

Company number 07948117

COMPANY LIMITED BY SHARES

RESOLUTION IN WRITING

OF

CHESTNUT INNS LIMITED (the "Company")

Passed on 14 day of December 2014

By a written resolution signed in accordance with Chapter 2 of Part 13 of the Companies Act 2006, the following written resolution was duly passed and approved on 1 December 2014 by or on behalf of the members of the Company who, at the date of the written resolution, were entitled to vote on the written resolution of the Company

SPECIAL RESOLUTION

That the articles of association attached to this written resolution (and marked "A" for the purposes of identification only), are approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association

Director



Date

1.12.14



THE COMPANIES ACT 2006

"A"

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

CHESTNUT INNS LIMITED

Adopted by special resolution of the Company dated 1st Dec 2014

[Signature]

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Company Number 07948117

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
CHESTNUT INNS LIMITED
(Adopted by special resolution passed on 1st Dec 2014)

WHEREBY IT IS AGREED as follows

1. INTERPRETATION

1 1 In these Articles, the following words have the following meanings:

"**A Share**" means an ordinary share of £1 in the capital of the Company designated as an A Share;

"**A Shareholder**" means a holder of A Shares, and "**A Shareholders**" means any one or more of them, as the context requires;

"**Act**" means 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 from time to time),

"**Actions**" has the meaning given in article 16 3,

"**Appointor**" has the meaning given in article 11 1,

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

"**Asset Sale**" means the disposal by the Company of all or substantially all of its undertaking and assets of the Company (other than, in either case, such a disposal or grant to another Group Company),

"**B Majority Shareholder**" means the member or members who together hold a majority of the issued B Shares of the Company or, in each case, its duly authorised attorney (or in the case of a member being a Company, signed by one of its directors on its behalf);

"**B Share**" means an ordinary share of £1 in the capital of the Company designated as a B Share;

"**B Shareholder**" means a holder of B Shares, and "**B Shareholders**" means any one or more of them, as the context requires,

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

"Conflict" has the meaning given in article 8.1,

"Controlling Interest" means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

"Director" means any director appointed to the Company by holders of the B Shares,

"Eligible Director" means any 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);

"Exit" means a Share Sale, an Asset Sale or a voluntary winding up of the Company in accordance with section 89 of the Insolvency Act 1986;

"Group" means the Company and its subsidiaries (if any) from time to time and **"Group Company"** shall be construed accordingly,

"holding company" and **"subsidiary"**: mean a "holding company" and "subsidiary" as defined in section 1159 of the Act;

"Interested Director" has the meaning given in article 8 1,

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

"Permitted Group" means in relation to a company, any wholly owned subsidiary of that company, any company of which it is a subsidiary (its holding company) and any other subsidiaries of any such holding company, and each company in a Permitted Group is a member of the Permitted Group. Unless the context otherwise requires, the application of the definition of Permitted Group to any company at any time will apply to the company as it is at that time;

"Proceeds of Sale" means the consideration payable (including any deferred consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale;

"Shareholder" means any holder of any Shares,

"Shareholder Written Notice" means a written notice or written consent, in each case, which has been signed (or approved by letter, facsimile or electronic means) by the B Majority Shareholder;

"Shares" means the A Shares and the B Shares in issue and outstanding from time to time, or any of them, as the context requires;

"Share Sale" means the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction

or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where the sale is a sale of the entire issued share capital of the Company to a Holding Company;

"Writing or written" means 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 and "writing" or "written" shall include the sending or supply of notices, documents or information in electronic form (by email or fax)

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles but excluding any statutory modification of them not in force on the date when these Articles become binding on the Company.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise
- 1.5 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 Save as expressly provided otherwise in these Articles, any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.

2 ADOPTION OF THE MODEL ARTICLES

- 2.1 The Model Articles 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 Articles 9(1), 11 to 14 (inclusive), 16, 17, 22, 36, 38, 43, 44(2), 49 and 50 to 53 (inclusive) of the Model Articles shall not apply to the Company.
- 2.3 Article 7 of the Model Articles shall be amended by:
 - 2.3.1 the insertion in article 7(2)(a) of the words "for the time being" after the words "has one director"; and
 - 2.3.2 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"

- 2.4 Article 8 of the Model Articles shall be amended by:
- 2.4.1 the deletion of the words "copies of which have been signed by each eligible director" in article 8(2) and their replacement with the words "where each eligible director has signed one or more copies of it"; and
 - 2.4.2 the deletion of article 8(3).
- 2.5 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors)" before the words "properly incur".
- 2.6 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 2.7 Articles 31(1)(a) to (c) (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". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

DIRECTORS

3 DIRECTORS' MEETINGS

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

- 3.1 Meetings of the directors shall take place at least 4 times each year, with a period of not more than 12 weeks between any two meetings

4 NUMBER OF DIRECTORS

The number of directors shall not be less than 2.

