

Company Number: 07545730

The Companies Act 2006

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

of

~~ACUITY LEGAL~~ <sup>LAW</sup> LIMITED

("the Company")

PASSED ON 1 January 2018

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the resolution set out below, which was proposed by the directors of the Company as a special resolution, was duly passed at a general meeting duly convened and held

**SPECIAL RESOLUTION**

- 1 **THAT** the existing articles of association of the Company be replaced by the new articles of association in the form presented to the meeting and appended to this document and marked "Appendix A" ("the **New Articles**").

**SIGNED** by a director on behalf of  
**ACUITY LEGAL LIMITED**

*David W. Jones*



**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION of ACUITY <sup>LAW</sup> LEGAL LIMITED**

Company Number: 07545730

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As adopted on 1 January 2018

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Cardiff  
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**THE COMPANIES ACT 2006 PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION of ACUITY LEGAL LIMITED (the "Company")**

**1 DEFINITIONS & INTERPRETATION**

- 1.1 In these Articles: **"A Shares"** means "A" ordinary shares of £1.00 each in the capital of the Company;

**"Act"** means the Companies Act 2006;

**"Agreed Dividend Policy"** means at any time the dividend policy that has been agreed to by the holders of the "A" Shares and the "B" Shares;

**"appointor"** has the meaning given in Article 5.1;

**"Auditors"** means the auditors (or accountants) of the Company from time to time;

**"B Shares"** means "B" ordinary shares of £1.00 each in the capital of the Company;

**"C Shares"** means "C" ordinary shares of £1.00 each in the capital of the Company;

**"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 the transaction of normal banking business;

**"Conflict"** has the meaning given in Article 13.1;

**"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);

**"Hurdle Value"** means in respect of any "B" Share and "C" Share a value applicable to that Share notified by the Company to the original subscriber for that B Share or C Share at (or prior) to subscription and designated as the "Hurdle Value";

**"Interested Director"** has the meaning given in Article 13.1;

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

**"Performance Dividend"** means in relation to each sub-class of "B" Share any right it has to a dividend that under the Agreed Dividend Policy is specific to that sub-class of "B" Share;

**"Sale"** means any sale of Shares to a third party purchaser for value;

**"Shares"** together the "A" Shares, the "B" Shares and the "C" Shares; and

**"Share Sub Class"** means any sub-class of Share that is constituted in accordance with Article 2.1.

- 1.2 References to statutory provisions include references to any orders or regulations made thereunder and references to any statute, provision, order or regulation include references to that statute, provision, order or regulation as amended, modified, re-enacted or replaced from time to time whether before or after the date hereof (subject as otherwise expressly provided herein) and to any previous statute, statutory provision, order or regulation amended, modified, re-enacted or replaced by such statute, provision, order or regulation.
- 1.3 Headings are for information only and shall not form part of the operative provisions of, and shall be ignored in construing, these Articles.
- 1.4 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa, words denoting any gender shall include all genders and words denoting persons shall include bodies corporate and unincorporated, associations, partnerships and individuals.
- 1.5 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.
- 1.6 A reference in these Articles to the transfer of any share shall mean the transfer of either or both of the legal and beneficial ownership in such share and/or the grant of an option to acquire either or both of the legal and beneficial ownership in such share and the following shall be deemed (but without limitation) to be a transfer of a share:-

- 1.6.1 any direction (by way of renunciation or otherwise) by a member entitled to an allotment or issue of shares that a share be allotted or issued or transferred to some person other than himself;
- 1.6.2 any sale or any other disposition of any legal or equitable interest in a share (including any voting right attached thereto) or the grant, creation or disposal of any Interest in any share and whether or not by the registered holder thereof and whether or not for consideration or otherwise and whether or not effected by an instrument in writing; and
- 1.6.3 any grant of a legal or equitable mortgage or charge over any share.

