

THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS  
of  
VALUTRADES LIMITED

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the following resolutions are passed, as set out below:

AS SPECIAL RESOLUTIONS

- 1 THAT the Articles of Association for the purposes of identification attached to these resolutions and marked "A1" (the **Articles of Association**) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association, and that the appropriate applications and filings shall be made at Companies House in order to give effect to this Resolution.

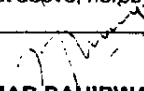
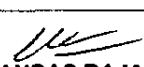
2 Cessation of existing Shareholders' Agreement

Pursuant to clause 17.1 of the Shareholders' Agreement date 22<sup>nd</sup> May 2014 and made between (1) Anil Kumar Bahirwani, (2) Mohandas Rajaram Lakhiani, and (3) Patrick Latchford (the **Shareholders' Agreement**), all the parties for the time being to the Shareholders' Agreement (now excluding Patrick Latchford) can vary its terms by agreement in writing.

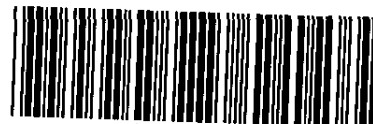
IT IS HEREBY AGREED AND RESOLVED IN WRITING TO vary the Shareholders' Agreement by means of its termination and cessation, it having been entirely replaced and substituted by the new Articles of Association.

Circulation date: 13/02/ 2018

We the undersigned, being persons entitled on the circulation date set out above to vote on the resolutions set out above, hereby irrevocably agree to the said resolutions.

Signature: 	Signature: 
Name: ANIL KUMAR BAHIRWANI	Name: MOHANDAS RAJARAM LAKHIANI
Date of signature: 13/02 ... 2018	Date of signature: 13/02 ... 2018

TUESDAY



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COMPANIES HOUSE

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**THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**VALUTRADES LIMITED  
Company Number: 07939901**

**(Adopted by Special Resolution passed on 13 February 2018)**

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THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
VALUTRADES LIMITED  
(Adopted by special resolution passed on 13 February 2018  
)

INTRODUCTION

1. INTERPRETATION

- 1.1. The following definitions and rules of interpretation apply in these Articles:

**An A Director:** a Director appointed by the Founder Shareholders pursuant to *Article 5.2*;

**A Share:** an ordinary A share of £1 in the capital of the Company;

**Act:** the Companies Act 2006;

**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);

**Adoption Date:** the date of adoption of these Articles;

**Articles:** the Company's articles of association for the time being in force;

**Available Profits:** profits available for distribution within the meaning of Part 23 of the Act;

**B Share:** an ordinary B share of £1 in the capital of the Company;

**Business:** includes financial services to a broad retail and institutional client base as set out in the Company's permissions as granted by the Financial Conduct Authority;

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

**C Director:** a Director appointed by the holders of the C Shares pursuant to *Article 5.1*;

**C Share:** an ordinary C share of £1 in the capital of the Company;

**Chairman:** has the meaning given to it in *Article 6*;

**Company:** means Valutrades Limited (Company number 07939901);

**Company's Lien:** has the meaning given to it in *Article 24.1*;

**connected:** has the meaning given in section 252 of the Act;

**Continuing Shareholders:** has the meaning given in *Article 16.2* and **Continuing Shareholder** means either of them.

**Controlling Interest:** an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

**Deemed Transfer Notice:** a Transfer Notice which is deemed to have been served by any of the provisions of these Articles;

**Departing Employee:** a holder of the C Shares who is an Employee and who ceases to be a director and employee of, or consultant to, any Group Company and who does not continue as, or become, a director and employee of, or consultant to, any Group Company;

**Directors:** the directors of the Company from time to time;

**Disposal:** the disposal by the Company of all, or a substantial part of, its business and assets;

**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);

**Employee:** an individual who is, or has been, a director and/or an employee of, or who does provide or has provided consultancy services to, any Group Company;

**Employee Shareholder:** an Employee holding Shares;

**Encumbrance:** any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including, without limitation, any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

**Fair Value:** has the meaning given in *Article 17.4*;

**Financial Year:** an accounting reference period (as defined in section 391 of the Act) of the Company;

**Founder Shareholders:** Anil Kumar Mulchand Bahirwani and Mohandas Rajaram Lakhiani and **Founder Shareholder** means either of them;

**Founder Shareholder A:** means Anil Kumar Mulchand Bahirwani;

**Founder Shareholder B:** means Mohandas Rajaram Lakhiani

**Founders' Capital:** means the sum of:

- (i) any and all monies advanced to the Company by the Founder Shareholders whether by way of debt, share price, share premium or otherwise
- (ii) less any and all monies repaid by the Company to the Founder Shareholders excluding any dividend payments

the balance of which sum is standing to the account of the Company on the date of the relevant Share Sale, Listing, Disposal or other transfer;

**Group:** the Company and its subsidiaries (if any) from time to time and **Group Company** shall be construed accordingly;

**holding company:** has the meaning given in section 1159 of the Act;

**Issue Price:** in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium;

**Lien Enforcement Notice:** means a notice in writing which complies with the requirements of *Article 25.2*;

**Listing:** the successful application and admission of all or any of the Shares, or securities representing such Shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the Financial Conduct Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

**Member of the Same Group:** as regards any company, a company which is from time to time a holding company or a subsidiary of that company or a subsidiary of any such holding company;

**Minimum Capital Requirement:** that amount of the regulatory capital of the Company contributed in cash by the Founder Shareholders from time to time;

**Model Articles:** 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 Adoption Date;

**Price Notice:** has the meaning given in *Article 16.5*;

**Relevant Proportion:** means the proportion which the number of Shares held bears to the total number of Shares issued (with no distinction between A Shares, B Shares and C Shares);

**Relevant Securities:** any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than:

(a) the grant of any options under a share option scheme of the Company (and the issue of Shares on the exercise of any such options); and

(b) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles.

