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Company number 07453633

The Companies Act 2006

Company limited by shares

Special resolution
of
HEATING SYSTEM INNOVATIONS LTD

Passed on 28TH JAN 2011

The following resolution was passed as a special resolution of the company at a general meeting of the company duly convened and

held at HOLIDAY INN, TAUNTON
date 28TH JAN 2011
time 11.30 a m

Special resolution

That the draft regulations produced to the meeting be and are adopted by the company in substitution for its existing articles of association

~~That the draft articles produced to the meeting be and is adopted by the company of its existing articles of association and that the subsequent articles be renumbered accordingly.~~

THURSDAY



A06 03/02/2011 231
COMPANIES HOUSE


Michael John Leary
Chairman

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION
of

HEATING SYSTEM INNOVATIONS LTD (the "Company")

(Company Number 07453633)

(Adopted by special resolution on 29th November 2010)

THURSDAY

A06

03/02/2011
COMPANIES HOUSE

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1. INTERPRETATION

1 1 In these Articles, unless the context otherwise requires

"2006 Act"	means the Companies Act 2006 (as amended from time to time),
"Acting in Concert"	has the meaning given to it in The City Code on Takeovers and Mergers published by The Panel on Takeovers and Mergers (as amended from time to time),
"Active Period"	means, in respect of a Transfer Notice, the period from the time of its service until the time when none of the Shareholders has any further rights or duties, directly or indirectly, to that notice,
"Articles"	means the Company's Articles of Association for the time being in force,
"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 open for business,
"Conflict"	has the meaning given in Article 9 1,
"Controlling Interest"	means an interest in equity securities giving to the holder or holders more than 50 per cent in nominal value of the issued equity securities,
"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),
"equity securities"	has the meaning given in section 560 of the 2006 Act,
"equity shares"	means shares in the equity share capital of the Company,

"Experts"	means an independent firm of accountants or other entity capable of acting as the Company's auditors (but not being the Company's auditors) nominated by agreement between the Shareholders or failing such nomination within 14 days after a request by any Shareholder for such nomination, nominated by the President (or, if he is unavailable for any reason, the next most senior available officer) from time to time of the Institute of Chartered Accountants in England and Wales upon the application at any time of any Shareholder,
"FSMA"	means the Financial Services and Markets Act 2000 (as amended from time to time),
"Group"	means the Company and its subsidiary undertakings from time to time and references to "member of the Group" and "Group Company" are to be construed accordingly,
"Investor"	means Matthew Northover,
"Model Articles"	means the Model Articles for private companies limited by shares contained in schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles,
"Offer Price"	has the meaning given to it in Article 3 4,
"Shareholder"	means a registered holder of shares in the Company,
"Shareholders' Agreement"	means any agreement between the Shareholders from time to time,
"Transfer Notice"	has the meaning given to it in Article 3 2

- 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 2006 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 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 “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 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 13 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”
- 1 14 The Company is a private company limited by shares and the liability of the members is limited

2. PRE-EMPTION RIGHTS ON NEW ALLOTMENTS OF EQUITY SECURITIES

- 2 1 Any equity securities of the Company from time to time which are to be allotted following the date of adoption of these Articles shall, before they are allotted, be offered to the Shareholders in proportion (as nearly as may be) to the nominal value of the equity shares held by them. The making of such an offer is subject to any direction or agreement to the contrary contained in any Shareholders’ Agreement and also to the remaining paragraphs of this Article 0. A reference to the allotment of equity securities in this Article 0 includes the grant of a right to subscribe for, or convert any securities into, ordinary shares in the capital of the Company but such a reference does not include the allotment of any ordinary shares pursuant to such a right
- 2 2 The offer referred to in Article 2 1 shall be at the same price and on the same terms to each Shareholder. The offer shall be made by notice specifying the number or amount of equity

securities offered, the proportionate entitlement of the relevant Shareholder, the price per equity security or amount of equity securities and a period (of not less than 14 days) within which the offer, if not accepted, will be deemed to be declined ("**Acceptance Period**")