## **2 SHARE CAPITAL AND RIGHTS ATTACHING TO SHARES**

### **Share Sub Classes**

- 2.1 The Company may at the time of issue of any Share(s) or after issue, and with the agreement of the holder (or intended subscriber of) the Share(s) in question designate that Share as a sub-class of a particular class of Share. Accordingly, the Company may create sub-classes of:
  - 2.1.1 the "A" Shares which will be designated "A1" Shares, "A2" Shares, "A3" Shares etc;
  - 2.1.2 the "B" Shares which will be designated "B1" Shares, "B2" Shares, "B3" Shares etc; and
  - 2.1.3 the "C" Shares which will be designated "C1" Shares, "C2" Shares, "C3" Shares etc

### **Voting rights**

- 2.2 The "A" Shares and the "B" Shares shall be voting shares with each Share carrying the right to one vote.
- 2.3 The "C" shares shall not have any voting rights.

### **Return of capital and Sale**

- 2.4 On a winding up, or any other return of assets or capital the proceeds available for distribution ("**the Distribution Proceeds**") shall be applied as between the holders of Shares as follows:

- 2.4.1 first to pay any accruals of dividends that have been declared (or which have accrued in accordance with the Agreed Dividend Policy) but have not been paid;
  - 2.4.2 second to pay the balance to the holders of Shares (as if the "A" Shares, the "B" Shares and the "C" Shares same constituted a single class of Share) but on the basis that each "B" Share and "C" Share shall only have a right to receive Distribution Proceeds above its Hurdle Value.
- 2.5 On any Sale the principles set out in Article 2.4 shall (subject to Article 2.6) apply such that the entitlement of any holder of "B" Shares and "C" Shares to any proceeds from the Sale will be determined on the assumption that such proceeds are Distribution Proceeds.
- 2.6 On any Sale then the value of each sub class of the "B" Shares shall take into account the additional value that the sub class of "B" Shares has as a result of the Performance Dividend that it is entitled to in accordance with the Agreed Dividend Policy. In assessing such additional value the holder of the relevant "B" Shares and the Company shall liaise in good faith to agree the fair market value of the "B" Shares and the additional value will be the difference between that fair market value and the amount that is returned under Article 2.4. The value of the remaining Shares will be reduced in proportion to their values prior to the operation of this Article 2.6, in order to accommodate the additional value that is ascribed to the "B" Shares.
- 2.7 In the event that the Shareholders are not able to agree on the operation of Article 2.6 then the matter will be referred to the Auditors for determination and their decision shall (in the absence of manifest error) be binding on the Shareholders. The Auditors shall act as experts not arbiters and the costs of the Auditors shall be borne in equal proportions by the Company.

#### **Dividends**

- 2.8 The Company shall declare and pay dividend(s) in in accordance with the Agreed Dividend Policy from time to time. Any change to the Agreed Dividend Policy to the extent that it disadvantages any particular class of Share (or sub class) relative to the other classes of Share (or sub class) in issue from time to time will be a change to the rights of that class of Share (or sub class) and will require the prior approval of the holders of not less than 75% by number of the Shares in issue that would be affected.

#### **Transfers**

- 2.9 The provisions of Schedule 1 shall apply to transfers of Shares.

### **3 MODEL ARTICLES**

- 3.1 The Model Articles shall apply to the Company save insofar as excluded or varied hereby or inconsistent herewith and the Model Articles (save as so excluded, varied or inconsistent) and the provisions hereinafter contained shall be the articles of association of the Company.
- 3.2 Articles 9, 11(2), 13, 14(1) to (5) inclusive, 52 and 53 of the Model Articles shall not apply to the Company.
- 3.3 *Article 7 of the Model Articles shall be amended by:*
  - 3.3.1 the insertion of the words "for the time being" at the end of article 7(2)(a); and
  - 3.3.2 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".
- 3.4 *Article 18(d) of the Model Articles shall be amended by:-*
  - 3.4.1 inserting the words "with appropriate specialist knowledge" after the words "registered medical practitioner"; and
  - 3.4.2 deleting the words "may remain so" and replacing them with the words "is likely to remain so".
- 3.5 *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".*
- 3.6 *Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to Article 17(2)," after the word "But".*
- 3.7 *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".*
- 3.8 *Articles 31(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".*
- 3.9 *Articles 41(3) of the Model Articles shall be amended by the addition of the words "or if a poll is demanded" after the words "if directed to do so by the meeting".*

## **4 APPOINTMENT OF DIRECTORS**

### **Method of Appointing Directors**

- 4.1 Article 17(2) of the Model Articles shall be deleted and replaced with the following words:-

"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."