**Restricted Shares:** has the meaning given in *Article 18.2*;

**Sale Proceeds:** means the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale (less any fees and expenses payable by the selling Shareholders under that Share Sale);

**Sale Shares:** has the meaning giving in *Article 16.2.1*;

**Seller:** has the meaning given in *Article 16.2*;

**Shareholder:** a holder for the time being of any Share or Shares;

**Shareholder C:** means a holder of C Shares;

**Shares:** shares (of any class) in the capital of the Company and **Share** shall be construed accordingly; **Share Sale:** the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions) which would, if completed, result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest, except where the identities of the Shareholders and the proportion of Shares held by each of them following completion of the sale are the same as the identities of the Shareholders and their respective shareholdings in the Company immediately before the sale;

**subsidiary:** in relation to a holding company wherever incorporated, means a "subsidiary" (as defined in section 1159 of the Act) for the time being and any other company which for the time being is itself a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company;

**Takeover:** means the acquisition, on terms which have been approved by the Founder Shareholders of Control of the Company by a person who is, or persons all of whom are, otherwise unconnected or associated with any member of the Group or the Founder Shareholders;

**Termination Date:** the earliest of whichever of the following dates applies:

(a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;

(b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;

(c) where a Shareholder dies, the date of his death;

(d) where the Shareholder concerned is a director but not an employee, the date on which his service agreement (or other terms of appointment) with the relevant Group Company is terminated; or

(e) in any other case, the date on which the employment or holding of office is terminated;

**Transfer Notice:** has the meaning given in *Article 16.2*;

**Transfer Price:** has the meaning given in *Article 17* subject to *Article 15.9*, the Proposed Transfer Price if agreed or, following service of a Price Notice, the price per Sale Share determined in accordance with *Article 16.5*;

**Valuer:** the accountants for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the Company and the Seller or, in the absence of agreement between the Company and the Seller on the identity of the expert within 10 Business Days of the expiry of the 20 Business Day period referred to in *Article 17.1*, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator);

**Writing or written:** the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, in relation to a Transfer Notice (or Deemed Transfer Notice), "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax).

- 1.2. Headings in these Articles shall not affect the interpretation of these Articles.
- 1.3. Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.4. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.5. Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).
- 1.6. A reference in these Articles to:
  - 1.6.1. an **Article** is a reference to the relevant numbered Article of these Articles; and
  - 1.6.2. a **model article** is a reference to the relevant article,unless expressly provided otherwise.
- 1.7. A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8. Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9. A reference to a holding company or a subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:

- 1.9.1. another person (or its nominee), by way of security or in connection with the taking of security; or
- 1.9.2. its nominee.

In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Act shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.

## **2. ADOPTION OF THE MODEL ARTICLES**

- 2.1. The Model Articles (together with the applicable provisions of Schedule 3 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229)) shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2. Model articles 7, 8, 9(1), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 22, 26(5), 38, 39, 49, and 51 to 53 (inclusive) shall not apply to the Company.
- 2.3. Model article 20 shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 2.4. In model article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5. Model article 29 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".

## **DIRECTORS**

### **3. NUMBER OF DIRECTORS**

Unless otherwise determined by special resolution, the number of Directors shall not be less than two.

### **4. PROCEEDINGS OF DIRECTORS**

- 4.1. Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with *Article 4.2* (subject to *Article 4.3* and *Article 4.4*).
- 4.2. All decisions made at any meeting of the Directors shall be made only by resolution and resolutions at any meeting of the Directors shall be decided by a majority of votes, meaning that no such resolution shall be passed unless more votes are cast for it than against it. A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.



- 4.3. A decision taken in accordance with *Article 4.2* may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.4. A decision may not be taken in accordance with *Article 4.2* if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with *Article 4.5* and *Article 4.7*.
- 4.5. Any Director may call a meeting of the Directors, or authorise the company secretary (if any) to give such notice.
- 4.6. The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors with, subject to *Article 4.7*, one such Director being an A Director and one such Director being a C Director. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine.
- 4.7. For the purposes of any meeting (or part of a meeting) held pursuant to *Article 8* to authorise a Conflict (as defined in *Article 8.1*), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 4.8. If the number of Directors in office for the time being is less than two, the Directors in office must not take any decision other than a decision to:
  - 4.8.1. appoint further Directors; or
  - 4.8.2. call a general meeting so as to enable the Shareholders to appoint further Directors.
- 4.9. Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the Chairman (or other chairman of the meeting) shall not have a second or casting vote.
- 4.10. For the avoidance of doubt, board meetings may be validly held by video conference or telephone conference. Where decisions of the Directors are taken by such electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye.

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

- 5.1. At the Adoption Date the A Director is Anil Kumar Mulchand Bahirwani.
- 5.2. Subject to *Article 5.4.3*, each of Anil Kumar Mulchand Bahirwani and Graeme Watkins shall have the right, for so long as each holds at least 3% by nominal value of the Shares in issue for the time being, to be appointed, by notice in writing addressed to the Company, and to remain in office as a Director.
- 5.3. Any appointment or removal of a Director made in accordance with *Article 5.2* shall take immediate effect upon receipt (or deemed receipt) by the Company of such notice in writing, or the production of such notice at a meeting of the Directors or, if later, the date (if any) specified in such notice.
- 5.4. Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:

- 5.4.1. he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director;
- 5.4.2. save in the case of a Director appointed pursuant to the right set out in *Article 5.2*, a majority of the other Directors resolve that he cease to be a Director; and
- 5.4.3. in the case of a C Director only, he shall cease to be employed by the Company or other Group Company (as the case may be) and does not continue as an employee or consultant of any Group Company.