5 CALLING A DIRECTORS' MEETING

Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice

6. QUORUM FOR DIRECTORS' MEETINGS

- 6.1 Subject to articles 6.2 and 6.3 below, the quorum for the transaction of business at a meeting of directors is two directors including a director whose appointor is the B Majority Shareholder.
- 6.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 8 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director

- 6 3 If and for so long as the minimum number of directors shall be one and the Company only has one director, that sole director may exercise all the authorities and powers which are vested in the directors by these Articles and by the Model Articles

7. **CASTING VOTE**

- 7.1 The post of chairman of the directors will be held by a director whose appointor is the B Majority Shareholder. If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman has a casting vote
- 7.2 Article 7.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with these Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting).

8 **DIRECTORS' INTERESTS**

- 8 1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (the **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**").
- 8 2 Any authorisation under this article 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 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 will or will 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, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the shareholder who appointed him as a director of the Company, or any other member of such shareholder's Permitted Group, and no authorisation under article 8.1 shall be necessary in respect of any such interest.
- 8.7 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 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.
- 8.8 Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act
- 8.9 Subject to sections 182(5) and 182(6) of the Act, 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 declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under article 8.9
- 8.10 Subject, where applicable, to any terms and conditions imposed by the directors in accordance with article 8.3, and provided a director 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:

- 8.10.1 may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
- 8.10.2 shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested,
- 8.10.3 shall be entitled to vote at a meeting of directors (or of a committee of directors) or participate in any unanimous decision, in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested,
- 8 10 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;
- 8.10 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
- 8.10.6 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

9 RECORDS OF DECISIONS TO BE KEPT

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

10. APPOINTMENT AND REMOVAL OF DIRECTORS

- 10.1 The B Majority Shareholder shall have the power from time to time and at any time to appoint any person or persons as a director or directors and to remove from office any director, in each case, by a Shareholder Written Notice
- 10 2 Any appointment or removal of a director pursuant to article 10.1 shall take effect upon the relevant Shareholder Written Notice being lodged with or otherwise communicated to the Company at its registered office or being handed or otherwise communicated (including by electronic means) to any director.

- 10 3 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) shall have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

11. ALTERNATE DIRECTORS

- 11.1 Any director (other than an alternate director) (in this Article, the "**Appointor**") may appoint any person (whether or not a director) except for an existing director representing the other class of shares to be an alternate director to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor. In these Articles, where the context so permits, the term "Director" shall include an alternate director appointed by an Director. A person may be appointed an alternate director by more than one director
- 11 2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the directors
- 11.3 The notice must:
- 11 3 1 identify the proposed alternate; and
 - 11 3 2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.
- 11 4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.
- 11.5 Except as the Articles specify otherwise, alternate directors:
- 11.5.1 are deemed for all purposes to be directors;
 - 11 5 2 are liable for their own acts and omissions;
 - 11.5 3 are subject to the same restrictions as their Appointors, and
 - 11 5.4 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
- 11 6 A person who is an alternate director but not a director
- 11.6 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), and

- 11 6 2 may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate).
- 11.7 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).
- 11 8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.
- 11 9 An alternate director's appointment as an alternate terminates:
- 11 9.1 when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
 - 11.9.2 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, or
 - 11.9.3 when the alternate director's Appointor ceases to be a director for whatever reason

12 SECRETARY

The directors may (but are not required to) 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.

