whether or not a payment is made by the relevant Group Company in lieu of all or part of the notice period required to be given by the relevant Group Company in respect of such termination),
  - (ii) where a contract of employment or directorship or consultancy is terminated by the Leaver by giving notice to the relevant Group Company of the termination of the employment or directorship or consultancy, the date of that notice,
  - (iii) where a Group Company or Leaver wrongfully repudiates the contract of employment or consultancy and the other accepts that the contract of employment or consultancy has been terminated, the date of such acceptance,
  - (iv) where a contract of employment or consultancy or directorship is terminated under the doctrine of frustration, the date of the frustrating event, and
  - (v) where a contract of employment or directorship consultancy is terminated for any reason other than in the circumstances set out in Articles 29(4)(m)(i) to 29(4)(m)(iv) above, the date on which the action or event giving rise to the termination occurs
- (n) "Fair Value" for the purposes of these Articles means as agreed between the directors (with the approval of the Investors) and the Compulsory Seller or, in the absence of

agreement within 21 days of the date of service of the Compulsory Sale Notice, by the Independent Experts in accordance with Article 29(4)(o)

- (o) If agreement of the Fair Value cannot be reached between the directors (with the approval of the Investors) and the Compulsory Seller within 21 days of the date of service of the relevant Compulsory Sale Notice, then the Fair Value shall be determined by a firm of independent accountants, either agreed by the directors and the Compulsory Seller (with the approval of the Investors) or, in the event of their failure to agree within 28 days of the date of service of the Compulsory Sale Notice, as shall be nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales ("the Independent Experts") The Independent Experts shall be instructed to determine and certify the Fair Value on the basis which, in their opinion, represents a fair price for each Compulsory Sale Share as at the date of service of the Compulsory Sale Notice In so determining and certifying, the Independent Experts shall

- (i) not take into account the proportion of the relevant class of Shares (or of all the issued Shares) which the Compulsory Sale Shares represent,
- (ii) value the Compulsory Sale Shares as on an arm's length sale between a willing seller and a willing purchaser in accordance with current accounting practice on a going concern basis ,
- (iii) assume that the Compulsory Sale Shares can be transferred without restriction

The Independent Experts shall act as experts and not as arbitrators and (in the absence of manifest error) their determination shall be final and binding on all persons concerned and (in the absence of fraud) they shall be under no liability to any such person by reason of their determination or certificate or by anything done or omitted to be done by them for the purpose thereof or in connection therewith The costs of the Independent Experts shall be borne as they shall determine

- (n) The provisions of this Article 29(4) shall not apply to any Shares held by an Employee Shareholder if the Investors have given their approval in writing for those Shares to be exempted from these provisions

### **30. Drag Along**

- (1) Subject to the consent of the Investors being obtained, a Shareholder or Shareholders who together hold more than 50% of the entire issued Share capital of the Company (under this Article 30 "the Selling Shareholder(s)") shall have the right (the "Drag Along Right") to require all of the other Shareholders (the "Called Shareholders") to facilitate a bona fide sale of all the issued Shares to any person (other than a Shareholder or any person connected with any Shareholder or connected with any brother, sister, parent or child (within the meaning of the Income and Corporation Taxes Act 1988 section 228) of any Shareholder) (the "Third Party") by the transfer to such Third Party of all of the Shares held by the Called Shareholders subject to compliance with this Article 30 In the case of an exercise of the Drag Along Right, Article 29(3) shall not apply
- (2) The Drag Along Right may be exercised by the Selling Shareholder(s) serving notice to that effect (the "Drag Along Notice") on the Called Shareholders specifying that each Called

Shareholder is required to transfer all his Shares pursuant to this Article (the "Called Shares") and specifying the price per Share offered by the Third Party