- 2 3 After the expiration of the Acceptance Period, the directors shall allot the equity securities so offered to or among the Shareholders who have notified their willingness to take all or any of such equity securities in accordance with the terms of the offer. No Shareholder shall be obliged to take more than the maximum number or amount of equity securities he has indicated his willingness to take.
- 2 4 Any equity securities not accepted pursuant to the offer shall, subject to the terms of any Shareholders' Agreement, be at the disposal of the directors, provided always that
- (a) no equity securities that are shares shall be issued at a discount, and
 - (b) in the case of equity securities not accepted pursuant to the offer as mentioned above, such equity securities shall not be disposed of on terms that are more favourable to the allottees of such equity securities than the terms on which they were offered to the Shareholders.
- 2 5 The discretion of the directors contained in Article 2 4 as to the allotment and disposal of the Company's equity securities shall in any event be subject to the provisions of any Shareholders' Agreement and any other agreement relating to such allotment or disposal binding on the Company from time to time and any directions contained in any resolution creating such equity securities.
- 2 6 Except with the prior written consent of all the Shareholders, no equity securities shall be allotted on terms that the right to take up the equity securities allotted may be renounced in favour of or assigned to another person, and no person entitled to the allotment of an equity security may direct that such equity security be allotted to any other person.
- 2 7 Subject as provided in Articles 2 1 to 2 6, the directors are generally and unconditionally authorised for the purposes of the 2006 Act to allot equity securities that are shares or are rights to subscribe for or convert into shares to such persons, on such terms and in such manner as they think fit up to an aggregate nominal amount of £1,000. Such authority shall expire five years from the date of adoption of these Articles and shall be on terms that the Company may make any offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired, and so that the directors may allot relevant securities in pursuance of any such offer or agreement. Such authority may at any time (subject to sections 549 and 551 of the 2006 Act) be renewed, revoked or varied by ordinary resolution of the Company in general meeting.
- 2 8 Sections 561(1) and sections 562(1) to (5) inclusive of the 2006 Act shall not apply to the Company.

3. PRE-EMPTION RIGHTS ON TRANSFERS OF SHARES

3 1 A Shareholder shall not create or permit to exist any charge, lien or encumbrance over any of his shares in the Company nor may he sell, transfer or dispose of any of his shares or any interest in them (or agree to do so whether subject to any condition precedent, condition subsequent or otherwise) except

(a) as required or permitted by Articles 4 to 7 (inclusive), or

(b) for a transfer of such shares in accordance with the following provisions of this Article
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If a Shareholder shall commit any breach of Articles 4 to 7 (inclusive) then the shares registered in his name shall carry no rights whatever (whether as to voting, dividend or otherwise) unless and until the breach is rectified or such shares are transferred pursuant to and in accordance with Articles 4 to 7 (inclusive)

3 2 A Shareholder proposing to transfer some or all of the shares registered in his name (a "**Proposing Transferor**") shall, unless the transaction falls within one of the exceptions described in Article 3 1(a), give notice in writing (a "**Transfer Notice**") to the Company that he wishes to transfer such shares (the "**Transfer Shares**") Such notice shall constitute the Company (acting by the directors) his agent for the sale of the Transfer Shares at the Offer Price in accordance with this Article A Transfer Notice shall state whether the Proposing Transferor wishes to impose a "**Total Transfer Condition**" (meaning a condition that unless all of the Transfer Shares are sold to a Purchasing Shareholder or Purchasing Shareholders and/or a Nominated Person or Nominated Persons (each as defined below) pursuant to the following provisions of this Article, none of the Transfer Shares shall be so sold) but in the absence of such a statement the Transfer Notice shall be deemed not to contain a Total Transfer Condition A Transfer Notice shall be irrevocable

3 3 Within seven days after the receipt, or deemed receipt, of any Transfer Notice, the directors shall serve a copy of that Transfer Notice on all the Shareholders other than the Proposing Transferor In the case of a Transfer Notice deemed to be given under Article 4, or deemed to be given under any Shareholders' Agreement that is binding on the Proposing Transferor, the Company shall similarly serve notice on all the Shareholders (including the Proposing Transferor) notifying them that the Transfer Notice has been deemed to have been given For the purposes of this Article 3, a Proposing Transferor includes a Shareholder who is deemed to have given a Transfer Notice

Calculation of price

3 4 In these Articles, the expression "**Offer Price**" shall mean such sum per Transfer Share as may be agreed (within 14 days after the service on Shareholders of copies of the Transfer Notice pursuant to Article 3 3) between the Proposing Transferor and the other Shareholders as representing the fair market value of the Transfer Shares or, failing any such agreement (for whatever reason), such sum per Transfer Share as may be determined and certified by the Experts to be the fair market value of the Transfer Shares as at the date of the Transfer Notice or deemed Transfer Notice This shall be determined on the basis of there being a

willing buyer and a willing seller and having regard to the fair value of the business of the Company as a going concern and valuing the Transfer Shares in question as a rateable proportion of the total value of all the issued shares of the Company which value shall not be enhanced or discounted by reason of the fact that the Transfer Shares do or do not carry any degree of control over the Company. The Experts shall act at the expense of the Company and as experts and not as arbitrators in so determining and certifying and their decision shall (in the absence of manifest error) be final.