SHARES

13. UNISSUED SHARES

- 13.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act)
- 13.2 Subject to the provisions of article 13.7, unless otherwise agreed by special resolution, if the Company proposes to allot any A Shares, those A Shares 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 Ordinary 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 Ordinary Shares held by each such holder bears to the total number of Ordinary Shares held by all such holders (as nearly as possible without involving fractions) and on the same or more favourable terms, and at the same or a lower price, as those A Shares are being, or are to be, offered to any other person

- 13.3 An offer made under article 13.2 shall:
- 13.3.1 be in writing and give details of the number, class and subscription price (including any share premium) of the A Shares being offered,
 - 13.3.2 remain open for a period of at least 15 Business Days from the date of service of the offer, and
 - 13.3.3 stipulate that any Offeree who wishes to subscribe for a number of A Shares in excess of the number to which he is entitled under article 13.2 shall, in his acceptance, state the number of excess A Shares ("**Excess Securities**") for which he wishes to subscribe.
- 13.4 If, on the expiry of an offer made in accordance with article 13.2, the total number of A Shares applied for is less than the total number of A Shares so offered, the Directors shall allot the A Shares to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement
- 13.5 Any A Shares not accepted by Offerees pursuant to an offer made in accordance with article 13.2 shall be used to satisfy any requests for Excess Securities made pursuant to article 13.3.3. If there are insufficient remaining A Shares to satisfy such requests, the remaining A Shares shall be allotted to the applicants in the respective proportions that the number of A Shares held by each such applicant bears to the total number of such A 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).
- 13.6 If, after completion of the allotments referred to in articles 13.4 and 13.5, not all of the A Shares have been allotted, the balance of such A Shares shall, subject to article 13.8 be offered to any other person(s) as the Directors may determine within the period of 30 Business Days from the final offer made pursuant to articles 13.2, at the same or a higher price as the offer to the Shareholders.
- 13.7 The provisions of article 13.2 to 13.6 shall not apply to the issue of A Shares pursuant to the terms of an employee share scheme as defined in section 1166 of the Act
- 13.8 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 for the full disapplication of Chapter 2 of Part 7 of that Act.

14. **FURTHER ISSUES OF SHARES: AUTHORITY**

- 14.1 Subject to article 13 and the remaining provisions of this article 14, the directors are generally and unconditionally authorised, for the purpose of section 551 of the Act, to exercise any power of the Company to
- 14.1.1 offer or allot;
 - 14.1.2 grant rights to subscribe for or to convert any security into; or

14.1.3 otherwise deal in, or dispose of,

any shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper

14 2 The authority referred to in article 14.1:

14 2.1 shall be limited to a maximum nominal amount of £1,500,000 of A Shares and £200 of B Shares or such other amount as may from time to time be authorised by the Company by ordinary resolution;

14.2 2 shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and

14 2 3 may only be exercised for a period of five years from the date of adoption of these Articles, save that the directors may make an offer or agreement which would, or might, require 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)

15 LIQUIDATION

15 1 On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or repurchase of Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied (to the extent that the Company is lawfully permitted to do so):

15.1.1 first, in paying to each of the Shareholders, an amount per Share of £1 20, the amount paid to the A Shares and B Shares will rank pari passu and no preference or priority will be given to paying to the holder(s) of A Shares or B Shares respectively;;

15.1.2 second, after settlement in full of the amounts payable pursuant to article 15 1 1 above, in distributing:

15 1.2.1 75% of the remaining surplus assets to the A Shareholders pro rata to their respective holdings of A Shares; and

15.1.2 2 25% of the remaining surplus assets to the B Shareholders pro rata to their respective holdings of B Shares.

16 EXIT PROVISIONS

16.1 On a Share Sale, the Proceeds of Sale shall be distributed amongst the Shareholders selling Shares in the Share Sale in the manner set out below:

16.1.1 first, in paying to each of the A Shareholders, in priority to any other classes of Shares, an amount per A Share of £1.20, an amount per Share of £1.20 (provided that if there are insufficient surplus assets to pay such amounts, such surplus assets shall be distributed to the A Shareholders pro rata to their respective holdings of A Shares),

16.1.2 second, after settlement in full of the amounts payable pursuant to article 16.1.1 above, in distributing

16.1.2.1 75% of the remaining surplus assets to the A Shareholders pro rata to their respective holdings of A Shares; and

16.1.2.2 25% of the remaining surplus assets to the B Shareholders pro rata to their respective holdings of B Shares.

and the Directors shall not register any transfer of Shares if the Proceeds of Sale are not so distributed, provided that if the Proceeds of Sale are not settled in their entirety upon completion of the Share Sale:

16.1.3 the Directors shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds of Sale that are settled have been distributed in accordance with this article 16.1, and

16.1.4 the Shareholders shall take any action reasonably required by the Directors to ensure that the Proceeds of Sale in their entirety are distributed amongst the Shareholders in accordance with this article 16.1

16.2 On an Asset Sale the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) as set out in article 16.1.1 and 16.1.2 provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, the Shareholders shall take any action reasonably required by the Directors (including, but without prejudice to the generality of this article 16.2, creating distributable profits or reserves by way of reduction of capital or such action as may be necessary to put the Company into voluntary liquidation so that article 15 applies).