- (3) A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Selling Shareholder(s) does not transfer his/their Shares to the Third Party within 45 days from the date of the Drag Along Notice
- (4) The Called Shareholders shall be obliged to sell the Called Shares only on terms that they shall be entitled to receive for their holdings of Shares a sum per Share equal to the sum per Share received by the Selling Shareholder(s) (and in the event of the Selling Shareholder(s) receiving a non-cash sum, the Called Shareholders' entitlement shall be to receive the same non-cash sum per Share as is received by the Selling Shareholder(s)) (the "Drag Along Price") The Called Shareholders shall be obliged to sell their Called Shares with full title guarantee free from any charge, lien or other encumbrance and with all rights attached thereto as at the date of the Drag Along Notice or arising thereafter but shall not otherwise be required to give any warranties or indemnities or enter into any other obligation with the Third Party
- (5) Upon the exercise of the Drag Along Right in accordance with this Article each of the Called Shareholders shall be bound to sell his Called Shares for the Drag Along Price and otherwise in accordance with this Article 30
- (6) Completion of the sale of the Called Shares shall take place on the date specified for that purpose by the Selling Shareholder(s) to the Called Shareholders save that
  - (a) the Selling Shareholder(s) may not specify a date that is less than 14 days after the date of the Drag Along Notice, and
  - (b) the date so specified by the Selling Shareholder shall be the same date as the date proposed for completion of the sale of his/their Shares,  
unless in the case of the sale by any particular Called Shareholder that Called Shareholder and the Selling Shareholder(s) otherwise agree
- (7) In the event that any Called Shareholder fails to complete the sale of any of the Called Shares in accordance with this Article 30 the directors may authorise some person to execute a transfer of the Called Shares to the Third Party (or as it may direct) and the Company may give a good receipt for the purchase price of such Called Shares and may register the Third Party as holder thereof and issue to it (or as it may direct) certificates for the same whereupon the Third Party shall be indefeasibly entitled thereto The Called Shareholder shall in such case be bound to deliver up its certificates for the Called Shares to the Company whereupon the Called Shareholder shall be entitled to receive the Drag Along Price which shall in the meantime be held by the Company on trust for the Called Shareholder but without interest
- (8) If a Sale arises following the service of a Drag Along Notice pursuant to the foregoing provisions of this Article 30 then, notwithstanding anything contained in this Article 30, the Sale Proceeds shall ultimately be receivable by the Shareholders as provided in Article 34

### 31 Tag Along

- (1) Subject to Article 31(4), no transfer of Shares ("Proposed Transfer") may be made by a Proposing Transferor or registered by the directors unless



- (a) a Tag Along Offer is made by the proposed transferee(s) ("Buyer") to all the Shareholders other than the Proposing Transferor ("the Tag Along Shareholders"), and
  - (b) the Buyer complies in all respects with the terms of the Tag Along Offer at the time of completion of the sale and purchase of Shares pursuant to it
- (2) For the purposes of this Article 31
- (a) "Tag Along Offer" means an offer in writing served on each of the Tag Along Shareholders offering to purchase the Relevant Proportion of all the Shares held by each such Tag Along Shareholder free from all liens, charges and encumbrances, which
    - (i) is stipulated to be open for acceptance for at least 21 days,
    - (ii) offers a consideration for each Share equal to the highest price per Share payable by the Buyer to the Proposing Transferor under the Proposed Transfer (whether in cash, securities or otherwise in any combination),
    - (iii) includes an undertaking by or on behalf of the Buyer that no other consideration per Share (whether in cash or otherwise) is to be received or receivable by the Proposing Transferor or any other Tag Along Shareholder which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Shares to be sold by that Tag Along Shareholder and that the Buyer has not otherwise entered into more favourable terms or has agreed more favourable terms with any other Shareholder for the purchase of Shares,
    - (iv) is on terms that the sale and purchase of all Shares in respect of which the offer is accepted will be completed at the same time,
  - (b) "Relevant Proportion" means, in relation to each Tag Along Shareholder, the proportion of the Shares held by that Tag Along Shareholder as is equal to the proportion that the Shares to be transferred by the Proposing Transferor under the Proposed Transfer bears to the total number of Shares held by the Proposing Transferor
- (3) If a Sale arises following a Tag Along Offer pursuant to the foregoing provisions of this Article 31 then, notwithstanding anything contained in this Article 31, the Sale Proceeds shall ultimately be receivable by the Shareholders as provided in Article 34
- (4) The provisions of Article 31(1) shall not apply to any transfer of Shares which is permitted pursuant to Article 29(2) or to any transfer of Shares to any person who is a Shareholder at the time of the transfer
- (5) A Shareholder shall be entitled to waive his rights under this Article in whole or in part in any particular case
- (6) Article 29(3) shall not apply to a transfer of Shares pursuant to a Tag Along Offer
- 32 Transmittees bound by prior notices**