Offer to the Shareholders or the Company

- 3 5 Within seven days after the date of such agreement or determination of the Offer Price, the Company shall offer the Transfer Shares to the Shareholders (other than the Proposing Transferor) in proportion (as nearly as may be) to the nominal value of equity shares held by them respectively. Every such offer shall be made in writing specifying the number of shares offered ("**Proportionate Entitlement**") and shall be accompanied by forms of application for use by the Shareholder in applying for his Proportionate Entitlement and for any Transfer Shares in excess of any such entitlement which he is prepared to purchase. Every such offer shall be open for acceptance in whole or in part within 21 days from the date of its despatch.
- 3 6 At the expiry of such period of 21 days, the directors shall allocate the Transfer Shares in the following manner:
- (a) to each Shareholder who has agreed to purchase Transfer Shares ("**Purchasing Shareholder**") there shall be allocated his Proportionate Entitlement or such lesser number of Transfer Shares for which he may have applied, and
 - (b) to the extent that any Shareholder has applied for less than his Proportionate Entitlement, the excess shall be allocated (as nearly as may be) pro-rata to the nominal amount of the existing holdings of equity shares of the Shareholders who have applied for any part of such excess provided that any apportionment made under this Article 3 6(b) shall be made so as not to result in any such Shareholder being allocated more Transfer Shares than he has applied for (any remaining excess being apportioned by applying this Article 3 6(b) without taking account of such Shareholder).
- 3 7 If all the Transfer Shares are not accepted by a Purchasing Shareholder or Purchasing Shareholders, the directors (acting with the consent of the Shareholders (excluding the Proposing Transferor and by any other Shareholder who has also served a Transfer Notice which is then in its Active Period)) may, within 30 days after the expiry of the 21 day period referred to in Article 3 5, nominate any person or persons who is willing to act (which may include the Company itself) (the "**Nominated Person**") to purchase some or all of the Transfer Shares which have not been allocated to a Purchasing Shareholder, but no such person shall be entitled to be nominated unless:
- (a) he shall be bound to purchase the Transfer Shares in respect of which he is so nominated no later than if he had been a Purchasing Shareholder and at the Offer Price, or

(b) in the case of the Company being nominated, the following conditions shall have been satisfied

- (i) a special resolution shall have been passed pursuant to section 694 of the 2006 Act or a Shareholders' written resolution shall have been signed pursuant to section 288 of the 2006 Act, in either case approving the terms of a proposed share purchase agreement for the purchase by the Company of the Transfer Shares in respect of which it is so nominated from the Proposing Transferor,
- (ii) under the terms of the proposed share purchase agreement the Company would be bound to purchase the Transfer Shares in respect of which it is so nominated no later than if it had been a Purchasing Shareholder and at the Offer Price,
- (iii) the proposed share purchase agreement when executed would impose no obligations on the Proposing Transferor other than to sell the relevant Transfer Shares to the Company and to the effect that they will be so sold with full title guarantee and free from any encumbrances and third party rights and with all rights attaching to them at the time the agreement is executed,
- (iv) the proposed share purchase agreement complies, and its terms are consistent, with the requirements of sections 684 to 723 of the 2006 Act, and
- (v) the directors shall have resolved that the share purchase agreement be executed by the Company,

subject to, and immediately following, the satisfaction of all the conditions set out in Article 3 7(b), the Company and the Proposing Transferor shall execute the proposed share purchase agreement ("**Buy Back Agreement**")

3 8 Within 28 days of the expiry of the 21 day period under Article 3 5 or, if all the Transfer Shares are not accepted by a Purchasing Shareholder or Purchasing Shareholders, the expiry of the 30 day period under Article 3 7, the directors shall notify the Proposing Transferor and all Purchasing Shareholders of the details of the applications which have been made, of the allocations made as between Purchasing Shareholders under Article 3 6 and of the Nominated Persons under Article 3 7 and those Transfer Shares which each such person is bound to purchase

3 9 Any sale of shares effected pursuant to this Article 3 to a Purchasing Shareholder or a Nominated Person shall be at the Offer Price

Completion of Sale

3 10 Subject as provided below in this Article 3 10 and in Article 3 12, the Proposing Transferor shall be bound, upon payment of the Offer Price, to transfer those Transfer Shares which have been allocated to a Purchasing Shareholder pursuant to Article 3 6 or to a Nominated Person pursuant to Article 3 7, to such Purchasing Shareholder or Nominated Person and to

deliver the relative share certificates (or an appropriate indemnity in respect of any lost certificates), and such payment shall be deemed to be made validly if it is made to the Company to be held in trust for the Proposing Transferor against delivery of such transfers and share certificates (or indemnity) In the case of Transfer Shares the subject of a Buy Back Agreement, completion of the sale and purchase of such Transfer Shares shall take place in accordance with the terms of the Buy Back Agreement