16.3 In the event of an Exit approved by the Board (the "**Proposed Exit**"), all Shareholders shall consent to, vote for, raise no objections to and waive any applicable rights (including but not limited to rights of pre-emption) in connection with the Proposed Exit ("**Actions**"). The Shareholders shall be required to take all Actions with respect to the Proposed Exit as are required by the Board to facilitate the Proposed Exit. If any Shareholder fails to comply with the provisions of this Article, the Company shall be constituted the agent of each defaulting Shareholder for taking such actions as are necessary to effect the Proposed Exit and the Directors may authorise an officer or member to execute and deliver on behalf of such defaulting Shareholder the necessary documents and the Company may receive any purchase money due to the defaulting Shareholder in trust for each of the defaulting Shareholders.

17 **MANAGEMENT DRAG ALONG**

17.1 If either (a) the holders of 75% of the B Shares in issue for the time being or (b) the holders of more than 75% of the Shares in issue (either being the "**Sellers**"), wish to transfer all (but not some only) of their Shares representing in issue for the time being to a bona fide purchaser on arm's length terms ("**Proposed Buyer**"), the Sellers may require all the holders of the Shares ("**Called Shareholders**") to sell and transfer all of their shares ("**Called Shares**") to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article ("**Drag Along Option**").

- 17.2 The Sellers may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders ("**Drag Along Notice**") at any time before the transfer of the Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- 17.2.1 that the Called Shareholder is required to transfer all of its Called Shares pursuant to this article 17,
 - 17.2.2 the person to whom the Called Shares are to be transferred;
 - 17.2.3 the purchase price payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per Share offered by the Proposed Buyer for the B Shares; and
 - 17.2.4 the proposed date of the transfer.
- 17.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Sellers have not sold their Shares to the Proposed Buyer within 60 Business Days of serving the Drag Along Notice. The Sellers may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 17.4 No Drag Along Notice shall require the Called Shareholders to agree to any terms except those specifically set out in this article 17.
- 17.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Shares unless the Sellers and the Called Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by them.
- 17.6 Within 20 Business Days of the Sellers serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall each deliver a stock transfer form for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company. On the expiration of that period, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article 17.2 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price 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.
- 17.7 To the extent that the Proposed Buyer has not, on the expiration of the 20 Business Day period referred to in article 17.6, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholder shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholder shall have no further rights or obligations under this article 17 in respect of its Shares.
- 17.8 If the Called Shareholders do not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the Called Shareholders shall each be deemed to have irrevocably appointed any person nominated for the purpose by the Sellers to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as he may direct) as the

holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article 17.8

DECISION MAKING BY SHAREHOLDERS

18. QUORUM FOR GENERAL MEETINGS

- 18.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy, of whom at least one shall be a holder of B Shares or a duly authorised representative of such holder. No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

19. VOTING

- 19.1 At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote, on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder
- 19.2 Any resolution proposed as a written resolution in relation to any of the matters listed in article 21.1 shall be proposed in a form that provides shareholders with the ability to cast their votes against as well as in favour of such resolution

20. POLL VOTES

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

21. PROXIES

- 21.1 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 general meeting (or adjourned meeting) to which they relate"
- 21.2 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" as a new paragraph at the end of that Article.

ADMINISTRATIVE ARRANGEMENTS

22 MEANS OF COMMUNICATION TO BE USED

22 1 Subject to article 22.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

22 1 1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 24 hours after it was posted or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider,

22.1 2 if properly addressed and delivered by hand, when it was given or left at the appropriate address,

22.1 3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and

22 1 4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

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

22 2 Any notice, document or other information served on, or delivered to, an intended recipient under the articles of association of the Company may be served or delivered in electronic form (by email or fax) or by means of a website

22 3 In proving that any notice, document or information was properly addressed, it shall be sufficient to show that the notice, document or information was addressed to an address permitted for the purpose by the Act

23. INDEMNITY AND INSURANCE

23 1 Subject to article 23.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled

23.1 1 each relevant officer of the Company shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and

- 23 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 23 1 1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure
- 23.2 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.
- 23 3 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
- 23 4 In this Article
- 23.4.1 a "relevant officer " means any director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor, and
- 23.4.2 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 or any pension fund or employees' share scheme of the Company