## 6. CHAIRMAN

The Directors may appoint any person as chairman of the board of Directors (**Chairman**) and may remove and replace any such Chairman. If there is no Chairman in office for the time being, or the Chairman is unable to attend any meeting of the Directors, the Directors present at the meeting must appoint another Director present at the meeting to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

## 7. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

- 7.1. Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
  - 7.1.1. 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;
  - 7.1.2. shall be an Eligible Director for the purposes of any proposed decision of the Directors in respect of such existing or proposed transaction or arrangement in which he is interested;
  - 7.1.3. shall be entitled to vote at a meeting of Directors or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
  - 7.1.4. 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; and
  - 7.1.5. 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.

## 8. DIRECTORS' CONFLICTS

- 8.1. The Directors may, in accordance with the requirements set out in this *Article 8*, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 8.2. Any authorisation under this *Article 8* will be effective only if:
  - 8.2.1. to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;

- 8.2.2. any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
  - 8.2.3. 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.
- 8.3. Any authorisation of a Conflict under this *Article 8* may (whether at the time of giving the authorisation or subsequently):
- 8.3.1. extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - 8.3.2. 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;
  - 8.3.3. provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
  - 8.3.4. impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
  - 8.3.5. 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
  - 8.3.6. 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.
- 8.4. 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.
- 8.5. 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.
- 8.6. A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## **9. 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.

## **10. SHARE CAPITAL AND DIVIDENDS**

- 10.1. Except as otherwise provided in these Articles, the A Shares, B Shares and C Shares shall rank *pari passu* in all respects but shall constitute separate classes of share.

- 10.2. In respect of any Financial Year, the Available Profits of the Company shall, in the absence of any written agreement to the contrary, on or within 14 days after the date of the resolution or decision to declare or pay it (**Resolution**) be paid to each Shareholder in the Relevant Proportion as at the date of the Resolution.
- 10.3. Subject to the Act, the Directors may pay interim dividends provided that the Available Profits of the Company justify the payment.
- 10.4. Subject to the maintenance of the Minimum Capital Requirement and to the terms of these Articles, the Founder Shareholders shall be entitled to increase or decrease the Founders' Capital as they deem necessary acting reasonably and in the best interests of the Company.

## **11. REDEMPTION AND LIQUIDATION PREFERENCE**

- 11.1. On a repayment, redemption or return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of Shares), the assets of the Company remaining after the payment of its liabilities shall be applied (to the extent that the Company is lawfully able to do so) in the following order of priority:
  - 11.1.1. first, in paying to the Founder Shareholders the Founders' Capital (to the extent that it shall not already have been repaid as a liability of the Company);
  - 11.1.2. second, the payment of any dividend duly declared and remaining due for payment in respect of any Shares;
  - 11.1.3. third, in paying to the holders of the A Shares and B Shares in respect of each Share held its nominal value (to the extent that it shall not already have been repaid as a liability of the Company);
  - 11.1.4. fourth, in paying to the holder of the C Shares in respect of each Share held its nominal value; and
  - 11.1.5. thereafter, in distributing the balance among the holders of the Shares in the Relevant Proportion.
- 11.2. If there is a shortfall of assets remaining to satisfy such payments in full, the assets shall be applied in accordance with *Article 11.1* and any balance distributed to the holders of the Shares in the Relevant Proportion.

## **12. EXIT PROVISIONS**

- 12.1. On a Share Sale or Takeover, the Sale Proceeds (after payment and discharge in full of the Founders' Capital) shall be distributed to the Shareholders in the Relevant Proportion.
- 12.2. The Directors shall not register any transfer of Shares if the Sale Proceeds are not distributed in accordance with *Article 12.1* (save in respect of any Shares not sold in connection with that Share Sale) provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale:
  - 12.2.1. the Directors may register the transfer of the relevant Shares, provided that the Sale Proceeds due on the date of completion of the Share Sale have been distributed in accordance with *Article 12.1*; and
  - 12.2.2. each Shareholder shall take any reasonable action (to the extent lawful and within its control) to ensure that the balance of the Sale Proceeds are distributed in accordance with *Article 12.1*.

- 12.3. On a Disposal, the surplus assets of the Company remaining after payment of its liabilities (including the Founders' Capital) shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in *Article 11.1* provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, each Shareholder shall (to the extent lawful and within its control) take any reasonable action required (including, but without prejudice to the generality of this *Article 12.3*,) to put the Company into voluntary liquidation so that *Article 11* applies).

### **13. VARIATION OF CLASS RIGHTS**

- 13.1. Each of the following shall be deemed to constitute a variation of the special rights attached to each class of Shares to which *Article 13.2* applies:
- 13.1.1. any alteration in the articles of association of the Company;
  - 13.1.2. other than in respect of his own engagement or termination, engaging, in addition to the holders of Shares at the Adoption Date, any other person as an Employee Shareholder;
  - 13.1.3. any increase or reduction or subdivision or consolidation or other alteration in the issued share capital of the Company or any of the rights attaching to any share capital; and
  - 13.1.4. any resolution to put the Company into liquidation.
- 13.2. Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to any such class, including the matters listed in *Article 13.1* above, may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Shares of that class.

### **14. PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES**

- 14.1. The Directors shall not, save to the extent authorised by these Articles, exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares.
- 14.2. Subject to *Article 14.1* above and the remaining provisions of this *Article 14*, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:
- 14.2.1. offer or allot;
  - 14.2.2. grant rights to subscribe for or to convert any security into; and
  - 14.2.3. otherwise deal in, or dispose of,
- any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.
- 14.3. The authority referred to in *Article 14.2*:
- 14.3.1. shall only apply insofar as the Company has not in as far as it lawfully may, and subject to these Articles, renewed, waived or revoked it by special resolution; and
  - 14.3.2. may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the

expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired).