## **5 APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

- 5.1 Any director ("**appointor**") may appoint as his alternate any other director, or any other person approved by resolution of the directors, to:

5.1.1 exercise that director's powers; and 5.1.2 carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

- 5.2 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.

- 5.3 The notice must:

5.3.1 identify the proposed alternate; and

5.3.2 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.

## **6 RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

- 6.1 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.

- 6.2 Except as these Articles specify otherwise, alternate directors:-

6.2.1 are deemed for all purposes to be directors;



6.2.2 are liable for their own acts and omissions;

6.2.3 are subject to the same restrictions as their appointors; and 6.2.4 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.

6.3 A person who is an alternate director but not a director:-

6.3.1 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);

6.3.2 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

6.3.3 shall not be counted as more than one director for the purposes of Articles 6.3.1 and 6.3.2 above.

6.4 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.

6.5 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.

## **7 TERMINATION OF ALTERNATE DIRECTORSHIP**

An alternate director's appointment as an alternate terminates:

7.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

7.2 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;

- 7.3 on the death of the alternate's appointor; or
- 7.4 when the alternate's appointor's appointment as a director terminates.

## **8 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.

## **9 DECISION MAKING BY DIRECTORS**

### **Calling a Directors' Meeting**

- 9.1 Any director may call a directors' meeting by giving not less than 5 Business Days advance notice of such meeting (or such shorter period of notice as may be agreed in accordance with Article 9.4 below) to the other directors, or by authorising the company secretary (if any) to give such notice.
- 9.2 Notice of any directors meeting must indicate:-
- 9.2.1 the proposed date and time of the meeting;
  - 9.2.2 where the meeting is to take place; and
  - 9.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 9.3 Notice of a directors' meeting must be given to each director but need not be in writing.
- 9.4 A director may waive his entitlement to the notice specified in Article 9.1 above or consent to a shorter period of notice by giving notice to that effect to the Company either in advance or retrospectively. Where notice of waiver or consent to short notice is given after the meeting has been held, that shall not affect the validity of the meeting or of any business conducted at it.

## **10 QUORUM FOR DIRECTORS MEETINGS**

- 10.1 Subject to Article 10.2 below, the quorum for the transaction of business at a meeting of directors is any two eligible directors.

- 10.2 For the purposes of any meeting (or part of a meeting) held pursuant to 312 below to authorise a 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.

## **11 CASTING VOTE**

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

## **12 DIRECTORS' DECLARATION OF INTERESTS**

- 12.1 A director who is in any way, whether directly or indirectly interested in a proposed transaction or arrangement with the Company shall, in accordance with the Act, declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement.

- 12.2 A director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall, in accordance with the Act, declare the nature and extent of his interest to the other directors as soon as is reasonably practicable, unless the interest has already been declared under Article 12.1 above.

- 12.3 A director need not declare an interest under Articles 12.1 and/or 12.2 above (as the case may be):-

12.3.1 if it cannot reasonably be regarded as likely to give rise to a conflict of interest;

12.3.2 of which the director is not aware, although for this purpose a director is treated as being aware of matters of which he ought reasonably to be aware;

12.3.3 if, or to the extent that, the other directors are already aware of it, and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware; or

12.3.4 if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered by the directors or a committee of the directors.

- 12.4 Provided he has declared the nature and extent of his interest in accordance with Articles 12.1 and/or 12.2 above and the provisions of the Act, a director who is in any way,

whether directly or indirectly, interested in any existing or proposed transaction or arrangements with the Company:-

- 12.4.1 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;
- 12.4.2 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;
- 12.4.3 shall count in a quorum and be entitled to vote at a meeting of the 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;
- 12.4.4 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;
- 12.4.5 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
- 12.4.6 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.

- 12.5 For the purposes of this Article 12, reference to a meeting of the directors (or a committee of the directors) shall include any part of such meeting.

### **13 DIRECTORS' CONFLICTS OF INTEREST**

- 13.1 The directors may, in accordance with the requirements set out in this Article 13, authorise any matter 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 Companies Act 2006 to avoid conflicts of interest ("**Conflict**").

13.2 Any authorisation under this Article 13 will be effective only if:-

- 13.2.1 the matter in question shall have been proposed by any director for consideration at a meeting of directors 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;
- 13.2.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the Interested Director; and
- 13.2.3 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.

13.3 Any authorisation of a matter under this Article 13 may (whether at the time of giving the authority or subsequently):-

- 13.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
- 13.3.2 impose upon the Interested Director such other terms, limits or conditions for the purposes of dealing with the Conflict and for such duration as the directors think fit;
- 13.3.3 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; and
- 13.3.4 be terminated or varied by the directors at any time (provided that this will not affect anything done by the Interested Director prior to such termination or variation in accordance with the terms of the authorisation).

13.4 In authorising a Conflict the directors may decide (whether at the time of giving the authority or subsequently) that if an Interested Director obtains or 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 a third party the Interested Director is under no obligation:-

- 13.4.1 to disclose such information to the Company or to any director or other officer or employee of the Company; or

- 13.4.2 to 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.
- 13.5 Where the directors authorise a Conflict they may provide, without limitation (whether at the time of giving the authority or subsequently) that the director:-
- 13.5.1 is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;
- 13.5.2 is not given any documents or other information relating to the Conflict; and
- 13.5.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.
- 13.6 Where the directors authorise a Conflict:-
- 13.6.1 the director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict; and
- 13.6.2 the director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Companies Act 2006 provided he acts in accordance with such terms, limits and conditions (if any) as the directors impose in respect of its authorisation.
- 13.7 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.

## **14 DECISION MAKING BY SHAREHOLDERS**

### **Poll Votes**

- 14.1 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.
- 14.2 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 sentence at the end of that article.

## **15 PROXIES**

- 15.1 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".
- 15.2 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.

## **16 ADMINISTRATIVE ARRANGEMENTS**

### **Notices**

- 16.1 Any notice, document or other information properly addressed shall be deemed served on or delivered to the intended recipient:-
- 16.1.1 in the case of a notice sent by first class prepaid post to an address in the United Kingdom, Channel Islands or Isle of Man, on the second Business Day after the day of posting;
- 16.1.2 in the case of a notice sent elsewhere by airmail, on the fifth Business Day after posting;
- 16.1.3 in the case of a notice delivered by hand or reputable courier, when it was given or left at the appropriate address;
- 16.1.4 in the case of a notice sent by facsimile or electronic means, upon sending; and
- 16.1.5 in the case of a notice posted on the Company's website, upon posting 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.
- 16.2 If notice is given in accordance with Article 16.1.3 or 16.1.4 above on a day which is not a Business Day, such notice will be deemed to have been duly served or delivered on the next following Business Day.

- 16.3 A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Company's register of members in respect of the share.
- 16.4 A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a shareholder by sending it by prepaid first class post addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 16.5 Notice of every general meeting shall be given in any manner authorised in these Articles to:-
- 16.5.1 every shareholder or his transmittee; and
- 16.5.2 each director who is not a shareholder.

No other person shall be entitled to receive notices of general meetings.

- 16.6 Every shareholder shall be deemed to have agreed to accept communication from the Company by electronic means (including via the Company's website) unless he shall withdraw such agreement by notice in writing. Notice under this Article 16.6 must be in writing and signed by the shareholder and delivered to the Company's registered office.
- 16.7 If the Company sends two consecutive documents to a member during any 12 month period and each of those documents is returned undelivered, or the Company receives notification that it has not been delivered, that member shall, subject to Article 16.8 below, cease to be entitled to receive notices from the Company.
- 16.8 A member who has ceased to be entitled to receive notices from the Company shall become entitled to receive notices again by sending the Company written notification of a new address to be recorded in the register of members or such other information as the Company needs for the effective use of any other form of communication permitted under these Articles.

## **17 INDEMNITY**

- 17.1 Subject to Article 17.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:-



- 17.1.1 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 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
- 17.1.2 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 17.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.
- 17.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 17.3 In this Article 17:-
- 17.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- 17.3.2 a "relevant officer" shall have the meaning given in Article 18.2 below.

## **18 INSURANCE**

- 18.1 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.
- 18.2 In this Article 18:-
- 18.2.1 a "relevant officer" means any current or former director, secretary or other officer of the Company or of an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act);
- 18.2.2 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

- 18.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

## SCHEDULE 1

### SHARE TRANSFERS

#### 1 DEFINITIONS

1.1 In this Schedule the following words shall have the following meanings:

**"Controlling Interest"** means ownership of "A" Shares and / or "B" Shares which together comprise more than 50% by number of the total number of "A" Shares and "B" Shares in issue from time to time;

**"Bad Leaver"** means a holder of "B" Shares:-

- (i) who voluntarily resigns his/her employment (or consultancy arrangement) with a member of the Group in order to:
  - (a) become engaged, concerned, interested in, employed by or a partner or member in any other business which supplies Legal Services; or
  - (b) on his / her own account provide Legal Services; or
- (ii) whose employment with the Company is terminated as a result of (or in circumstances which would justify termination for) gross misconduct;

**"Connected Shareholder"** means in relation to any Employee Shareholder or Founder Shareholder a person who has acquired Shares through a Permitted Transfer;

**"Employee Shareholder"** means any person who is issued with "B" Shares;

**"Founder Shareholder"** means any holder of "A" Shares as at the date of adoption of these Articles;

**"Group"** means the Company and its subsidiaries from time to time;

**"Legal Services"** means legal services of the type that are provided by the Group from time to time;

**"Tag Along Offer"** means an offer to purchase Shares in accordance with paragraph 4;

**"Drag Along Option"** means a sale of Shares that takes place in accordance with paragraph 5;

**"Privileged Relations"** means in relation to a Shareholder his / her spouse and / or children;

**"Selling Shareholders"** means a Shareholder (or group of Shareholders) who propose to transfer Shares to a third party in circumstances where such proposed transfer has been approved in accordance with paragraph 2.1 of this Schedule.

## **2 TRANSFER OF SHARES**

The Directors shall refuse to register the transfer of any Share unless the proposed transfer:-

- 2.1 has been approved in advance in writing by a Shareholder 75% Majority; or
- 2.2 in the case of "A" Shares and "B" Shares is a permitted transfer by a Shareholder (or the personal representatives of Shareholder) in accordance with paragraph 3 ("**a Permitted Transfer**").

## **3 PERMITTED TRANSFERS**

- 3.1 The following transfers of "A" Shares and "B" Shares shall be classified as Permitted Transfers by a Shareholder (or the personal representatives of a Shareholder):-
  - 3.1.1 a transfer to one or more Privileged Relations;
  - 3.1.2 a transfer to a trustee or trustees of a family trust set up wholly for the benefit of one or more Privileged Relations; or
  - 3.1.3 a transfer to joint names of the individual member and one or more Privileged Relations.
- 3.2 If, following a transfer of Shares pursuant to paragraph 3.1 a transferee ceases to be within the definition of a Privileged Relation in relation to the transferor (other than as a result of the death of a Shareholder) the transferee shall, within 21 days of so ceasing, transfer the Shares held by it to the applicable Equity Partner.

## **4 TAG ALONG OFFER**

- 4.1 If the effect of any transfer of Shares by Selling Shareholders would, if completed, be to enable a third party purchaser ("**a Third Party Purchaser**") to obtain a Controlling Interest in the Company:-

- 4.1.1 the Selling Shareholders shall procure the making by the Third Party Purchaser of an offer to all of the other Shareholders ("**the Tag Along Offer**") in accordance with this paragraph 4 and which includes the Third Party Purchaser ascribing a gross value for the purchase of all of the Shares in issue at such time (the "**Third Party Company Value**"); unless
- 4.1.2 the Selling Shareholders (where they also constitute a Shareholder 75% Majority) invoke the provisions of paragraph 5 to compel the other Shareholders to sell their Shares.
- 4.2 Every such Shareholder on receipt of a Tag Along Offer shall be bound within 28 days of the date of such offer (which date shall be specified therein) either to accept or reject such offer in writing (and in default of so doing shall be deemed to have rejected the offer). Until such Tag Along Offer has been made and completed the Board shall not sanction the making and registration of the relevant transfer.
- 4.3 The Tag Along Offer shall be at a price per "A" Share, "B" Share and "C" Share (the "**Offer Price**") which is calculated in accordance with the principles set out in Article 2.4 and on the basis that the Distribution Proceeds (as defined in Article 2.4) is equal to the Third Party Company Value.
- 4.4 For the purposes of this paragraph 4 there shall be included in each case an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the Selling Shareholders which (having regard to the substance of the transaction as a whole) can reasonably be regarded as forming part of the consideration for the relevant Shares.

## **5 DRAG ALONG OPTION**

- 5.1 The Selling Shareholders shall if they constitute a Shareholder 75% Majority have the option (the "**Drag Along Option**") to require all the other Shareholders to transfer all of their Shares to the Third Party Purchaser in accordance with this paragraph 5.
- 5.2 The Selling Shareholders may exercise the Drag Along Option by giving notice to that effect (a "**Drag Along Notice**") to all other Shareholders (the "**Dragged Shareholders**") at any time before the transfer of Shares to the Third Party Purchaser.
- 5.3 A Drag Along Notice shall specify that the Dragged Shareholders are required to transfer all their Shares (the "**Dragged Shares**") pursuant to paragraph 5.1, the price at which the

Dragged Shares are to be transferred being no lower than the Offer Price (as defined in paragraph 4.3 above).

- 5.4 A Drag Along Notice is irrevocable but the Drag Along Notice and all obligations thereunder will lapse if for any reason there is not a transfer of a Controlling Interest to the Third Party Purchaser within 60 days after the date of the Drag Along Notice.
- 5.5 *Completion of the sale of the Dragged Shares under this Paragraph shall take place on the same date as the date proposed for completion of the sale of the Selling Shareholders' Shares unless all of the Dragged Shareholders and the Selling Shareholders agree otherwise*
- 5.6 Each Dragged Shareholder hereby appoints any director of the Company to act as his / her / its attorney for the purposes of giving effect to the provisions of this paragraph 5 including executing any share transfers on his / her / its behalf.
- 5.7 A Dragged Shareholder shall:
  - 5.7.1 give the customary warranties as to title and authority to sell Shares;
  - 5.7.2 if and to the extent that the Selling Shareholders are giving warranties the Dragged Shareholder shall also give such warranties but on a several basis and subject to his or her actual awareness in relation to all such warranties;
  - 5.7.3 benefit from no less favourable limitations on liability in relation to warranties than applies to the Selling Shareholders; and
  - 5.7.4 not be required to commit to remain with the Company beyond the notice period in his or her Service Agreement.

## **6 COMPULSORY TRANSFERS IN RELATION TO FOUNDER SHAREHOLDERS**

- 6.1 If a Founder Shareholder ceases to be employed by the Group (for whatever reason) then at anytime within a period of 6 months from the date that such Founder Shareholder's employments ceases ("**the Cessation Date**"):
  - 6.1.1 the Shareholders (other than the Founder Shareholder in question and his / her Connected Persons) may on notice in writing to that Founder Shareholder and his / her Connected Persons require that the Founder Shareholder and his / her Connected Persons offer up to 50% of the "A" Shares held by them for sale

to the Company or to the other Shareholders or as the Shareholder 75% Majority may direct ("**a Compulsory "A" Share Call**"); or

- 6.1.2 the Founder Shareholder may on notice in writing to the Company and subject to clause 6.7 require that the Company purchases up to 100% and no less than 50% of the "A" Shares held by the Founder Shareholder and his / her Connected Persons ("**a Compulsory "A" Share Put**").

it being recognised and agreed that if both a Compulsory "A" Share Call and a Compulsory "A" Share Put are made, the Compulsory "A" Share Put shall prevail and the Compulsory "A" Share Call shall be deemed to be withdrawn.

- 6.2 Under a Compulsory "A" Share Call or a Compulsory "A" Share Put (together "**a Compulsory "A" Share Offer**") the price per "A" Share shall be as agreed between the Founder Shareholder in question and the other Shareholders or failing any such agreement and upon the application of any Shareholder as determined by the Auditors in accordance with paragraph 6.3.
- 6.3 In the event that the Auditors are required to determine the price at which any "A" Shares are to be transferred pursuant to a Compulsory "A" Share Offer (the "**"A" Sale Price**") such price shall be a price per "A" Share which is calculated in accordance with the principles set out in Article 2.4 and on the basis that the Distribution Proceeds (as defined in Article 2.4) is equal to the sum which the Auditors assess a willing purchaser would agree with a willing seller to be the purchase price for all the Shares (without any discount for a minority interest) and allowing for an orderly marketing of the Company.
- 6.4 In so certifying, the Auditors shall act as experts and not as arbitrators and their decision shall be final and binding on the parties.
- 6.5 The Auditors' costs of making any determination shall be borne in equal proportions by the Company and by the Shareholders the subject of the Compulsory "A" Share Offer.
- 6.6 A Compulsory "A" Share Offer shall be structured as follows:
- 6.6.1 subject to clause 6.7, completion of the sale and purchase of the "A" Shares in question shall occur within 90 days of written notice having been served in accordance with paragraph 6.1 (or within 10 days of determination of the "A" Sale Price if later) subject to the Company (or a person nominated by the Company) paying not less than 33.33% of the "A" Sale Price;

6.6.2 the balance of the "A" Sale Price shall be paid by way of equal monthly instalments over a period of up to three years, and if such payment period is longer than two years then interest shall accrue and be payable on each instalment after the second anniversary of the date of completion at a rate equal to 4% above the base rate of the Bank of England at such time.

6.7 It is recognised that the Compulsory "A" Share Put is subject to the Company being legally able to buy back the "A" Shares in question and in the event that there is any restriction or impediment to this then the Shareholders will use reasonable endeavours to structure the transaction in a manner that is legally compliant and is compatible with the resources available to the Company and for the avoidance of doubt no individual Shareholder will be required to make funding available to the Company for such purchase.

## **7 COMPULSORY TRANSFERS IN RELATION TO EMPLOYEE SHAREHOLDERS**

7.1 If an Employee Shareholder ceases to be employed by the Group for whatever reason then:

7.1.1 the Employee Shareholder (and any Connected Shareholder of that Employee Shareholder) (each an **"Exiting Employee Shareholder"**) will upon notice in writing from the Board make the "B" Shares or "C" Shares held by them (the **"Employee Sale Shares"**) available to purchase by the Company (or as it may direct);

7.1.2 the price payable for the Employee Sale Shares held by each Exiting Employee Shareholder will be:

7.1.2.1 £1.00; plus

7.1.2.2 the aggregate sum of any dividends that have accrued in accordance with the Agreed Dividend Policy up to the date that the Employee Shareholder ceased to be employed by the Group but have not been paid; plus

7.1.3 if applicable under paragraph 7.2 and only in relation to "B" Shares, a Goodwill Payment.

7.2 Subject to the remaining provisions of this paragraph 7, in the event that any Exiting "B" Shareholder has held "B" Shares for a period of at least 5 years then each Exiting "B" Shareholder will be entitled to receive as a payment the following percentage of each



Annual Equity Dividend that they would have received had they remained as a shareholder for a further 2 year period (the "**Continuing Annual Dividend**"):

- 7.2.1 if the Leaving Date is after the fifth anniversary of the Issue Date but before sixth anniversary – 50%;
  - 7.2.2 if the Leaving Date is on or after the sixth anniversary of the Issue Date but before seventh anniversary – 60%;
  - 7.2.3 if the Leaving Date is on or after the seventh anniversary of the Issue Date but before eighth anniversary – 70%;
  - 7.2.4 if the Leaving Date is on or after the eighth anniversary of the Issue Date but before ninth anniversary – 80%;
  - 7.2.5 if the Leaving Date is on or after the ninth anniversary of the Issue Date but before tenth anniversary – 90%; and
  - 7.2.6 on or after the tenth anniversary of the Issue Date – 100%, such a payment being a "**Goodwill Payment**".
- 7.3 The Goodwill Payment will be payable by the Company over a period of two years or such longer term as may be appropriate in the reasonable opinion of the Board given the cash resources available to the Company.
- 7.4 If:
- 7.4.1 the Employee Shareholder is a Bad Leaver then no Goodwill Payment will be made;
  - 7.4.2 during the two year period after the Leaving Date the Employee Shareholder:
    - 7.4.2.1 becomes engaged, concerned, interested in, employed by or a partner in any other business which supplies Legal Services; or
    - 7.4.2.2 on his / her own account provides Legal Services,
- then from that date onwards no further Goodwill Payment will be made and the Employee Shareholder shall repay any Goodwill Payment that he has received;
- 7.5 If in any year after the Leaving Date the Continuing Annual Dividend is higher than the average Annual Equity Dividend received by the Employee Shareholder in the two

financial years preceding the Leaving Date then the lower figure will be substituted for the Continuing Annual Dividend in that year.