If a notice is given to a Shareholder in respect of Shares and a transmittee (or a transferee nominated by such transmittee pursuant to Model Article 28) is entitled to those Shares, the transmittee (or transferee) is bound by the notice if it was given to the Shareholder before the

transmittee's (or transferee's) name has been entered in the register of Shareholders Model Article 29 shall be amended accordingly

## **DIVIDENDS**

### **33 Dividends**

Notwithstanding anything contained in Model Articles 30 to 35 (inclusive), the profits of the Company available for distribution and which the directors may determine to distribute as dividends from time to time shall be distributed amongst the Shareholders in proportion to the number of Shares held by them in the Company. The Company shall not declare any dividend on the Shares without the prior written consent of the Investors

## **RETURN OF CAPITAL**

### **34 Capital**

- (1) On a return of capital whether on a winding-up or reduction of capital or otherwise (except in the case of the purchase by the Company of its own Shares), the surplus assets and retained profits remaining after the payment of the Company's liabilities (to include but not limited to the Loan (as defined in the Investment Agreement) but excluding always the DLAs (as defined in the Investment Agreement) and available for distribution to the Shareholders shall be applied as follows –
- (a) first, in paying to the Investors the amounts paid up on the 'A' Ordinary Shares then held by them. If there is insufficient cash to pay such amounts in full, payment will be made to the Investors, pro rata as nearly as possible to the respective amounts paid up on the 'A' Ordinary Shares then held by them (provided that the amount paid per Share to the Fund shall not be less than the amount paid to any other Investor), and
  - (b) secondly in repaying the DLAs,
  - (c) thirdly, in paying to the Shareholders (other than the Investors) the same amount per Ordinary Share then held by them as that paid per Share to the Investors in accordance with Article 34(1)(a) above. If there are insufficient surplus assets and retained profits to pay such amounts in full, payment will be made amongst the holders of such Shares pro rata as nearly as possible to the respective amounts paid up on the Ordinary Shares then held by them, and
  - (d) thereafter in distributing any balance of the surplus assets and retained profits amongst all the Shareholders pro rata to the number of Shares held by them respectively save that if any B Ordinary Shareholder who was a Good Leaver transferred any Ordinary Shares pursuant to Article 29(4) during the period of 12 months ending on the occurrence of the return of capital ("Transferred Shares"), that B Ordinary Shareholder shall be entitled to receive such additional amount as, when added to the amount previously paid to him for the Transferred Shares, results in him receiving the same proceeds per Share being paid in respect of all Shares including the Transferred Shares under this Article 34(1)(d)