- 14.4. In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 14.5. Subject to *Article 14.1*, if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to the holders (on the date of the offer) of the Shares (each an **Offeree**) on a pari passu basis (as if they constituted Shares of the same class) and in the respective proportions that the number of Shares held by each such holder bears to the total number of Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.
- 14.6. An offer made under *Article 14.5* shall:
  - 14.6.1. be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
  - 14.6.2. remain open for a period of at least 20 Business Days from the date of service of the offer; and
  - 14.6.3. stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under *Article 14.5* shall, in his acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which he wishes to subscribe.
- 14.7. If, on the expiry of an offer made in accordance with *Article 14.5*, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 14.8. Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with *Article 14.5* shall be used to satisfy any requests for Excess Securities made pursuant to *Article 14.6.3*. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Shares held by each such applicant bears to the total number of such Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him).
- 14.9. After those allotments, any Excess Securities shall, subject to *Article 14.10*, be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.
- 14.10. No Shares shall be allotted to any current or prospective employee or director of any Group Company unless such person shall first have entered into a joint election with the relevant Group Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

## 15. TRANSFERS OF SHARES: GENERAL

- 15.1. In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.

- 15.2. No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to *Article 15.6*, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 15.3. If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall be deemed to have immediately served a Deemed Transfer Notice in respect of all Shares held by him.
- 15.4. On the transfer of any Share as permitted by these Articles:
  - 15.4.1. a Share transferred to a person who before the transfer was not a Shareholder shall remain of the same class as before the transfer; and
  - 15.4.2. a Share transferred to an existing holder of Shares shall automatically be re-designated on transfer as a Share of the same class as those Shares already held by the existing holder of Shares.

If no Shares of a class remain in issue following a re-designation under this *Article 15.4*, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, Shareholders of that class or Directors appointed by that class.

- 15.5. Any transfer of a Share by way of sale which is required to be made under *Article 18* (Compulsory Transfers), *Article 19* (Tag Along), or *Article 20* (Drag Along) shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.
- 15.6. The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between any of the Shareholders and the Company, in such form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). If any condition is imposed in accordance with this *Article 15.6*, the transfer may not be registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.
- 15.7. To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares in breach of these Articles the Directors may, and if so requested in writing by any Director shall, require:
  - 15.7.1. any holder (or the legal representatives of a deceased holder); or
  - 15.7.2. any person named as a transferee in a transfer lodged for registration; or
  - 15.7.3. such other person as the Directors may reasonably believe to have information relevant to that purpose,

to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.

- 15.8. If any such information or evidence referred to in *Article 15.7* is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares of that fact in writing and, if the holder fails to remedy that situation to the reasonable satisfaction of the Directors within 5 Business Days of receipt of such written notice, then, unless otherwise directed in writing by the Directors:
  - 15.8.1. the relevant Shares shall cease to confer on the holder of them any rights:

- 15.8.1.1. 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; and
- 15.8.1.2. to receive dividends or other distributions otherwise attaching to those Shares; and
- 15.8.1.3. to participate in any future issue of Shares; and
- 15.8.2. the Directors may, by notice in writing to the relevant holder, determine that a Deemed Transfer Notice shall be deemed to have been given in respect of some or all of his Shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

The Directors may reinstate the rights referred to in *Article 15.8.1* at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to *Article 15.8.2* on completion of such transfer.

- 15.9. Unless expressly provided otherwise in these Articles, if a Deemed Transfer Notice is deemed to have been given under these Articles (**Deemed Transfer Notice**), the Deemed Transfer Notice shall be treated as having specified that the Seller wishes to transfer all (and not part only) of the Shares held by him (including any Shares acquired after the date the relevant Deemed Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice) and:
  - 15.9.1. Where the Seller is Shareholder C, the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the shares and the Transfer Price, subject to *Article 17.2*, shall be the Fair Value of those shares, determined by the Valuer in accordance with *Article 17*;
  - 15.9.2. Where the Seller is Founder Shareholder A, the Deemed Transfer Notice takes effect on the basis that the proposed buyer shall be Founder Shareholder B and the Transfer Price shall be the Fair Value of those shares, determined by the Valuer in accordance with *Article 17*;
  - 15.9.3. Where the Seller is Founder Shareholder B, the Deemed Transfer Notice takes effect on the basis that the proposed buyer shall be Founder Shareholder A and the Transfer Price shall be the Fair Value of those shares, determined by the Valuer in accordance with *Article 17*;
  - 15.9.4. the Seller does not have a right to withdraw the Transfer Notice following a valuation;
  - 15.9.5. if any of the Continuing Shareholders do not accept the offer of shares comprised in the Deemed Transfer Notice in full, the Seller does not have the right to sell the shares to a third party and the Company shall be wound up forthwith within 20 Business Days from the delivery of the Deemed Transfer Notice or written notice of the Fair Value, whichever is the later.
- 15.10. Any Transfer Notice (but not an Offer Notice (as defined in *Article 19*) or a Drag Along Notice (as defined in *Article 20*)) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

## 16. PRE-EMPTION RIGHTS ON VOLUNTARY TRANSFER OF SHARES

- 16.1. Any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this *Article 16*, subject always to the specific provisions applying to Compulsory Transfers (*Article 18*), Tag Along transfers (*Article 19*) and Drag Along transfers (*Article 20*).



