

Company number 07425680

**PRIVATE COMPANY LIMITED BY SHARES**

**WRITTEN RESOLUTIONS**

of

**CHESTER ENERGY ENTERPRISES LIMITED**

(the Company)

14 December 2010

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the director of the Company proposes that Resolution 1 below is passed as a special resolution (the **Special Resolution**)

**SPECIAL RESOLUTION**

- 1 That the draft regulations attached to these Resolutions and marked "A" be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association

**AGREEMENT**

Please read the notes at the end of this document before signifying your agreement to any of the resolutions

The undersigned, being the all the persons entitled to vote on the above resolutions on 14 December 2010, hereby irrevocably agree to the resolution as indicated above

Signed

*Agnes Campbell*  
Agnes Campbell

Date

14 December 2010

Signed

Firkin Ale LLC

Date

December 2010



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Firkin Ale LLC

COMPANY NO. 07425680

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**CHESTER ENERGY ENTERPRISES LIMITED**  
(Adopted by special resolution passed on 14 December 2010)

**Introduction**

**1 Interpretation**

1.1 In these Articles, unless the context otherwise requires

**Act** means the Companies Act 2006,

**appointor** has the meaning given in article 11(1),

**Articles** means the company's articles of association for the time being in force,

**Bad Leaver**: an employee or Director or consultant who at any time ceases to be an employee or Director or consultant in circumstances where such cessation occurs because the shareholder

- (a) resigns his employment or office as Director (without the prior written agreement of the majority of the other shareholders, acting reasonably), or
- (b) at any time is lawfully dismissed for gross misconduct as an employee or Director, or
- (c) is guilty of any fraud or dishonesty or gross negligence, or
- (d) knowingly breaches any provisions of these Articles, or
- (e) breaches confidentiality or non-competition covenants PROVIDED THAT any shareholder who has ceased to be employed and has so breached the confidentiality or non-competition covenants shall be deemed a Bad Leaver,

**business day**: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business,

**Conflict** has the meaning given in article 7.1,

**eligible director**: means a director who would be entitled to vote on the matter at a meeting of

directors (but excluding any director whose vote is not to be counted in respect of the particular matter), and

**Expert:** an independent firm of accountants appointed by the shareholders or, in the absence of agreement between the shareholders on the expert or his terms of appointment within 10 Business Days of a shareholder serving details of a suggested expert on the other, an independent firm of accountants appointed, and whose terms of appointment are agreed, by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (acting as an expert and not as an arbitrator),

**Group.** the Company, its subsidiary undertakings and any holding company (as both are defined in the Act) from time to time and references to "member of the Group" and "Group Company" shall be construed accordingly,

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

- 1 2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles
- 1 3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles
- 1 4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise
- 1 5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of
  - (a) any subordinate legislation from time to time made under it, and
  - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts
- 1 6 Any phrase introduced by the terms "**including**", "**include**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms
- 1 7 The Model Articles shall apply to the company, except in so far as they are modified or excluded by these Articles
- 1 8 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company
- 1 9 Article 7 of the Model Articles shall be amended by
  - (a) the insertion of the words "for the time being" at the end of article 7(2)(a), and

- (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".

- 1 10 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur"
- 1 11 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 1 12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But"
- 1 13 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"
- 1 14 Articles 31(1)(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide"

## **Directors**

### **2 Unanimous decisions of directors**

- 2 1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter
- 2 2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing
- 2 3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

### **3 Calling a directors' meeting**

- 3 1 Any director may call a directors' meeting by giving not less than five business days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice
- 3 2 Notice of a directors' meeting shall be given to each director in writing

### **4 Quorum for directors' meetings**

- 4 1 When the Company has two or more directors and subject to article 4 2, the quorum for the transaction of business at a meeting of directors is any two eligible directors
- 4 2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director

- 4 3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision

- (a) to appoint further directors, or
- (b) to call a general meeting so as to enable the shareholders to appoint further directors

## 5 Decisions of Directors

- 5 1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles or must be a decision taken in accordance with article 2

- 5 2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit

- 5 3 All decisions made at any meeting of the directors or of any committee of the directors shall be made only by resolution and resolutions at any meeting of the directors or committee of the directors shall be decided by a majority of votes

- 5 4 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote

## 6 Transactions or other arrangements with the company

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

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested,
- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested,
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested,
- (d) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director,
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested, and
- (f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act))

derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

## **7 Directors' conflicts of interest**

**7 1** The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**)

**7 2** Any authorisation under this article 7 will be effective only if

- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine,
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director, and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted

**7 3** Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently)

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict,
- (c) provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict,
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit,
- (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence, and
- (f) permit the Interested Director to absent himself from the discussion of matters relating

to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters

7 4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict

7 5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation

7 6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

## 8 Records of decisions to be kept

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

## 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 one

## 10 Appointment of directors

In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director

## 11 Appointment and removal of alternate directors

11 1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, 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

11 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



**11 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

**12 Rights and responsibilities of alternate directors**

**12 1** An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor

**12 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 (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member

**12 3** 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),
- (b) may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate), and
- (c) shall not be counted as more than one director for the purposes of articles 12 3(a) and (b)

**12 4** A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present

**12 5** An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company

## **13 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, or
- (d) when the alternate's appointor's appointment as a director terminates

## **14 Secretary**

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

## **Decision making by shareholders**

### **15 Poll votes**

- 15 1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting
- 15 2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article

### **16 Proxies**

- 16 1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"
- 16 2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article

## **Issues of Shares**

## **17 Further issues of shares' authority**

17 1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company

17 2 Subject to the remaining provisions of this Article 17 and to Article 18, the directors are generally and unconditionally authorised, for the purposes of section 551 of the 2006 Act and generally, to exercise any power of the Company to

- (a) offer or allot,
- (b) grant rights to subscribe for or to convert any security into;
- (c) otherwise deal in, or dispose of,

any ordinary shares of £0.01 each in the company (**Ordinary Shares**) to any person, at any time and subject to any terms and conditions as the directors think proper

17 3 The authority referred to in Article 17 2

- (a) shall be limited to a maximum nominal amount of £1,000,
- (b) shall only apply insofar as the company has not renewed, waived or revoked it by ordinary resolution, and
- (c) may only be exercised for a period of five years commencing on the date on which these Articles are adopted, save that the directors may make an offer or agreement which would, or might, require Ordinary Shares to be allotted after the expiry of such authority (and the directors may allot Ordinary Shares in pursuance of an offer or agreement as if such authority had not expired)

## **18 Further issues of shares: pre-emption rights**

18 1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the company

18 2 Unless otherwise agreed by special resolution, if the company proposes to allot any equity securities (other than any equity securities to be held under an employees' share scheme), those equity securities shall not be allotted to any person unless the company has first offered them to all shareholders on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to other persons on a *pari passu* and *pro rata* basis to the number of shares held by those holders (as nearly as possible without involving fractions)  
The offer

- (a) shall be in writing, shall be open for acceptance for a period of 15 business days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities, and
- (b) may stipulate that any shareholder who wishes to subscribe for a number of equity

securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (**Excess Securities**) for which he wishes to subscribe

- 18 3 Any equity securities not accepted by shareholders pursuant to the offer made to them in accordance with Article 18 2 shall be used for satisfying any requests for Excess Securities made pursuant to Article 18 2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro rata to the number of shares held by the applicants immediately before the offer was made to shareholders in accordance with Article 18 2 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any shareholder beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the shareholders.
- 18 4 Subject to Articles 18 2 and 18 3 and to section 551 of the Act, any equity securities shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.
- 18 5 No shares shall be allotted to any employee, director, prospective employee or director unless such person has entered into a joint election with the company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

## Transfers of Shares

### 19 Share transfers

- 19 1 In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.
- 19 2 No share shall be transferred unless the transfer is made in accordance with these Articles.
- 19 3 Any shareholder wishing to transfer its shares (**Seller**) must give a notice in writing (a **Transfer Notice**) to the other shareholders (**Continuing Shareholders**) giving details of the proposed transfer including, in particular, the identity of the buyer, the number and price of the shares (the **Sale Shares**), and must first offer them to the Continuing Shareholders.
- 19 4 On receipt of the Transfer Notice, the directors shall have 14 days to offer the Sale Shares to the Continuing Shareholders in proportion, as nearly as may be, to the number of shares already held by them (the "**pro-rata percentage**") and the Continuing Shareholders shall have 28 days to advise the Company in writing whether they wish to accept the offer and in such acceptance any Continuing Shareholder may state if he is willing to accept any Sale Shares in addition to the proportion offered to him. If any Continuing Shareholder has applied for less than his pro-rata percentage, the excess shall be allocated to those Continuing Shareholders who have applied for more than their pro-rata percentage in proportion to the number of Shares then held by each of them respectively (but without allocating to any Continuing Shareholder an aggregate number of Sale Shares greater than the maximum number applied for by him) and any remaining excess shall be apportioned by applying this Article 19 4, disregarding any