- (2) On a Sale provided the Loan (as defined in the Investment Agreement) is first repaid in full on or before the Sale, the Sale Proceeds shall be applied between the Shareholders as follows –
- (a) first, in paying to the investors the amounts paid up on the 'A' Ordinary Shares then held by them. If there is insufficient cash to pay such amounts in full, payment will be made to the Investors, pro rata as nearly as possible to the respective amounts paid up on the 'A' Ordinary Shares then held by them (provided that the amount paid per Share to the Fund shall not be less than the amount paid to any other Investor), and
  - (b) secondly, in repaying the DLAs to the extent not already repaid, and
  - (c) thirdly, in paying to the Shareholders (other than the Investors) the same amounts per Ordinary Share then held by them as that paid per Share to the Investors in accordance with Article 34(2)(a) above. If there are insufficient Sale Proceeds to pay such amounts in full, payment will be made amongst the holders of such Shareholders pro rata as nearly as possible to the respective amounts paid up on the Ordinary Shares then held by them, and
  - (d) thereafter in distributing any balance of the Sale Proceeds amongst all the Shareholders pro rata to the number of Shares held by them respectively save that if any B Ordinary Shareholder who was a Good Leaver transferred any Ordinary Shares pursuant to Article 29(4) during the period of 12 months ending on the occurrence of the Sale ("Transferred Shares"), that B Ordinary Shareholder shall be entitled to receive such additional amount as, when added to the amount previously paid to him for the Transferred Shares, results in the same proceeds per Share being paid in respect of all Shares including the Transferred Shares under this Article 34(2)(d)
- (3) The Shareholders shall take all steps within their powers to ensure that any surplus assets and retained profits and any Sale Proceeds are paid to Shareholders in accordance with the provisions of Articles 34(1) and 34(2) and, if necessary, shall make such payments between themselves as shall ensure that such amounts are so paid
- (4) For the purpose of this Article 34, the amount "paid up" on a Share shall mean the total subscription price paid, or deemed to be paid, for that Share, including sums paid, or credited as paid, by way of premium

#### **DECISION-MAKING BY SHAREHOLDERS – ORGANISATION OF GENERAL MEETINGS**

##### **35 Notice of general meeting**

A Shareholder present either in person or by proxy, at any general meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened

##### **36 Chairing general meetings**

Model Article 39(2) shall be amended by the insertion of the following words "(including a proxy or a corporate representative)" after the word "Shareholder"

**37 Content of proxy notices**

Model Article 45(1)(d) shall be amended by the insertion of the words "(or adjourned meeting)" after the word "meeting"

**VOTING AT GENERAL MEETINGS**

**38 Class consents and enhanced voting rights**

- (1) Without prejudice to any provisions of the Companies Act as regards the modification of the rights attached to classes of Shares, for such time as the Investor holds at least 5% of the issued share capital of the Company with the exception of paragraph (dd) which will require consent even if the Investor holds below 5% of issued share capital, the prior written consent of the holder(s) of all the 'A' Ordinary Shares shall be required in relation to any proposal to
- (a) make any changes to its issued Share capital or create a new class of Shares or allot and issue any Shares (other than as envisaged pursuant to clause 5.3 of the Investment Agreement in respect of the existing options over 4265 Ordinary Shares) or redeem any Shares or buyback any Shares,
  - (b) vary any rights attaching to any Shares,
  - (c) pay any dividends on Shares or make any other distribution to the Shareholders other than as otherwise permitted under these Articles,
  - (d) repay any debt (other than the Loan (as defined in the Investment Agreement)),
  - (e) make any bonus issue of Shares or create or issue any loan stock,
  - (f) redeem, purchase or (other than in accordance with these Articles) convert any Shares,
  - (g) amend the Articles,
  - (h) use any of the subscription proceeds from the issue of Shares to repay all or any part of any director's loan account or any other loan
  - (i) pass any resolution for its liquidation (except where insolvent), Sale, merger or de-merger or otherwise effect any merger or de-merger,
  - (j) acquire or dispose of any interest in land,
  - (k) dispose of the whole or substantially the whole or a material section of the Company's business or assets,
  - (l) acquire or dispose of any shares, debentures, mortgages or securities,
  - (m) suspend its trade (except where insolvent),
  - (n) expand or develop the Company's business except through itself or a wholly owned subsidiary, or through a joint venture in which the whole of its interest is held by itself or a wholly owned subsidiary,
  - (o) enter into any contract or transaction except in the proper course of its business on an arm's length basis,

- (p) grant, or agree to grant any security (whether by fixed or floating charge or otherwise), or create or agree to create any encumbrance over the whole or part of the Company's undertaking, property or assets,
- (q) incur any borrowings (in addition to those described in the Investment Agreement) or acquire any asset (other than as specifically provided for in the Budget) in excess of £50,000 on a single item or more than £100,000 in any quarter,
- (r) make any loan or give credit in excess of £5,000 or make any loan to any director of the Company or any other Group Company or any Shareholder,
- (s) give a guarantee,
- (t) give any indemnity otherwise in the ordinary course of business,,
- (u) appoint or remove any director of the Company or any other Group Company (save for the appointment of the Investor Director),
- (v) enter into any service or consultancy agreement or any other agreement (whether or not in the nature of a service agreement) with any director or any Connected Person to any director or amend any such agreement in any significant respect,
- (w) agree to any increases of the rent payable on the properties occupied by the Company,
- (x) enter into any material contract outside the agreed Budget (and for the purposes of these Articles, a contract shall be material if its value represents or is likely to represent over 10 per cent of the Company's annual turnover, or if it imposes unusual or exceptionally onerous obligations on the Company),
- (y) except to the extent in compliance with the then applicable Budget (as defined in the Investment Agreement), enter into any employment or service agreement with any key employee (being an employee whose total emoluments exceed £60,000 per annum) or any of his Connected Persons or enter into any employment agreement with any employee which cannot be terminated on three months' notice or less, or amend any such agreement as is referred to in this Article 38(1)(y) in any significant respect,
- (z) pay or agree to pay any discretionary bonus or other discretionary payment to any director to include the Manager or key employee (as defined in Article 38(1)(y) above,
- (aa) enter into any agreement or arrangement (including, but not limited to, any consultancy agreement) with any Shareholder or amend any such agreement in any significant respect,
- (bb) establish or amend an executive/employee share option scheme/plan or grant options or otherwise allocate Shares under any such scheme,
- (cc) appoint advisers on a Sale, Listing or any form of further financing,
- (dd) make an early repayment of any bank or other debt or repay any loan made by a director or Shareholder,

- (ee) change its registered office address or relocate the material part of its operations, people or trading outside of the North West of England region, or
  - (ff) any planned deviation in expenditure from the approved Budget or cashflow forecast of the Company of more than £50,000 on a single item or more than £100,000 in any financial quarter, or
  - (gg) approve any Budget or business plan
- (2) If at any time a Relevant Breach (as defined in Article 14(8)) has occurred then, for so long as such relevant Breach continues to subsist without being remedied to the reasonable satisfaction of the Investor (so that it is no longer occurring), any Investor Director attending any Board meetings shall be entitled to cast such number of votes in aggregate at such Board meeting as shall equate to a majority of the votes capable of being cast thereat. The foregoing enhanced voting rights shall only be used for the purpose of correcting that Relevant Breach.
- (3) Subject to the Investment Agreement, whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up
- (a) in the case of the 'A' Shareholders with the consent in writing of at least one Investor Director appointed or if none is appointed the Investor or with the sanction of a unanimous resolution passed at a separate meeting of the holders of the 'A' Ordinary Shares,
  - (b) in the case of the Ordinary Shareholders, with the consent in writing of the holders of at least three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class, but not otherwise,
  - (c) in the case of the 'B' Ordinary Shareholders, with the consent in writing of the holders of at least three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class, but not otherwise

#### DECISION-MAKING BY SHAREHOLDERS

##### 39 Poll Votes

- (1) A poll may be demanded by
- (a) the chairman of the meeting,
  - (b) the directors, or
  - (c) any Shareholder present in person or by proxy and entitled to vote,
- and Model Article 44(2) shall be modified accordingly
- (2) On a poll on any resolution to amend these Articles or to adopt new articles of association for the Company, for so long as the issued 'A' Ordinary Shares represent at least 5% of the issued share capital of the Company, each Investor voting against the resolution shall be entitled to

exercise in aggregate such number of votes as equals 26% of the total number of votes exercised in favour of the resolution. If voting in favour of the resolution, each Investor will, on a poll, have one vote for each 'A' Ordinary Share held by it

**40 Non-voting Shares**

The holders of 'B' Ordinary Shares shall not be entitled to attend at, speak as or vote at any meeting of the Shareholders of the Company save where the business of such meeting relates to or purports to vary the rights attaching to the 'B' Ordinary Shares (or where they are also the holders of Shares of a different class, in which case the 'B' Ordinary Shares held by them shall be non-voting both on a show of hands and on a poll)