- 3 11 Subject to Article 3 12 and to Article 7, if all the Transfer Shares are not accepted by a Purchasing Shareholder or a Nominated Person, the Proposing Transferor may, within 60 days after the date on which he received notification under Article 3 8, transfer all (but not some) of the Transfer Shares which have not been so accepted to one or more persons, other than any Shareholders, on a bona fide sale at a price per Transfer Share not less than the Offer Price (after deduction, where appropriate, of any dividend or other distribution to be retained by the Proposing Transferor)
- 3 12 Subject to Article 7, if all the Transfer Shares are not accepted by a Purchasing Shareholder or Nominated Person, the Proposing Transferor may, if the Transfer Notice contained a Total Transfer Condition, within 30 days after the date on which he received notification under Article 3 8, transfer all (but not some) of the Transfer Shares (despite the fact that some of the Transfer Shares have been accepted by a Purchasing Shareholder or Nominated Person) to one or more persons other than any Shareholders on a bona fide sale at a price per Transfer Share not less than the Offer Price (after deduction, where appropriate, of any dividend or other distribution to be retained by the Proposing Transferor)
- 3 13 If the Proposing Transferor, having become bound to transfer the Transfer Shares pursuant to Article 3 10, fails to transfer such Transfer Shares, the Purchasing Shareholder pursuant to Article 3 6 or those persons who are entitled to make a nomination pursuant to Article 3 7 may authorise and instruct such person as they think fit (who may be a director) to execute (as a deed or otherwise) the necessary instrument of transfer of such Transfer Shares and may deliver it on his behalf and the Company shall receive the purchase money and shall upon receipt of such money (subject to such instrument being stamped with any required stamp duty) cause the transferee to be registered as the holder of such Transfer Shares and shall hold such purchase money in trust for 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 of such money, and after the name of the transferee has been entered in the register of members in purported exercise of the above-mentioned power the validity of the proceedings shall be unchallengeable
- 3 14 If the Proposing Transferor, having become bound to execute a Buy Back Agreement, fails to do so, the directors may authorise one of their number (who is (as security for the performance of the Proposing Transferor's obligations) irrevocably and unconditionally authorised on behalf of the Proposing Transferor for the purpose) to execute (whether as a deed or otherwise) the Buy Back Agreement, and receive the purchase money due in respect of it, on the Proposing Transferor's behalf The receipt of such director for such

purchase money shall be a good discharge to the Company and the Company shall be entitled to treat the Buy Back Agreement as completed against such receipt. Such director shall hold such purchase money in trust for the Proposing Transferor but 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 the Proposing Transferor shall have delivered to the Company his share certificates (or an appropriate indemnity in respect of any lost certificates) relating to the Transfer Shares the subject of the Buy Back Agreement.

- 3 15 A transfer of Transfer Shares made pursuant to this Article 3 to a Purchasing Shareholder or a Nominated Person shall be on terms that the Proposing Transferor shall transfer the whole of the legal and beneficial title to such shares free from all charges, liens and encumbrances and other third party rights and together with all rights, title and interest in such shares in existence at the date of transfer and which may arise afterwards.
- 3 16 The provisions of this Article 3 may be waived, disapplied, modified, suspended or relaxed in whole or in part in any particular case, if it is so resolved upon in writing by all the Shareholders (excluding the Proposing Transferor).

4. OBLIGATION TO OFFER SHARES FOR SALE IN CERTAIN EVENTS

- 4 1 A person entitled to a share in consequence of the death of a Shareholder shall be deemed to have given a Transfer Notice (without a Total Transfer Condition) in respect of that share at such time within six months of the death of such Shareholder as the directors may determine.
- 4 2 A person entitled to a share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer Notice (without a Total Transfer Condition) in respect of that share at such time as the directors may determine.
- 4 3 If a Shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that Shareholder shall be deemed to have given a Transfer Notice (without a Total Transfer Condition) in respect of all shares held by it at such time as the directors may determine.
- 4 4 Forthwith upon a Transfer Notice being deemed to be served under Article 4 2 or 4 3, the shares subject to the relevant deemed Transfer Notice (the "**Restricted Shares**") shall cease to confer on the holder of them any rights
- (a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of shares,
 - (b) to receive dividends or other distributions otherwise attaching to those shares,
 - (c) to participate in any future issue of Shares

4 5 The directors may reinstate the rights referred to in Article 4 at any time and, in any event, such rights shall be reinstated in respect of

- (a) any Restricted Shares transferred pursuant to this Article 4 on completion of such transfer, or
- (b) any Restricted Shares which following deemed service of the relevant Transfer Notice are not accepted by a Purchasing Shareholder or Nominated Person pursuant to Article 3

5. PERMITTED TRANSFERS

5 1 Notwithstanding the provisions of any other Article, the transfers set out in this Article 5 shall be permitted without restriction and the provisions of Articles 3 and 7 shall have no application

Permitted transfers by corporates

5 2 Any Shareholder who is a body corporate shall be entitled to transfer all or any of its shares to any other body corporate which is for the time being its subsidiary or holding company or another subsidiary of its holding company (each such body corporate being a "**Related Company**") but if a Related Company, whilst it is a holder of shares in the Company, shall cease to be a Related Company in relation to the body first holding the relevant shares, it shall, within 15 Business Days of so ceasing, transfer the shares held by it to such body or any Related Company of such body and, failing such transfer, the holder shall be deemed to have given a Transfer Notice pursuant to Article 3

Permitted Transfers by all Shareholders

5 3 Any Shareholder (the "**Relevant Shareholder**") may at any time transfer all or any of his shares to any other person with the prior written consent of the Board and the Shareholders (excluding the Relevant Shareholder), provided that a Shareholder will not unreasonably withhold or delay consent to any matter that requires approval under this Article 5 3 where the Relevant Shareholder is proposing to transfer all or any of his shares to

- (a) his spouse or partner and/or any one or more of his children (including grand-children and step-children) over the age of 18 (a "**Family Member**"), or
- (b) the trustees of a trust or settlement set up wholly for the benefit of that person and/or his Family Members including a self-invested personal pension scheme which is a registered scheme within the meaning of the Finance Act 2004 (a "**Family Trust**"),

where (in each case) such transfer to a Family Member or Family Trust is for the purposes of implementing a bona fide tax planning scheme

5 4 Any shares may be transferred pursuant to Article 6

6. DRAG ALONG RIGHT

- 6 1 Despite any other provisions of these Articles, any Shareholder or Shareholders who, alone or together, holds or hold 85 per cent or more in nominal value of the issued equity shares of the Company (the "**Calling Shareholders**") shall have the right at any time to require all other holders of shares (the "**Recipient Shareholders**") by notice in writing to them (a "**Call Notice**") to sell all of the shares held by the Recipient Shareholders to any person (the "**Purchaser**") to whom the Calling Shareholders propose to sell all of their shares, provided that
- (a) the consideration for the sale of the shares of the Calling Shareholders and the Recipient Shareholders is cash or cleared funds,
 - (b) the terms and conditions applying to the sale of the shares of the Calling Shareholders and the Recipient Shareholders are set out in reasonable detail in, or in one or more attachments to, the Call Notice,
 - (c) the terms and conditions applying to the sale of the shares held by each of the Recipient Shareholders shall be no less favourable to the Recipient Shareholders than the terms and conditions applying to the sale of the shares held by the Calling Shareholders are to the Calling Shareholders, but the Calling Shareholders shall be entitled in such event to deduct from the amount to be received by the Recipient Shareholders a pro rata share of the fees and expenses relating to the sale of the shares held by the Calling Shareholders and the Recipient Shareholders,
 - (d) the Purchaser is a bona fide arm's length purchaser who is not an associate (as that term is defined in section 435 of the Insolvency Act 1986) of any of the Calling Shareholders, and
 - (e) the Purchaser is required to acquire all the shares of the Recipient Shareholders and of the Calling Shareholders
- 6 2 Subject to compliance with Article 6 1, if a Call Notice is served, all the Shareholders shall be bound to proceed with the sale of all their shares on the terms and subject to the conditions notified in the Call Notice
- 6 3 No Shareholder shall complete any sale of shares to the Purchaser unless the Purchaser completes the purchase of all the shares required to be sold simultaneously
- 6 4 If any Recipient Shareholder fails to agree to sell or complete the sale of or make any required election in respect of any sale of any shares as he is bound to do in accordance with this Article, the directors shall be entitled to execute, and shall be entitled to authorise and instruct such person as they think fit (who may be a director) (the "**Authorised Person**") to execute all necessary agreements, deeds and other documents necessary to give effect to the sale on the terms and conditions notified in the Call Notice, to make any such election on his behalf (in such manner as the Authorised Person in his absolute discretion shall think fit) and to execute the necessary instrument of transfer of his shares and may deliver such transfer on his behalf. The Company may receive the purchase consideration (and deduct

any Recipient Shareholder's pro rata share of the sale costs incurred) and shall upon receipt of such consideration (subject to such instrument being stamped with any required stamp duty) cause the transferee to be registered as the holder of the shares being transferred and shall hold such purchase consideration on behalf of the defaulting Recipient Shareholder. The Company shall not be bound to earn or pay interest on any purchase consideration so held and shall not deliver such purchase consideration to any defaulting Recipient Shareholder 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 consideration shall be a good discharge to the transferee who shall not be bound to see to the application of such money, and after the name of the transferee has been entered in the register of Shareholders in purported exercise of such power the validity of the proceedings shall be unchallengeable.

7. TAG ALONG RIGHT

- 7.1 Except in the case of transfers pursuant to Articles 4 or 5, and after or as a result of going through the pre-emption procedure set out in Article 3, the provisions of this Article 7 shall apply if, in one transaction or a series of related transactions, one or more Shareholders (a "**Seller**") proposes to transfer any of the shares (a "**Proposed Transfer**") which would, if carried out, result in any person (the "**Buyer**"), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company.
- 7.2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer ("**Offer**") to the other Shareholders to purchase all of the shares held by them for a consideration in cash per share that is at least equal to the highest price per share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the 12 months preceding the date of the Proposed Transfer (the "**Specified Price**").
- 7.3 The Offer shall be given by written notice (the "**Offer Notice**"), at least 20 Business Days (the "**Offer Period**") before the proposed sale date (the "**Sale Date**"). To the extent not described in any accompanying documents, the Offer Notice shall set out
- (a) the identity of the Buyer,
 - (b) the purchase price and other terms and conditions of payment,
 - (c) the Sale Date, and
 - (d) the number of Shares proposed to be purchased by the Buyer under the Proposed Transfer (the "**Offer Shares**").
- 7.4 If the Buyer fails to make the Offer to all holders of Shares in the Company in accordance with this Article 7, the Seller shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of shares affected in accordance with the Proposed Transfer.
- 7.5 If the Offer is accepted by any Shareholder (the "**Accepting Shareholder**") within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

7 6 The Proposed Transfer is subject to the pre-emption provisions of Article 3, but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions

7 7 If the Buyer is a Shareholder proposing to acquire Shares pursuant to the pre-emption provisions of Article 3 then the Offer must also extend to any Shares to be allocated to the other Shareholders pursuant to such pre-emption provisions and the provisions of Article 3 shall be deemed to be modified in such circumstances as may be required to enable an Offer to be made and the acquisition completed in accordance with this Article 7

8. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

8 1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the 2006 Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the 2006 Act, 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 2006 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 2006 Act

9. DIRECTORS' CONFLICTS OF INTEREST

9 1 Subject to the terms of any Shareholders Agreement, 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 2006 Act to avoid conflicts of interest (a "Conflict")

9 2 Any authorisation under this Article will be effective only if

- (a) to the extent permitted by the 2006 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

9 3 Any authorisation of a Conflict under this Article 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 or vote 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

9 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

9 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

9 6 In authorising a Conflict, the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to

(a) disclose such information to the directors or to any director or other officer or employee of the Company, or

(b) use or apply any such information in performing his duties as a director,

where to do so would amount to a breach of that confidence

9 7 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

10. 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

11. DIRECTORS

Notwithstanding any limitation on number imposed by these Articles from time to time, whenever the Investor holds any shares (irrespective of class) in the capital of the Company, the Investor shall be entitled, by notice in writing, to nominate and appoint, one person as a director of the Company and the following provisions shall have effect

11 1 any such appointment shall be made by notice in writing to the Company by the Investor and the Investor may, in like manner at any time and from time to time, remove from office any director appointed by him pursuant to this Article 11 and appoint any person in place of any director so removed or dying or otherwise vacating office,

11 2 upon any resolution pursuant to section 168 of the 2006 Act, the Investor, in relation to any resolution to remove a director appointed by the Investor, shall have the right to an aggregate number of votes which is one vote greater than the number of votes capable of being cast on such resolution by all other members of the Company,

11 3 the remuneration and expenses to be paid to any director appointed pursuant to this Article 11 shall be such sum as may be agreed between the director and the Company, and

11 4 upon request by the Investor, the Company shall procure that any director appointed pursuant to this Article 11 shall also be appointed as a director of other members of the Group (or any of them) and sit on any committees established by the directors of the Company or other members of the Group (or any of them)

12. WRITTEN RESOLUTIONS OF MEMBERS

12 1 (a) Subject to Article 12 1(b), a written resolution of members passed in accordance with Part 13 of the Companies Act 2006 is as valid and effectual as a resolution passed at a general meeting of the Company providing there is unanimous consent of the shareholders

(b) The following may not be passed as a written resolution and may only be passed at a general meeting -

(i) a resolution under section 168 of the Companies Act 2006 for the removal of a director before the expiration of his period of office, and

(ii) a resolution under section 510 of the Companies Act 2006 for the removal of an auditor before the expiration of his period of office

12 2 (a) Subject to Article 12 2(b), on a written resolution, a member has one vote in respect of each share held by him

(b) No member may vote on a written resolution unless all moneys currently due and payable in respect of any shares held by him have been paid

13. NOTICE OF GENERAL MEETINGS

13 1 (a) Every notice convening a general meeting of the Company must comply with the provisions of -

(i) section 311 of the Companies Act 2006 as to the provision of information regarding the time, date and place of the meeting and the general nature of the business to be dealt with at the meeting, and

(ii) section 325(1) of the Companies Act 2006 as to the giving of information to members regarding their right to appoint proxies

(b) Every notice of, or other communication relating to, any general meeting which any member is entitled to receive must be sent to each of the directors and to the auditors (if any) for the time being of the Company

14. QUORUM AT GENERAL MEETINGS

14 1 (a) If and for so long as the Company has one member only, one member entitled to vote on the business to be transacted, who is present at a general meeting in person or by one or more proxies or, in the event that the member is a corporation, by one or more corporate representatives, is a quorum

- (b) If and for so long as the Company has two or more members, two members, each of whom is entitled to vote on the business to be transacted and is present at a general meeting in person or by one or more proxies or, in the event that any member present is a corporation, by one or more corporate representatives, are a quorum
- (c) If and for so long as the Company has three or more members, three members, each of whom is entitled to vote on the business to be transacted and is present at a general meeting in person or by one or more proxies or, in the event that any member present is a corporation, by one or more corporate representatives, are a quorum
- (d) Model Article 41(1) is modified by the addition of a second sentence as follows -

"If, at the adjourned general meeting, a quorum is not present within half an hour from the time appointed therefor or, alternatively, a quorum ceases to be present, the adjourned meeting shall be dissolved"

15. VOTING AT GENERAL MEETINGS

- 15 1 (a) Subject to Article 15 2 below, on a vote on a resolution at a general meeting on a show of hands -
 - (i) each member who, being an individual, is present in person has one vote,
 - (ii) if a member (whether such member is an individual or a corporation) appoints one or more proxies to attend the meeting, all proxies so appointed and in attendance at the meeting have, collectively, one vote, and
 - (iii) if a corporate member appoints one or more persons to represent it at the meeting, each person so appointed and in attendance at the meeting has, subject to section 323(4) of the Companies Act 2006, one vote
- (b) Subject to Article 15 2 below, on a resolution at a general meeting on a poll, every member (whether present in person, by proxy or authorised representative) has one vote in respect of each share held by him
- 15 2 No member may vote at any general meeting or any separate meeting of the holders of any class of shares in the Company, either in person, by proxy or, in the event that the member is a corporation, by corporate representative in respect of shares held by that member unless all moneys currently due and payable by that member in respect of any shares held by that member have been paid
- 15 3 (a) Model Article 44(2) is amended by the deletion of the word "or" in Model Article 44(2)(c), the deletion of the " " after the word "resolution" in Model Article 44(2)(d) and its replacement with ", or" and the insertion of a new Model Article 44(2)(e) in the following terms -

"by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right"
- (b) A demand for a poll made by a person as proxy for a member is the same as a demand made by the member
- 15 4 Polls must be taken at the general meeting at which they are demanded and in such manner as the chairman directs

16. POLL VOTES

- 16 1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318(3) of the 2006 Act) present and entitled to vote at the meeting
- 16 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

17. PROXIES

- 17 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"
- 17 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

18. COMMUNICATIONS

- 18 1 Subject to the provisions of the Companies Act 2006, a document or information may be sent or supplied by the Company to a person by being made available on a website
- 18 2 (a) A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be sent to him or an address to which notices may be sent by electronic means is entitled to have notices sent to him at that address, but otherwise no such member is entitled to receive any notices from the Company
- (b) If any share is registered in the name of joint holders, the Company may send notices and all other documents to the joint holder whose name stands first in the register of members in respect of the joint holding and the Company is not required to serve notices or other documents on any of the other joint holders
- 18 3 (a) If the Company sends or supplies notices or other documents by first class post and the Company proves that such notices or other documents were properly addressed, prepaid and posted, the intended recipient is deemed to have received such notices or other documents 48 hours after posting
- (b) If the Company sends or supplies notices or other documents by electronic means and the Company proves that such notices or other documents were properly addressed, the intended recipient is deemed to have received such notices or other documents 24 hours after they were sent or supplied
- (c) If the Company sends or supplies notices or other documents by means of a website, the intended recipient is deemed to have received such notices or other documents when such notices or other documents first appeared on the website or, if later, when the intended recipient first received notice of the fact that such notices or other documents were available on the website

- (d) For the purposes of this Article 20 3, no account shall be taken of any part of a day that is not a working day

19. INDEMNITY

19 1 Subject to Article 19 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

(i) in the actual or purported execution and/or discharge of his duties, or in relation to them, and

(ii) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs, and

- (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 19 1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

19 2 This Article 19 does not authorise any indemnity which would be prohibited or rendered void by any provision of the 2006 Act or by any other provision of law

19 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 2006 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)

20. INSURANCE

20.1 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

20.2 In this Article

- (a) a "relevant officer" has the meaning given in Article 19 3(b),
- (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

21. ITEPA

21.1 If any PAYE or national insurance contribution (or similar or substituted tax) liability and/or related interest, penalties, fines, costs and expenses (together "**employee related tax liability**") becomes payable by any member of the Group by reference to any shares held by any Shareholder or disposed of by any Shareholder (even if the employee or director or former employee or director of the relevant member of the Group by reference to which the relevant employee related tax liability arises or arose is a person other than that shareholder) the Shareholder concerned shall be liable, to the fullest extent permitted by law, on demand by the Company and without right of reimbursement from the Group, to make payment to the Company of such amount as on an after tax basis will meet the employee related tax liability concerned. The Shareholder concerned hereby irrevocably agrees that (as applicable and without prejudice to the rights of the Company or other member of the Group) the Company or other member of the Group may recover such amount payable by way of deduction from any director's fees or salary or consultancy fees or any other amount payable to him by the Company or other relevant member of the Group and to the extent that such deductions are insufficient to cover such amount the Shareholder concerned shall pay to the Company or member of the Group the balance of such amount. For the avoidance of doubt the provisions of this Article 21 shall continue to be binding upon any person who ceases to be a Shareholder as if they continue to be a Shareholder and shall be construed accordingly.

21.2 Save with the consent of all of the board of directors of the Company, any employee or officer of any member of the Group who acquires any interest in any shares shall enter into a joint election with the Company under section 431 Income Tax (Earnings & Pensions) Act 2003 in the form required by HM Revenue & Customs within 10 days of the acquisition of such interest. If such Shareholder does not execute such an election within such period, such

Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the directors to be his agent and attorney to execute such election on his behalf

22. ISSUE OF SHARES AND SHARE CLASS RIGHTS

- 22 1 The Company's share capital that the directors are authorised to issue in accordance with the provisions of Article 22 4 below is £4000 divided into 100,000 Ordinary "A" shares of 1p each, 100,000 Ordinary "B" shares of 1p each, 100,000 Ordinary "C" shares of 1p each and 100,000 Ordinary "D" shares of 1p each. The said Ordinary "A" shares, Ordinary "B" shares, Ordinary "C" shares and Ordinary "D" shares, rank *pari passu* save as to the payment of dividends as referred to in article 22 5
- 22 2 All shares of whatever class shall be under the control of the directors who may (subject to section 551 of the Act and to Article 22 4 below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit
- 22 3 In accordance with section 567 of the Act sections 561 and 562 of the Act shall not apply to the Company
- 22 4 The directors are generally and unconditionally authorised for the purposes of section 551 of the Act to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the share capital stated in Article 22 1 above at any time or times during the period of 5 years from the date of incorporation and the directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said section 551) be renewed, revoked or varied by ordinary resolution, by unanimous consent of the shareholders
- 22 5 (a) Every resolution by which a dividend is declared shall direct that such dividend be paid in respect of one or more classes of shares to the exclusion of the other classes or in respect of all classes of shares by unanimous consent of the shareholders
- (b) Where a dividend is declared in respect of more than one class of shares the Company may, by unanimous resolution of all shareholders, differentiate between such classes as to the amount or percentage of dividend payable, but in default the shares in each such class shall be deemed to rank *pari passu* in all respects as if they constituted one class of shares
- (c) When paying interim dividends the directors may make payments to one or more classes of shares to the exclusion of the other classes or to all classes of shares, by unanimous consent of the shareholders. When making such payments the directors may differentiate between the classes to which payments are being made as to the amount or percentage of dividend payable, by unanimous consent of the shareholders
- (d) Model Articles 30 and 36 shall be modified accordingly
- 22 6 On a winding up or other repayment of capital, the assets of the Company (including capital uncalled at the commencement of the winding up) remaining after paying and discharging the debts and liabilities of the Company and the costs of winding up, shall be applied in repaying the sums paid up or credited as paid up on all the issued shares without distinction as to class. The residue (if any) shall be divided among the holders of the issued shares in proportion to the nominal amount paid up or credited as paid up on such shares without distinction as to class