Continuing Shareholder whose application has already been satisfied in full

- 19 5 After the expiry of the offer period described in Article 19 4 or after the Company shall have received notice of the acceptance or refusal of the offer set out in the Transfer Notice from all Continuing Shareholders (whichever shall be the earlier event) the directors shall confirm the obligation of the Seller and the Continuing Shareholders to sell or buy the Sale Shares offered in accordance with such acceptances For the avoidance of doubt, no shareholder shall be obliged to buy more Sale Shares than their pro-rata percentage
- 19 6 If, at the expiry of the period specified in article 19 4, the Continuing Shareholders have not notified the Seller that they want to buy all of the Sale Shares, the Seller may transfer the balance of the Sale Shares in the Company to the buyer identified in the Transfer Notice (subject to the provisions of article 21 and article 22 where applicable) at a price not less than the price specified in that notice provided that it does so within two months of the expiry of the period specified in article 19 4
- 19 7 Any transfer of shares by way of a sale that is required to be made under article 19, article 20, article 21 or article 22 shall be deemed to include a warranty that the transferor sells the shares with full title guarantee
- 19 8 Subject to article 19 9, the directors shall forthwith register any duly stamped transfer made in accordance with these Articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles
- 19 9 The directors may, as a condition to the registration of any transfer of shares in the Company require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) If any such condition is imposed in accordance with this article 19 9, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee
- 19 10 To enable the directors to determine whether or not there has been a disposal of shares in the capital of the Company (or any interest in shares in the capital of the Company) in breach of these Articles, the directors of any class may from time to time require any shareholder to provide the Company with such information and evidence as they may reasonably require relevant to that purpose If a shareholder fails to provide information or evidence in respect of any shares registered in its name to the reasonable satisfaction of such directors within 14 days of their request, such directors may serve a notice on the shareholder stating that the shareholder shall not in relation to all shares held by that shareholder be entitled to be present or to vote in person or by proxy at any general meeting of the Company or any meeting of the holders of shares of that class, or to vote on a written resolution of the shareholders or to receive dividends on the shares until such evidence or information has been provided to the directors' satisfaction
- 19 11 If any shareholder becomes bound under this article 19 or article 20 or otherwise, to transfer any of his shares, but fails to do so within 28 days of being so bound, the directors may authorise a director (or some other person) to act as such shareholder's attorney and the

Company may give good receipt for the purchase price for such shares and may register the transferee (or its nominee) as holder of such shares and issue to it (or as it may otherwise direct) certificates for the same and in any such case the transferor concerned shall be bound to deliver up his certificate for his shares to the Company whereupon he shall be entitled to receive the purchase price for such shares which shall in the meantime be held by the Company on trust for him but without interest

## 20 **Obligatory transfers**

20 1 If any of the following events (**Obligatory Transfer Events**) happen to a shareholder (in this article, the **Seller**), it shall serve a Transfer Notice on the other shareholders (in this article, the **Buyers**) as soon as possible, which shall include details of the Obligatory Transfer Event

- (a) a shareholder becomes a Bad Leaver, or
- (b) the passing of a resolution for the liquidation of the shareholder or the presentation at court by any competent person of a petition for the winding up of the shareholder and which has not been withdrawn or dismissed within seven days of such presentation, or
- (c) a change of control (as control is defined in section 840 of the Income and Corporation Taxes Act 1988) of the shareholder, or
- (d) the issue at court by any competent person of a notice of intention to appoint an administrator to the shareholder, a notice of appointment of an administrator to the shareholder or an application for an administration order in respect of the shareholder, or
- (e) any step is taken by any person to appoint a receiver, administrative receiver or manager in respect of the whole or a substantial part of the assets or undertaking of the shareholder, or
- (f) any chargor taking any step to enforcing any charge created over any shares held by the shareholder in the Company (other than by the appointment of a receiver, administrative receiver or manager), or
- (g) a bankruptcy order being made against him, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors, or
- (h) where the shareholder is an individual, his death, unless that shareholder's Shares become vested in his next of kin within three months of their death

If the shareholder that has suffered the Obligatory Transfer Event fails to serve a Transfer Notice, it shall be regarded as giving a Deemed Transfer Notice in relation to all its shares in the Company on the date on which the other shareholder becomes aware of the Obligatory Transfer Event

20 2 As soon as practicable after service, or deemed service, of the Transfer Notice, the directors or shareholders shall appoint an Expert to determine the Fair Value of the Seller's shares in the

## Company

20 3 If the shareholder ceases to be an employee or Director or consultant of the Company by reason of being a Bad Leaver, the Continuing Shareholders shall have the option at any time from the deemed service of the Transfer Notice until its third anniversary to acquire the Bad Leaver's Sale Shares by service of written notice to the Bad Leaver and the price at which the Sale Shares shall be transferred shall be the lower of