- 16.2. A Shareholder who wishes to transfer Shares (a **Seller**) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a **Transfer Notice**) to the other parties excluding any Shareholder whose shares are, at the date of the Transfer Notice, the subject of a Deemed Transfer Notice under *Article 18.1 (Continuing Shareholders)* and to the Company specifying:
  - 16.2.1. subject to *Article 15.9*, the number of Shares he wishes to transfer (**Sale Shares**);
  - 16.2.2. the name of the proposed transferee, if any;
  - 16.2.3. the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the **Proposed Transfer Price**);
  - 16.2.4. subject to *Article 15.9*, whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold;
  - 16.2.5. where the Seller is Shareholder C, each Continuing Shareholder's proportionate entitlement to the Sale Shares, being the Relevant Proportion held by him (in respect of each Continuing Shareholder, his **Entitlement**); and
  - 16.2.6. where the Seller is either of Shareholders A or B, only the other of Shareholders A or B shall be entitled to purchase the Sale Shares and the meaning of Continuing Shareholder shall be restricted accordingly.
- 16.3. A Transfer Notice may only be withdrawn with the consent of the Directors.
- 16.4. A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 16.5. The Continuing Shareholders (or any of them) may, by giving notice in writing (**Price Notice**) to the Seller at any time within ten Business Days of receipt of a Transfer Notice, notify the Seller that the Proposed Transfer Price is too high. Following service of a Price Notice, the parties shall endeavour to agree a price for each of the Sale Shares. If the parties have not agreed such a price within ten Business Days of the Seller's receipt of a Price Notice, they (or any of them) shall immediately instruct the Valuer to determine the Fair Value of each Sale Share in accordance with *Article 17*.
- 16.6. If, following delivery to him of the Valuer's written notice in accordance with *Article 17*, the Seller does not agree with the Valuer's assessment of the Fair Value of the Sale Shares, he shall be entitled to revoke the Transfer Notice by giving notice in writing to the Continuing Shareholders within five Business Days of delivery to him of the Valuer's written notice. If the Seller revokes the Transfer Notice, he is not entitled to transfer the Sale Shares except in accordance with these Articles.
- 16.7. Within 20 Business Days of receipt (or deemed receipt) of a Transfer Notice or, if later, within 20 Business Days of receipt of the Valuer's determination of the Fair Value (and provided the Seller has not withdrawn the Transfer Notice in accordance with *Article 16.6*), a Continuing Shareholder shall be entitled (but not obliged) to give notice in writing (**Acceptance**) to the Seller stating that he wishes to purchase a specified number of Sale Shares at the Transfer Price. A Continuing Shareholder may, in his Acceptance, indicate that he would be willing to purchase a particular number of Sale Shares in excess of his Entitlement (**Extra Shares**). Where the Seller is Shareholder C, the Founder Shareholders warrant that the Sale Shares shall be bought by the Founder Shareholders or by the Company at the option of the Founder Shareholders at the price determined by reference to *Articles 16.5 and 16.6*, and (except in accordance with the provisions of *Articles 19 and 20*) Shareholder C shall not be entitled to transfer, sell or otherwise dispose of his shares, or any interest in those shares, to a third party.

- 16.8. Completion of those Sale Shares accepted by Continuing Shareholders under *Article 16.7* shall take place 20 Business Days after:
- 16.8.1. the date of delivery (or deemed date of delivery) of the Transfer Notice to the Continuing Shareholders, unless the Continuing Shareholders (or any of them) have served a Price Notice under *Article 16.5*; or
  - 16.8.2. the date of delivery of determination of the Transfer Price in accordance with *Article 16.5*.
- 16.9. At such completion:
- 16.9.1. the Seller shall deliver, or procure that there is delivered to each Continuing Shareholder who is to purchase Sale Shares, a duly completed stock transfer form transferring the legal and beneficial ownership of the relevant Sale Shares, together with the relevant share certificate(s) (or an indemnity in lieu thereof) and such other documents as the Continuing Shareholders or the Company may reasonably require to show good title to the shares, or to enable each Continuing Shareholder to be registered as the holder of the shares;
  - 16.9.2. each relevant Continuing Shareholder shall deliver or procure that there is delivered to the Seller a bankers' draft made payable to the Seller or to his order for the Transfer Price for the Sale Shares being transferred to him (or such other method of payment agreed between a Continuing Shareholder and the Seller); and
- 16.10. Any transfer of shares shall be deemed to include a warranty that the Seller sells the shares with full title guarantee.
- 16.11. If any Continuing Shareholder fails to pay the Transfer Price payable by him on the due date, without prejudice to any other remedy which the Seller may have, the outstanding balance of that Transfer Price shall accrue interest at a rate equal to 2% per annum above the base rate of HSBC Bank Plc from time to time.
- 16.12. Each of the Continuing Shareholders shall use his reasonable endeavours to procure (so far as is lawfully possible in the exercise of his rights and powers as a shareholder of the Company) the registration (subject to due stamping by the Continuing Shareholders) of the transfers of the Sale Shares under this *Article 16* and each of them consents to such transfers and registrations.
- 16.13. Where shares registered in the name of Shareholder C are sold to a third party under the terms of these Articles, or where the Company or either of the Founder Shareholders buy the shares other than where the Fair Value is determined under *Article 17*, Shareholder C accepts and agrees that in calculating the amount of the consideration he will receive on such sale or transfer, the total value of all the shares in issue shall be discounted by the amount of Founders' Capital on the date of the sale or transfer and the consideration per share accruing to Shareholder C will be calculated by dividing the total value of the shares so determined after deduction of such Founders' Capital by the total number of shares in issue on the relevant date.
- 16.14. In relation to any Sale Shares not accepted by Continuing Shareholders under this *Article 16* save where the Seller is Shareholder C, the Seller shall be entitled to transfer those Sale Shares to the third party buyer identified in the Transfer Notice at a price per Sale Share not less than the Transfer Price and shall procure that any buyer of Sale Shares that is not, immediately prior to completion of the transfer in question, a Shareholder shall, at completion, enter into a deed of adherence with the Continuing Shareholders to any applicable shareholders agreement (but not so as to oblige the buyer to have any obligations or liabilities greater than those of the Seller).

## **17. VALUATION**

- 17.1. The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors (any Director with whom the Seller is connected not voting) and the Seller or, in default of agreement within 20 Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the Directors first have actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.
- 17.2. Where Shareholder C is deemed to have served a Deemed Transfer Notice under any event included in *Article 18.1.1 to 18.1.5*, the Fair Value shall be the lower of the par value of £1 for each Sale Share and the Fair Value of each such Sale Share.
- 17.3. Where Shareholder C is deemed to have served a Deemed Transfer Notice under any event included in *Article 18.1.6 to 18.1.8*, the Fair Value of the Sale Shares shall apply.
- 17.4. The Fair Value shall be the price per Sale Share determined by the Valuer on the following bases and assumptions:
  - 17.4.1. valuing each Sale Share as the Relevant Proportion after deduction of the Founders' Capital without any other premium or discount being attributable to the percentage of the issued share capital of the Company which they represent or for the rights or restrictions otherwise applying to the Sale Shares under these Articles;
  - 17.4.2. for the avoidance of doubt the Founders' Capital shall be treated as a first charge against the assets of the Company and shall not be attributable to Fair Value;
  - 17.4.3. valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
  - 17.4.4. if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - 17.4.5. that the Sale Shares are capable of being transferred without restriction;
  - 17.4.6. the shares are sold free of all Encumbrances;
  - 17.4.7. the sale is taking place on the date the Valuer was requested to determine the Fair Value; and
  - 17.4.8. reflecting any other factors which the Valuer reasonably believes should be taken into account.
- 17.5. If any difficulty arises in applying any of these assumptions or bases then the Valuer shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 17.6. The Directors will give the Valuer access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.
- 17.7. The parties are entitled to make submissions to the Valuer including oral submissions and shall provide (or procure that others provide) the Valuer with such assistance and documents as the Valuer may reasonably require for the purpose of reaching a decision.
- 17.8. The Valuer shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).

- 17.9. The Valuer shall be requested to determine the Fair Value within 20 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 17.10. The cost of obtaining the Valuer's certificate shall be borne by the parties equally or in such other proportions as the Valuer directs.

## 18. COMPULSORY TRANSFERS

- 18.1. A Shareholder is deemed to have served a Deemed Transfer Notice immediately before any of the following events of default:
  - 18.1.1. he has committed any act of fraud or dishonesty in relation to the Company's business; or
  - 18.1.2. a bankruptcy order being made against him, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors; or
  - 18.1.3. in the case of Shareholder C, if at any time within 3 years of the Adoption Date he ceases to be a director or employee of the Company by resignation; or
  - 18.1.4. he fails to remedy a material breach by him of any obligation under this agreement within 20 Business Days of notice to remedy the breach being served by all the other Shareholders; or
  - 18.1.5. in the case of Shareholder C, either he is removed as a director or employee of the Company and such cessation occurs as a result of such directorship or contract of employment being terminated for good cause outside the events set out in *Article 18.1.6*, including having a disqualification order made against him under the Company Directors Disqualification Act 1986 or he resigns at any time in circumstances in which the Company would otherwise have been able to terminate his directorship or employment for good cause outside the events set out in *Article 18.1.6*; or
  - 18.1.6. in the case of Shareholder C, he is removed as a director or employee of the Company and such cessation occurs as a result of such directorship or contract of employment being terminated by redundancy (as defined in the Employment Rights Act 1996) or by dismissal by the Company which is determined, by an employment tribunal or at a court of competent jurisdiction from which there is no right to appeal, to be wrongful or constructive; or
  - 18.1.7. his death or permanent incapacity with any illness or disability certified by a general medical practitioner as rendering the Shareholder permanently incapable of carrying out his role as a director for the foreseeable future; or
  - 18.1.8. retirement at normal retirement age.
- 18.2. Forthwith upon a Transfer Notice being deemed to be served under *Article 18.1* the Shares subject to the relevant Deemed Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights:
  - 18.2.1. 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;
  - 18.2.2. to receive dividends or other distributions otherwise attaching to those Shares; or
  - 18.2.3. to participate in any future issue of Shares.

The Directors may reinstate the rights referred to in *Article 18.2* at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to *Article 18* on completion of such transfer.

**19. TAG ALONG - MANDATORY OFFER ON CHANGE OF CONTROL**

- 19.1. In the event that a proposed transfer of Shares (other than a transfer of Shares made pursuant to *Article 18* or *Article 23.2*, but after the operation of the pre-emption procedure set out in *Article 16*), whether made as one or as a series of transactions (a **Proposed Transfer**) would, if completed, result in any person other than an existing Shareholder (the **Buyer**), together with any person acting in concert with the Buyer, acquiring a Controlling Interest, the remaining provisions of this *Article 19* shall apply.
- 19.2. The Company shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the **Offer**) to each Shareholder (each an **Offeree**) on the date of the Offer, to buy all of the Shares held by such Offerees on the date of the Offer for a consideration in cash per Share (the **Offer Price**) which:
- 19.2.1. in respect of an Offeree who is a Founder Shareholder is equal to the highest price per Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Shares in connection with the Proposed Transfer, or any transaction in the 12 calendar months preceding the date of completion of the Proposed Transfer, subject to *Article 12.1*; and
- 19.2.2. in respect of the Offeree being Shareholder C, is equal to the highest price per Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Shares in connection with the Proposed Transfer, or any transaction in the 12 calendar months preceding the date of completion of the Proposed Transfer, subject to *Article 12.1*;
- and is subject to the requirement that the Buyer shall repay and discharge the Founders' Capital to the Founder Shareholders in proportion to the number of shares acquired.
- 19.3. The Offer shall be made by notice in writing (an **Offer Notice**) addressed to each Offeree on the date of the Offer at least 20 Business Days (the **Offer Period**) before the date fixed for completion of the Proposed Transfer (the **Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall specify:
- 19.3.1. the identity of the Buyer (and any person(s) acting in concert with the Buyer);
- 19.3.2. the Offer Price and any other terms and conditions of the Offer;
- 19.3.3. the Sale Date; and
- 19.3.4. the number of Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.
- 19.4. The completion of the Proposed Transfer shall be conditional in all respects on:
- 19.4.1. the making of an Offer in accordance with this *Article 19*; and
- 19.4.2. the completion of the transfer of any Shares by any Offeree (each an **Accepting Offeree**) who accepts the Offer within the Offer Period,
- and the Directors shall refuse to register any Proposed Transfer made in breach of this *Article 19.4*.
- 19.5. The Proposed Transfer is, but the purchase of Shares from Accepting Offerees pursuant to an Offer made under this *Article 19* shall not be, subject to the pre-emption provisions of *Article 16*.

## 20. DRAG ALONG

- 20.1. If the holders of at least 75% by nominal value of the Shares in issue for the time being (the **Selling Shareholders**) wish to transfer all of their interest in Shares (**Sellers' Shares**) to a bona fide purchaser on arm's-length terms (**Proposed Buyer**), the Selling Shareholders shall after having gone through the pre-emption procedure set out in *Article 16*, have the option (**Drag Along Option**) to require all the other holders of Shares on the date of the request (**Called Shareholders**) to sell and transfer all their interest in Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) for a consideration in cash per Share which:
- 20.1.1. in respect of a Called Shareholder who is a Founder Shareholder, is equal to the highest price per Share offered, paid or to be paid by the proposed Buyer for the Sellers' Shares, in accordance with the provisions of this *Article 20* or offered, paid or to be paid in any related previous transaction in the 12 months preceding the date of the Drag Along Notice, subject to *Article 12.1*; and
- 20.1.2. in case of a Called Shareholder being Shareholder C, is equal to the highest price per Share offered, paid or to be paid by the proposed Buyer for the Sellers' Shares, in accordance with the provisions of this *Article 20* or offered, paid or to be paid in any related previous transaction in the 12 months preceding the date of the Drag Along Notice, subject to *Article 12.1*;
- and is subject to the requirement that the Proposed Buyer shall repay and discharge the Founders' Capital to the Founder Shareholders in proportion to the number of shares acquired.
- 20.2. The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a **Drag Along Notice**), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:
- 20.2.1. that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this *Article 20*;
- 20.2.2. the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
- 20.2.3. the price payable for the Called Shares;
- 20.2.4. the proposed date of completion of transfer of the Called Shares.
- 20.3. Once given, a Drag Along Notice may not be revoked. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 60 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 20.4. No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this *Article 20*.
- 20.5. Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:
- 20.5.1. all of the Called Shareholders and the Selling Shareholders otherwise agree; or
- 20.5.2. that date is less than 15 Business Days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the

Called Shares shall take place 20 Business Days after the date of service of the Drag Along Notice.

- 20.6. Within 20 Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that 20 Business Day period the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.
- 20.7. To the extent that the Proposed Buyer has not, on the expiration of the 20 Business Day period, put the Company in funds to pay the amounts due, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this *Article 20* in respect of their Shares.
- 20.8. If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this *Article 20*.
- 20.9. Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares, whether or not pursuant to a share option scheme (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this *Article 20* shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares. References in this *Article 20.9* to a person becoming a Shareholder (or increasing an existing shareholding) shall include the Company, in respect of the acquisition of any of its own Shares.
- 20.10. Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

## DECISION-MAKING BY SHAREHOLDERS

### 21. GENERAL MEETINGS

- 21.1. No business other than, subject to *Article 21.2*, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on. The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy including at least one holder of A Shares and at least one holder of C Shares.
- 21.2. The Chairman shall chair general meetings. If there is no Chairman in office for the time being, or the Chairman is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

## **22. VOTING**

- 22.1. The Founder Shareholders shall, for as long as they hold any shares in the capital of the Company, use their reasonable endeavours to procure (so far as is lawfully possible in the exercise of their rights and powers as shareholders of the Company) that the Company shall not, without the prior written consent of both Founder Shareholders:
  - 22.1.1. cease to be a private company or change (by whatever means) the nature of the Business; or
  - 22.1.2. amend its articles of association; or
  - 22.1.3. change the name of the Company; or
  - 22.1.4. sell or otherwise dispose of the whole or any part of its undertaking, property, assets, or any interest in them or contract to do so whether or not for valuable consideration; or
  - 22.1.5. reduce, sub-divide, consolidate, redenominate, cancel, purchase or redeem any of the capital of, or allot or issue any shares or other securities in the capital of, the Company; or
  - 22.1.6. alter any rights attaching to any class of share in the capital of the Company, or create any option, warrant or any other right to acquire or subscribe for any shares or other securities in the capital of the Company; or
  - 22.1.7. conduct the Business otherwise than in the ordinary course of business on an arm's length basis; or
  - 22.1.8. do, permit or allow to be done any act or thing whereby the Company may be wound-up, or enter into any compromise or arrangement under the Insolvency Act 1986; or
  - 22.1.9. merge or amalgamate with any other company or undertaking, or acquire directly or indirectly any interest in any shares or other security convertible into shares of any other company, or form or acquire any subsidiary; or
  - 22.1.10. borrow any money in excess of any limits agreed in writing from time to time between the Shareholders, or create any mortgage, debenture, pledge, lien or other encumbrances over the undertaking or assets of the Company, or factor, assign, discount or otherwise dispose of any book debts or other debts of the Company; or
  - 22.1.11. give any guarantee, make any payment or incur any obligation or act as surety otherwise than in connection with the Company's ordinary business for the time being; or
  - 22.1.12. lend or agree to lend, grant any credit or make any advance to any person otherwise than in the ordinary course of the Business of the Company; or



- 22.1.13. hold any meeting of the shareholders or purport to transact any business at such meeting, unless each Shareholder is present, whether in person or by proxy.
- 22.2. Subject to any other provisions in these Articles concerning voting rights, each Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company.
- 22.3. All votes of the Shareholders shall be taken on a poll.
- 22.4. 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.
- 22.5. Model article 44(3) 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 model article.
- 22.6. Model article 45(1) shall be amended by:
  - 22.6.1. the deletion of model article 45(1)(d) and its replacement 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"; and
  - 22.6.2. 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 model article.

## **23. PURCHASE OF OWN SHARES**

- 23.1. Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) with cash up to any amount in a financial year not exceeding the lower of:
  - 23.1.1. £15,000; and
  - 23.1.2. the value of 5% of the Company's share capital.
- 23.2. Subject to the remaining provisions of this *Article 23*, on a purchase or redemption of Shares under Part 18 of the Act, the Company may:
  - 23.2.1. hold the Shares (or any of them) in treasury;
  - 23.2.2. deal with any of the Shares, at any time, in accordance with section 727; or
  - 23.2.3. cancel any of the Shares, at any time, in accordance with section 729 of the Act.
- 23.3. The provisions of *Articles 15.4 to 15.10* (inclusive) shall apply to a sale or transfer of Shares held in treasury pursuant to *Article 23.2* save that, for the purposes of this *Article 23.3* reference in the definition of "Relevant Securities" to Shares "issued after the Adoption Date" shall include Shares to be sold or transferred by the Company that immediately before the sale or transfer were, in each case, held by the Company as treasury shares.

## **24. COMPANY'S LIEN OVER SHARES**

- 24.1. The Company has a lien (the **Company's Lien**) over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.
- 24.2. To the extent that is lawful, the Company's Lien over a share:
  - 24.2.1. takes priority over any third party's interest in that Share; and
  - 24.2.2. extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.
- 24.3. The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part.

## 25. ENFORCEMENT OF THE COMPANY'S LIEN

- 25.1. Subject to the provisions of this *Article 25*, if:
  - 25.1.1. a Lien Enforcement Notice has been given in respect of a Share; and
  - 25.1.2. the person to whom the notice was given has failed to comply with it,
 the Company may sell that Share in such manner as the Directors decide.
- 25.2. A Lien Enforcement Notice:
  - 25.2.1. may only be given in respect of a Share which is subject to the Company's Lien and in respect of a sum payable to the Company for which the due date for payment has passed;
  - 25.2.2. must specify the Share concerned;
  - 25.2.3. must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
  - 25.2.4. must be addressed either to the holder of the Share or to a transmittee of that holder; and
  - 25.2.5. must state the Company's intention to sell the Share if the notice is not complied with.
- 25.3. Where Shares are sold under this *Article 25*:
  - 25.3.1. the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and
  - 25.3.2. the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 25.4. The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Company's Lien) must be applied:
  - 25.4.1. first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
  - 25.4.2. second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien

equivalent to the Company's Lien over the Shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.

- 25.5. A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:
  - 25.5.1. is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
  - 25.5.2. subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

## **ADMINISTRATIVE ARRANGEMENTS**

### **26. MEANS OF COMMUNICATION TO BE USED**

- 26.1. Subject to *Article 26.3*, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
  - 26.1.1. if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
  - 26.1.2. if sent by fax, at the time of transmission; or
  - 26.1.3. if sent by pre-paid first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
  - 26.1.4. if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
  - 26.1.5. if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
  - 26.1.6. if sent or supplied by e-mail, six hours after the notice, document or information was sent or supplied; or
  - 26.1.7. if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
  - 26.1.8. if deemed receipt under the previous paragraphs of this *Article 26.1* would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this Article, all references to time are to local time in the place of deemed receipt.
- 26.2. To prove service, it is sufficient to prove that:
  - 26.2.1. if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
  - 26.2.2. if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
  - 26.2.3. if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
  - 26.2.4. if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

- 26.3. A Transfer Notice (or Deemed Transfer Notice) may not be served or delivered in electronic form (other than by fax), or by means of a website.
- 26.4. In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.

## 27. INDEMNITY AND INSURANCE

- 27.1. In this *Article 27*:
- 27.1.1. **Relevant Loss** means any loss or liability which either could fall upon or 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 (or other Group Company) or any pension fund or employees' share scheme of the Company (or other Group Company); and
- 27.1.2. **Relevant Officer** means any director or other officer or former director or other officer of any Group Company but excluding in each case any person engaged by a Group Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor.
- 27.2. Subject to *Article 27.3*, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:
- 27.2.1. 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 relation to the Company's (or other Group Company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act), and in the actual or purported execution and/or discharge of his duties, and in relation thereto 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 other Group Company's) affairs; and
- 27.2.2. 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 27.2.1* and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.
- 27.3. This *Article 27* 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.
- 27.4. 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.

## 28. DATA PROTECTION

- 28.1. Each of the Shareholders and Directors (from time to time) consents to the processing of his personal data by the Company, its Shareholders and Directors (each a **Recipient**) for the purposes of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually.

- 28.2. The personal data that may be processed for such purposes under this *Article 28* shall include any information which may have a bearing on the prudence or commercial merits of investing in, or disposing of any Shares (or other investment or security) in, the Company. Save as required by law, court order or any regulatory authority, that personal data shall not be disclosed by a Recipient or any other person, except to:
- 28.2.1. a Member of the Same Group as the Recipient (each a **Recipient Group Company**);
  - 28.2.2. employees, directors and professional advisers of that Recipient or any Recipient Group Company; and
  - 28.2.3. funds managed by any of the Recipient Group Companies.
- 28.3. Each of the Shareholders and Directors consent (from time to time) to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient, both within and outside the European Economic Area, for the purposes stated above, where it is necessary or desirable to do so.