**41 Chairman's casting vote**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to a casting vote in addition to any other vote which he may have

**ADMINISTRATIVE ARRANGEMENTS**

**42 When a communication is deemed received**

- (1) Any document or information, if sent by first class post, shall be deemed to have been received on the day following that on which the envelope containing it is put into the post, or, if sent by second class post, shall be deemed to have been received on the second day following that on which the envelope containing it is put into the post and in proving that a document or information has been received it shall be sufficient to prove that the letter, envelope or wrapper containing the document or information was properly addressed, prepaid and put into the post
- (2) Any document or information not sent by post but left at a registered address or address at which a document or information may be received shall be deemed to have been received on the day it was so left
- (3) Any document or information, if sent or supplied by electronic means, shall be deemed to have been received on the day on which the document or information was sent or supplied by or on behalf of the Company
- (4) If the Company receives a delivery failure notification following a communication by electronic means in accordance with paragraph (3), the company shall send or supply the document or information in hard copy or electronic form (but not by electronic means) to the Shareholder either personally or by post addressed to the Shareholder at his registered address or by leaving it at that address. This shall not affect when the document or information was deemed to be received in accordance with paragraph (3)
- (5) Every person who becomes entitled to a Share shall be bound by every notice in respect of that Share which before his name is entered in the register of Shareholders was given to the person from whom he derives his title to the Share

**43 Notices in writing given to the Company by Shareholders**

Any notice in writing given to the Company by a Shareholder shall take effect when it is lodged at the office or produced to any directors' meeting

**44 Company seals**

Model Article 49 shall be amended by the insertion of the following words at the end of paragraph (1) "or of a committee of the directors" and the insertion of the following new paragraph (5)

"(5) The company may exercise the powers conferred by the Companies Act with regard to having official seals and those powers shall be vested in the directors. Subject to the Companies Act, any instrument to which an official seal is affixed shall be signed by such persons, if any, and affixed in such manner as the directors may from time to time determine "

**WINDING UP**

**45 Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act and by Article 38 of these Articles, subject always to Article 34 of these Articles, divide among the Shareholders *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 Shareholders or different classes of Shareholders. 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 Shareholders as he with like sanction determines, but no Shareholder shall be compelled to accept any assets upon which there is liability

**INSPECTION OF DOCUMENTS**

**46 Inspection of documents**

Any Shareholder shall be entitled to inspect the accounting records and other books and papers of the Company. Model Article 50 shall not apply

**DIRECTORS' INDEMNITY**

**47 Indemnity**

(1) Subject to paragraph (5), a relevant director of the Company or of an associated company may be indemnified out of the Company's assets against

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act),



- (c) any other liability incurred by that director as an officer of the Company or an associated company
- (2) The Company may fund the expenditure of a relevant director of the Company or of any associated company for the purposes permitted under the Companies Act and may do anything to enable such relevant director to avoid incurring such expenditure as provided in the Companies Act
- (3) No relevant director of the Company or of any associated company shall be accountable to the Company or the Shareholders for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company
- (4) The powers given by this Article shall not limit any general powers of the Company to grant indemnities, purchase and maintain insurance or provide funds (whether by way of loan or otherwise) to any person in connection with any legal or regulatory proceedings or applications for relief
- (5) This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act or by any other provision of law
- (6) In this Article
  - (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
  - (b) a relevant director means any director or former director of the Company or of an associated company
- (7) Model Article 52 shall be amended accordingly

## LISTING

### 48 Listing

Immediately before a Listing, the Company shall issue to each holder for the time being of 'A' Ordinary Shares, by way of automatic capitalisation of reserves, such number of Ordinary Shares which shall result in that holder holding, when aggregated with its existing shareholding (and following every issue of Ordinary Shares to Shareholders pursuant to this Article 48), the same proportion of the total number of Equity Shares in issue as the proportion that its entitlement to the surplus assets of the Company under Article 34(1) (including by way of arrears and accruals of dividend) bears to the total of the surplus assets available for distribution to the Shareholders under Article 34(1)