- (a) Fair Value on the date of the deemed service of the Transfer Notice, and
- (b) Fair Value on the date upon which the Continuing Shareholders notify the Bad Leaver in writing that they wish exercise the option to acquire the Sale Shares,

Provided that if the Continuing Shareholders have not exercised their option to acquire the Bad Leaver's Sale Shares on or before the third anniversary of the deemed service of the Transfer Notice, the Bad Leaver shall be entitled to retain the Sale Shares

20 4 All voting rights attached to a Bad Leaver's Sale Shares shall be suspended on the date of the deemed service of the Transfer Notice until the earlier of their transfer to a Continuing Shareholder or the third anniversary of the deemed service of the Transfer Notice. However, they shall have the right to receive a notice of, and to attend, all general meetings of the Company, but shall have no right to vote either in person or by proxy

20 5 In all other cases, the price at which the Sale Shares shall be transferred shall be Fair Value

20 6 Upon receiving notification of the Fair Value determined by the Expert (the first day being the day after the Buyers receive the Fair Value notification) or in the case of a Bad Leaver either (i) upon deemed service of the Transfer Notice or (ii) written notice being served by the Continuing Shareholders to the Bad Leaver, the Sellers shares shall be offered to the Buyers and the provisions of articles 19 4 to 19 8 shall apply

20 7 In this article the Fair Value of the shares to be sold in the Company shall be the value that the Expert certifies to be the fair market value in his opinion based on the following assumptions

- (a) the value of the shares in question is that proportion of the fair market value of the entire issued share capital of the Company that the Seller's shares bear to the then total issued share capital of the Company (with no premium or discount for the size of the Seller's shareholding or for the rights or restrictions applying to the shares),
- (b) the sale is between a willing buyer and a willing seller on the open market,
- (c) the sale is taking place on the date that the Obligatory Transfer Event occurred,
- (d) if the Company is then carrying on its business as a going concern, on the assumption that it shall continue to do so,
- (e) the shares are sold free of all encumbrances, and
- (f) to take account of any other factors that the Expert reasonably believes should be taken into account

If any problem arises in applying any of the assumptions set out in this article 20 7, the Expert shall resolve the problem in whatever manner he shall, in his absolute discretion, think fit

- 20 8 The Expert shall be requested to determine the Fair Value within 20 Business Days of his appointment and to notify the shareholders in writing of his determination
- 20 9 Subject to any confidentiality provisions, the Expert may have access to all accounting records and other relevant documents of the Company
- 20 10 The Expert's determination shall be final and binding on the shareholders (in the absence of fraud or manifest error)
- 20 11 If the Seller fails to complete the transfer of shares as required under this article, the Company
- (a) is irrevocably authorised to appoint any person as agent to transfer the shares on the Seller's behalf and to do anything else that the Buyer may reasonably require to complete the sale, and
  - (b) may receive the purchase price in trust for the Seller, giving a receipt that shall discharge the Buyer

## 21 Tag-Along Rights

- 21 1 If any shareholder, on his own or acting in concert (within the meaning of the edition of the City Code on Take-overs and Mergers current at the relevant time) with one or more other shareholders, proposes to sell or transfer, in one or a series of related transactions, shares equal to or greater than 60% of all the shares in issue at the time of the proposed sale or transfer (the **Proposing Seller**) to any person other than another shareholder, the Proposing Seller shall procure, before the sale or transfer, that each proposed purchaser makes a bona fide written offer (**Tag Along Offer**) to each of the other shareholders (each a **Non-selling Party**) to buy that proportion of each Non-selling Party's shares which is equal to the proportion represented by the number of shares which the Proposing Seller is proposing to sell as against all the shares held by the Proposing Seller at the time of the proposed sale or transfer for the same price per share and otherwise on the same terms and conditions as those applying to the proposed sale or transfer by the Proposing Seller of his shares
- 21 2 Each Tag Along Offer shall specify
- (a) the price for the relevant shares and any other principal terms and conditions of the proposed sale or transfer, and
  - (b) the period (being not less than 21 days from service of the Tag Along Offer) for acceptance by each Non-selling Party
- 21 3 If within the period specified in each Tag Along Offer any Non-selling Party accepts the offer in writing, then the Proposing Seller shall procure that the sale by that Non-selling Party of his relevant shares shall proceed on the same financial terms (including price per share) and at the same time as the sale of the Proposing Seller's shares



- 21 4 Any acceptance by a Non-selling Party of a Tag Along Offer shall be irrevocable, but no sale of that Non-selling Party's shares pursuant to its acceptance shall take place unless and until the sale of the Proposing Seller's shares is completed

## 22 Drag-Along Rights

- 22 1 The provisions of this Article 22 shall apply if any shareholder, on his own or acting in concert with one or more other shareholders, (each a **Selling Shareholder**) proposes to sell or transfer shares (**Sale Shares**) that in aggregate constitute 60% or more of all the shares in issue at the time of the proposed sale or transfer as part of a bona fide arm's length transaction to any person other than another shareholder

- 22 2 The Selling Shareholder may (but shall not be obliged to) give to the Company not less than 21 days' prior written notice of that proposed sale or transfer That notice (**Sale Notice**) will include details of the Sale Shares and the proposed price per Sale Share to be paid by the proposed buyer (**Proposed Buyer**), details of the Proposed Buyer and the place, date and time of completion of the proposed purchase being a date not less than 21 days from service of the Sale Notice (the **Drag Along Completion**) Any Sale Notice received by the Company less than 21 days before the proposed date of the Drag Along Completion shall be ineffective

- 22 3 Immediately upon receipt of a Sale Notice, the Company shall give notice in writing (**Drag Along Notice**) to each of the shareholders (other than the Selling Shareholder) giving the details contained in the Sale Notice and requiring each of them to sell to the Proposed Buyer at the Drag Along Completion all shares held by them, provided that the Selling Shareholder may withdraw a Sale Notice at any time prior to the Drag Along Completion by written notice to the Company to that effect and, on service of that notice, each Drag Along Notice shall no longer be binding and shall cease to have any effect

- 22 4 Each shareholder who is given a Drag Along Notice shall, in the event of the proposed sale or transfer proceeding, sell (or procure the sale of) all the Shares referred to in his Drag Along Notice to the Proposed Buyer on the Drag Along Completion at the highest price per Sale Share proposed by the Proposed Buyer, or, if higher, at which shares have been purchased by the Proposed Buyer or any person acting in concert with the Proposed Buyer during the period of six months prior to the date of the Sale Notice and otherwise on terms no less favourable than those applicable to the sale of shares by the Selling Shareholder

- 22 5 If any of the shareholders (each a **Defaulting Shareholder**) shall fail to comply with the terms of Article 22 4 in any respect

- (a) the Company shall be constituted the agent of each Defaulting Shareholder for the sale of his shares (together with all rights then attached to those shares) referred to in his Drag Along Notice in accordance with that notice,
- (b) the Board may authorise a Director to execute and deliver on behalf of each Defaulting Shareholder the necessary transfers,
- (c) the Company may receive the purchase money in trust for each Defaulting Shareholder and cause the Proposed Buyer to be registered as the holder of such Shares,

- (d) the receipt by the Company of the purchase money pursuant to those transfers shall constitute a good and valid discharge to the Proposed Buyer (who shall not be bound to see to the application of those monies),
- (e) after the Proposed Buyer has been registered in purported exercise of the powers in this Article 22 5, the validity of the proceedings shall not be questioned by any person, and
- (f) the Company shall not pay the purchase monies to a Defaulting Shareholder until he shall, in respect of the shares subject to the Drag Along Notice, have delivered a share certificate or a suitable indemnity and the necessary transfers to the Company

22 6 The expression **price per Sale Share** used in Articles 22 2 and 22 4 shall be deemed to include an amount equal to the relevant proportions of any other consideration (in cash or otherwise) received or receivable by the holders of the shares in question 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 specified shares, and in the event of disagreement, the calculation of the price shall be referred to a chartered accountant or other expert (acting as an expert and not as arbitrator) nominated by the parties concerned (or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall, in the absence of fraud or manifest error, be final and binding

## **Administrative arrangements**

### **23 Means of communication to be used**

23 1 Subject to Article 23 2, any notice, document or other information shall be deemed served on or delivered to the intended recipient

- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider),
- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address,
- (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website

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

working day

23 2 Any notice, document or other information served on, or delivered to, an intended recipient under Article 19, Article 20, Article 21 or Article 22 (as the case may be) may not be served or delivered in electronic form (other than by fax), or by means of a website

23 3 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act

## **24 Indemnity**

24 1 Subject to Article 24 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled

(a) each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs, and

(b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 24 1 1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

24 2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law

24 3 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 officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor)

## **25 Insurance**

25 1 The directors may decide to purchase and maintain insurance, at the expense of the company,

for the benefit of any relevant officer in respect of any relevant loss

25 2 In this article

- (a) a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor),
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate