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**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**RESOLUTIONS OF MITGJORN LIMITED (the "Company")**  
**PROPOSED AS WRITTEN RESOLUTIONS**

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Circulation Date *23 October* 2015

In accordance with Chapter 2 of Part 13 of the Companies Act 2006 (the "Act") I, being the sole eligible member of the Company, irrevocably agree that Resolutions 1 and 4 below are passed as special resolutions and Resolutions 2, 3 and 5 below are passed as ordinary resolutions

- 1 **THAT**, the document attached to these written resolutions (the "New Articles") be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association
- 2 **THAT**, the sole ordinary share of £1 in the capital of the Company be re-designated as 1 A ordinary share of £1 having the rights set out in the Company's New Articles
- 3 **THAT**, in accordance with section 551 of the Act, the Director be generally and unconditionally authorised to allot and issue the following shares (together the "Equity Shares")
  - (a) A ordinary shares of £1 each in the capital of the Company up to an aggregate nominal value of £100,
  - (b) B ordinary shares of £0.001 each in the capital of the Company up to an aggregate nominal value of £0.10,
  - (c) C ordinary shares of £0.024 each in the capital of the Company up to an aggregate nominal value of £0.048,

all such Equity Shares to have the rights set out in the New Articles, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the fifth anniversary from the date of these resolutions save that the Company may, before such expiry, make an offer or agreement which would or might require such shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired

- 4 **THAT**, subject to the passing of resolution 3 above and in accordance with section 570 of the Act, the Directors be generally empowered to allot the Equity Shares pursuant to the authority conferred by resolution 3, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall
  - (a) be limited to the allotment of the respective classes and number of Equity Shares set out in resolution 3 above, and



(b) expire on the fifth anniversary from the date of these resolutions (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require the Equity Shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired

5 **THAT**, in accordance with section 694 of the Act, the Company be authorised to purchase the sole A ordinary subscriber share held by Adam Lawrence in accordance with the terms set out in the appended Investment Agreement and the terms and conditions of the Investment Agreement be approved

Signed by

Adam Lawrence

A handwritten signature in black ink, appearing to read 'Adam Lawrence', with a stylized flourish at the end.

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

#### NOTES

1 If you agree to the resolutions, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following methods

- **By Hand** to Company's registered office
- **Post** to the Company's registered office
- **E-mail** by email to one of the Company's directors

If you do not agree to the resolutions, you do not need to do anything you will not be deemed to agree if you fail to reply

2 Once you have indicated your agreement to the resolutions, you may not revoke your agreement

3 Unless, by 30 days from the circulation date, sufficient agreement has been received for the resolutions to pass, they will lapse. If you agree to the resolutions please ensure that you indicate your agreement and notify us as soon as possible

4 If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document

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**RW Blears**

Solicitors

**THE COMPANIES ACT 2006**

**A PRIVATE COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

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(Adopted on **23** October 2015)

of

**MITGJORN LIMITED**

**(Company Number 09834106)**

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**THE COMPANIES ACT 2006**  
**COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**of**  
**MITGJORN LIMITED**  
**(the "Company")**

(Adopted on 23 October 2015)

**1. INTRODUCTION**

- 1 1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these articles (the "Model Articles") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, these Articles
- 1 2 In these Articles and the Model 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
- 1 3 In these Articles
- 1 3 1 article headings are used for convenience only and shall not affect the construction or interpretation of these Articles,
- 1 3 2 words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa, and
- 1 3 3 Article 5 (Directors may delegate), 6 (Committees), 7 (Directors to take decisions collectively), 8 (Unanimous decisions), 10(1) and (2) (Participation in directors' meetings), 11(2) and 11(3) (Quorum for directors' meeting), 12 (Chairing of directors' meetings), 13 (Casting vote), 14 (Conflicts of interest), 17 (Methods of appointing directors), 19 (Directors Remuneration), 21 (All shares to be fully paid up), 22 (Powers to issue different classes of shares), 26(5) (Share transfers), 41 (Adjournment), 42 (Voting), 44(4) (Poll Votes), 49(3) and (4) (Company Seal), 50 (No right to inspect accounts and other records), 52 (Indemnity) and 53 (Insurance) as set out in the Model Articles shall not apply to the Company,

**2. DEFINITIONS**

- 2 1 In these Articles the following words and expressions shall have the following meanings

<b>"Act"</b>	the Companies Act 2006 and every statutory Modification or re-enactment thereof for the time being in force,
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<b>"Acceptance Period"</b>	the period during which an offer made under Article
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	11 7 is open for acceptance,
<b>"A Ordinary Shares"</b>	the A ordinary shares of £1 00 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles,
<b>"A Ordinary Shareholders"</b>	the holders for the time being of the issued A Ordinary Shares,
<b>"B Ordinary Shares"</b>	the B ordinary shares of £0 001 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles,
<b>"B Ordinary Shareholders"</b>	the holders for the time being of the issued B Ordinary Shares,
<b>"Auditors"</b>	the auditors for the time being of the Company,
<b>"Beneficial Owner"</b>	as defined in Article 11 1 4,
<b>"Called Shareholders"</b>	as defined in Article 17 1,
<b>"company"</b>	includes any body corporate,
<b>"Connected"</b>	as defined by Section 993 of the Tax Act, provided however that any determination of fact as to whether two or more persons are acting together shall, in the absence of any ruling by HM Revenue & Customs, be made by the tax advisers appointed by the Investor Director or, if none is appointed, the Investor, acting as experts and not as arbitrators and whose certificate or certificates from time to time shall be final and binding on the Company and all shareholders,
<b>"a Conflict Situation"</b>	a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company, including in relation to the exploitation of any property, information or opportunity and regardless of whether the Company could take advantage of the property, information or opportunity itself,
<b>"C Ordinary Shares"</b>	the C ordinary shares of £0 024 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles,
<b>"C Ordinary Shareholders"</b>	the holders for the time being of the issued C Ordinary Shares,
<b>"CTA"</b>	Corporation Tax Act 2010,



<b>"Directors"</b>	the directors for the time being of the Company or (as the context shall require) any of them (each a "Director") acting as the board of directors of the Company,
<b>"Drag Along Price"</b>	as defined in Article 17 1,
<b>"Drag Along Right"</b>	as defined in Article 17 1,
<b>"equity share capital", "subsidiary" and "holding company"</b>	shall have the meanings set out in Sections 548, 1159 and 1162 of the Act,
<b>"Excluded Person"</b>	<ul style="list-style-type: none"> <li>(i) any Member (or other person entitled to a share in the manner set out in Article 11 1) whom the Directors are entitled under Articles 11, 13 or 14 to require to give a Transfer Notice (but only throughout such time as the Directors are entitled to require him to give a Transfer Notice), and</li> <li>(ii) any Member or other person who has been required to give a Transfer Notice under Articles 11, 13 or 14 (whether or not that requirement has been complied with)</li> </ul>
<b>"Family Trusts"</b>	in relation to any person or deceased person means trusts under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than that person and/or a Family Member of that person For these purposes a person shall be deemed to be beneficially interested in a Share if that share or the income derived from it is or may become liable to be transferred or paid or applied or appointed to or for the benefit of that person,
<b>"Investor Affiliate"</b>	any such party as is referred to in Article 11 1 3 provided that it is managed or advised by the same investment manager or investment advisor as an Investor,
<b>"Investor Director"</b>	a person appointed as a Director of the Company pursuant to Article 22,
<b>"Investor"</b>	Foresight VCT plc,
<b>"Listed or Listing"</b>	<ul style="list-style-type: none"> <li>(i) the admission of all or any of the shares in the capital of the Company (or any part thereof) to the Official List of the UK Listing Authority and the admission of all or any of such shares to trading on the main market of the London Stock Exchange</li> </ul>

	plc, or
	(ii) the same being admitted to trading on the Alternative Investment Market, or
	(iii) the same being admitted to trading on any recognised investment exchange as defined by Section 285 of the Financial Services and Markets Act 2000, or
	(iv) the same being admitted to trading on the New York or American Stock Exchange or the NASDAQ National market in the United States of America, or
	(v) the same being admitted to trading on , or
	(vi) such other stock exchange as the Investor Director or, if none has been appointed, the Investor may agree with the board,
<b>"Member"</b>	a holder for the time being of issued Shares,
<b>"a Member of the same Group"</b>	as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company,
<b>"Model Articles"</b>	has the meaning given in Article 1 1,
<b>"Model PLC Articles"</b>	has the meaning given in Article 1 2 ,
<b>"Net Profits"</b>	the annual net profits of the Company which are available for distribution to Members in each financial year,
<b>"Offer"</b>	either <ul style="list-style-type: none"> <li>(i) an offer to purchase all the Shares other than those already held by the offeror and/or any persons acting in concert with him (as defined in the City Code on Take-overs and Mergers), or</li> <li>(ii) the entering into of one or more agreements which will result in any persons who are acting in concert (as defined above) acquiring all the Shares, which agreements are unconditional or subject only to conditions in the sole control of any or all of the persons who are acting in concert,</li> <li>(iii) in each case being an offer or agreement</li> </ul>

which is approved in writing by the Investor Director or, if none has been appointed, the Investor as being an offer or an agreement to which Articles 16 and 17 do not apply,

<b>"Offeror"</b>	as defined in Article 17 1,
<b>"Payment Date"</b>	the date on which a dividend becomes payable pursuant to Article 5 2 1,
<b>"Prescribed Price"</b>	the price per Sale Share agreed or determined pursuant to Article 12 4 or, determined pursuant to Article 12 5,
<b>"Proposing Transferee"</b>	as defined in Article 16 1,
<b>"Proposing Transferor"</b>	a Member proposing to transfer or dispose of Equity Shares or any interest therein,
<b>"Purchaser"</b>	a Member willing to purchase the Shares comprised in a Transfer Notice,
<b>"Relevant Company"</b>	as defined in Article 26 5,
<b>"Relevant Interest"</b>	as defined in Article 16 2 1,
<b>"Relevant Shares"</b>	as defined in Article 11 3 2,
<b>"Relevant Transaction"</b>	as defined in Article 16 1,
<b>"Sale"</b>	completion of the transaction(s) by which an Offer has arisen,
<b>"Sale Shares"</b>	all Shares comprised in a Transfer Notice,
<b>"Shares"</b>	A Ordinary Shares, B Ordinary and C Ordinary Shares,
<b>"Tax Act"</b>	the Income Tax Act 2007, as amended,
<b>"Tax Legislation"</b>	Sections 450 and 451 of the CTA and Chapter 4, Parts 5 and 6 of the Tax Act,
<b>"Transfer Notice"</b>	a written notice served by a Member on the Company, in accordance with Article 12 2 or deemed to have been served pursuant to Articles 11, 13 or 14, and
<b>"Vendors"</b>	as defined in Article 17 1

- 2 2 Any reference in these Articles to any provision of any statute or to any other legislative provision shall be deemed to include a reference to any statutory or other legislative modification or re-enactment of that provision from time to time in force
- 2 3 In these Articles, where the context so permits, words importing the singular number shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter and vice versa and words importing persons shall include bodies corporate, unincorporated associations and partnerships
- 2 4 The headings to each of the Articles are inserted for ease of reference only and shall not affect the construction or interpretation of these Articles
- 2 5 A reference in these Articles to an "Article" followed by a particular number is a reference to the relevant article of these Articles bearing that number A reference in these Articles to a "Model Article" followed by a particular number is a reference to the relevant article of the Model Articles bearing that number A reference in these articles to a "Model PLC Article" followed by a particular number is a reference to the relevant article of the Model PLC Articles bearing that number
- 2 6 A reference in these Articles to any transfer of any share shall mean the transfer of either or both of the legal and beneficial ownership in such share and/or the grant of an option to acquire either or both of such legal and beneficial ownership, and the following shall be deemed (but without limitation) to be a transfer of a share
- 2 6 1 any direction by way of renunciation, nomination or otherwise by a person entitled to an allotment of shares to the effect that such shares or any of them be allotted to some other person, and
- 2 6 2 any sale or other disposition of any legal or equitable interest (including without limitation any voting right attached thereto) in any share
- 2 6 3 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

### **3. COMPANY CONSTITUTION**

- 3 1 The name of the Company is Mitgjorn Limited
- 3 2 The registered office of the Company is to be in England and Wales
- 3 3 The liability of members is limited

### **4. SHARE CAPITAL**

In these Articles, unless the context requires otherwise, references to Shares shall include shares of those respective classes created and/or issued after the date of adoption of these Articles

5. **SHARE RIGHTS**

5 1 The Shares shall have, and be subject to, the following rights and restrictions

5 2 **Income**

5 2 1 The profits of the Company available for distribution in each financial year, shall be distributed as follows

- (a) firstly, subject to Articles 5 2 1(b), 5 2 1(c) and 5 2 1(d) below, the A Ordinary Shareholders shall have the right to receive a quarterly non-cumulative preferential dividend of 6% (six per cent) of the consolidated gross assets of the Company less the amount of the B Non-Cumulative Preferential Dividend (as defined in Article 5 2 1(b) below) and the C Non-Cumulative Preferential Dividend (as defined in Article 5 2 1(c) below) ("**A Non-Cumulative Preferential Dividend**"), in proportion to the number of A Ordinary Shares held by them respectively and such dividend will be payable on the tenth day (or if that day is a Saturday or Sunday or a day on which banks are not open in London for normal business banking on the next following day which is neither a Saturday or Sunday and on which banks are so open) after the 25<sup>th</sup> June, 25<sup>th</sup> September, 27<sup>th</sup> December and 25<sup>th</sup> March,
- (b) secondly, on the 25<sup>th</sup> September and 27<sup>th</sup> December, the B Ordinary Shareholders shall have the right to receive a non-cumulative preferential dividend of £2,500 (the "**B Non-Cumulative Preferential Dividend**"), in proportion to the number of B Ordinary Shares held by them respectively,
- (c) thirdly, on the 25<sup>th</sup> September and 27<sup>th</sup> December, the C Ordinary Shareholders shall have the right to receive a non-cumulative preferential dividend of £50 (the "**C Non-Cumulative Preferential Dividend**"), in proportion to the number of C Ordinary Shares held by them respectively,
- (d) thereafter, the balance to the A Ordinary Shareholders, B Ordinary Shareholders, C Ordinary Shareholders *pari passu*, as if the A Ordinary Shares, B Ordinary Shares and C Ordinary Shares constituted one class of shares, in proportion to the number of A Ordinary Shares, C Ordinary Shares held by them respectively

For the avoidance of doubt, the A Non-Cumulative Preferential Dividend, B Non-Cumulative Preferential Dividend and the C Non-Cumulative Preferential Dividend shall not include any amount of any dividend that became payable on any previous Payment Date, pursuant to the rights as set out in this Article 5 2, but which has not been paid

5 2 2 Notwithstanding the foregoing in order to comply with the Tax Legislation no single company which is a holder of Shares shall (together with any Connected person) be entitled to receive, if the whole of the income of the Company were in fact distributed among its participators (without regard to any rights which any holder has as a loan creditor or by reason of that holder's possession of, or entitlement to acquire relevant fixed-rate preference shares or, if the holder in question is the Investor, the Investor's possession of or entitlement to acquire A

Ordinary Shares), more than 50% of the amount so distributed (excluding any amount received pursuant to rights which their holder may have as a loan creditor, or by reason of that holder's possession of, or entitlement to acquire relevant fixed-rate preference shares or if the holder in question is the Investor, the Investor's possession of or entitlement to acquire A Ordinary Shares and, in particular, the "A" Non-Cumulative Preferential Dividend payable in respect thereof) For these purposes the expressions "participator" and "loan creditor" and "eligible shares " shall bear the meanings respectively given to them by section 253 of the Tax Act and the expression "relevant fixed rate preference shares" shall bear the meaning given by Chapter 4, Part 6 of the Tax Act

- 5 2 3 Model Article 30 to Model Article 35 (inclusive) shall be subject to this Article 5 2 and, in the event of any inconsistency, the provisions of this Article 5 2 shall prevail

### 5 3 Capital

- 5 3 1 On a return of assets on a liquidation or capital reduction or similar, the assets of the Company remaining after the payment of its liabilities shall be distributed amongst the holders of Shares (*pari passu* as if the same constituted one class of shares) in proportion to the number of Shares held by them respectively
- 5 3 2 The proceeds of any Sale of the Company shall be distributed amongst the holder of Shares (*pari passu* as if the same constituted one class of shares) in proportion to the amounts paid up or credited as paid up in relation to the nominal value only of the Shares held by them respectively
- 5 3 3 Notwithstanding any of the foregoing in order to comply with the Tax Legislation no single company which is a holder of Shares shall (together with any Connected person) be entitled (without regard to any rights which any holder has as a loan creditor or by reason of that holder's possession of, or entitlement to acquire relevant fixed-rate preference shares) on a return of assets on a liquidation or capital reduction or otherwise (but, for the avoidance of doubt, not on a Sale) to receive more than 50% of the capital available for payment to all members For those purposes the expression "loan creditor" shall bear the meanings respectively given to them by section 253 of the Tax Act and the expression "relevant fixed-rate preference shares" shall bear the meaning given by Chapter 4, Part 6 of the Tax Act

### 5 4 Voting

- 5 4 1 Subject to the special rights or restrictions as to voting attached to any shares

- (a) on a show of hands every holder of Shares who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote,
- (b) on a poll every holder of Shares who is present in person or by a proxy or (being a corporation) by a representative shall have one vote for every Share of which he is the holder, and
- (c) notwithstanding the foregoing in order to comply with the Tax Legislation no single company which is a holder of Shares shall (together with any Connected person) be entitled to exercise more than 50% of the voting rights attaching to the equity share capital of the Company

## **6 ISSUE OF NEW SHARES**

- 6 1 Subject to Article 6 3, any shares to be issued by the Company shall, before they are issued to any third party be offered to the holders of Shares of the same class in such proportions as equal (as nearly as possible) to the proportion of Shares of that class held by them respectively at that time Except with the consent of the Investor, A Ordinary Shares, B Ordinary Shares and C Ordinary Shares shall be allotted and issued only to the A Ordinary Shareholders, B Ordinary Shareholders and C Ordinary Shareholders respectively
- 6 2 The offer shall be made by notice in writing and shall specify the number and class of shares offered and the price per share and stating a time (not being less than thirty days or greater than forty-two days) within which the offer, if not accepted, will be deemed to be declined After the expiration of such time, or on the receipt of a communication from the person to whom the offer is made that he declines to accept the shares offered or any of them, the Directors shall offer the shares declined in like manner to the holders of Shares who have agreed to subscribe for all the shares offered to them and shall repeat such offer until all of the shares have been issued or an offer is wholly declined If the shares comprised in such further offers are declined or deemed (by the lapse of such offer) to be declined the further offers shall be withdrawn
- 6 3 The provisions of Article 6 1 shall not apply to the issue of shares pursuant to the Investment Agreement and may in any event be disapplied in relation to any class of shares by special resolution
- 6 4 Subject to this Article 6 and to the provisions of Sections 549 and 551 of the Act, the shares in the capital of the Company shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, provided that no shares shall be issued at a discount and that
  - 6 4 1 no shares to which Article 6 1 applies shall be issued more than three months after the expiry of the period for acceptance of the last offer of such shares made under Article 6 1 unless the procedure set out in Articles 6 1 is repeated in respect of such shares (and so that the time limit set out in this Article 6 4 1 shall apply equally to any repetition of that procedure), and
  - 6 4 2 no shares shall be issued at a price less than that at which they were offered to the Members in accordance with Article 6 1 and if the Directors are proposing to issue such shares wholly or partly for a non-cash consideration the cash

equivalent of such consideration for the purposes of this sub-paragraph shall be as reasonably determined by the Auditors who shall act as experts and not as arbitrators and whose determination shall be final and binding on the Company and each of its members (for the avoidance of doubt this Article 6 4 shall not apply to the issue of any shares pursuant to the Investment Agreement)

6 5 The provisions of Sections 561(1), 562(1) to (6) and 568(3) of the Act shall not apply to the Company

6 6 Model Article 22 shall be amended by the deletion of the words "and the directors may determine the terms, conditions and manner of redemption of any such shares" and replacing them with the words "and the terms, conditions and manner of redemption shall be set out in the articles "

## **7. VARIATION OF CLASS RIGHTS**

7 1 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up

7 1 1 in the case of the A Ordinary Shareholders, with the consent in writing of the holders of at least three-fourths of the issued shares of the relevant class or with the sanction of a special resolution passed at a separate meeting of the holders of that class, but not otherwise, and,

7 1 2 in the case of B Ordinary Shareholders, with the consent in writing of the holders of at least three-fourths of the issued shares of the relevant class or with the sanction of a special resolution passed at a separate meeting of the holders of the relevant class, but not otherwise

7 2 To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply (mutatis mutandis) except that

7 2 1 the necessary quorum shall be at least one person holding or representing by proxy at least one-third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum, and

7 2 2 the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively

7 3 Without prejudice to the generality of this Article, it is a term of issue of the A Ordinary Shares that the following events shall be deemed to be an attempted variation of the rights attaching to such shares and shall therefore require class consent in accordance with Article 7 1

7 3 1 any alteration or variation of any of the rights attached to any of the shares for the time being in the capital of the Company,

7 3 2 any resolution to wind-up the Company or any subsidiary of the Company or the convening of a meeting of the members of the Company for this purpose,

7 3 3 any increase in the issued capital of the Company other than the issue of Shares pursuant to the Investment Agreement,



- 7 3 4 any reduction or sub- division or consolidation of the authorised or issued share capital of the Company other than the purchase of the Company's subscriber share,
- 7 3 5 the grant by the Company of a right to subscribe for or to convert securities into shares in the capital of the Company save for grants of rights to subscribe for Equity Shares pursuant to the Investment Agreement,
- 7 3 6 the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company,
- 7 3 7 the redemption of any of the Company's shares or the entering into of a contract by the Company to purchase any of its shares,
- 7 3 8 any alteration of the Company's articles of association,
- 7 3 9 the passing of any special resolution,
- 7 3 10 the calling of a meeting of the Company to effect or approve any matter which would by virtue of this Article 7 3 be a variation of such class rights,
- 7 3 11 re-registration of the Company as a public company,
- 7 3 12 a Sale,
- 7 3 13 the disposal of the business and/or undertaking of the Company or all or a substantial part of its assets, or
- 7 3 14 the subscription for or other acquisition of shares in any company, the acquisition of all or all of the assets of any other company or of any unincorporated business, the disposal of any share in any other company, the disposal of the Company's undertaking and assets or any substantial part thereof or the making of any capital investment in any partnership or the disposal of any such interest

## **8. LIEN**

- 8 1 The Company shall have a first and paramount lien on every share (whether or not fully paid) for all and any indebtedness of any holder thereof to the Company (whether a sole holder or one of two or more joint holders) in respect of the shares concerned
- 8 2 The Company's lien over a share takes priority over any third party's interest in that share and 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
- 8 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
- 8 4 Model PLC Article 53 shall apply to the Company and shall govern the enforcement of the Company's lien, save that
  - 8 4 1 in Model PLC Article 53(2)(c), the word "clear" shall be inserted between the words "14" and "days", and

- 8 4 2 in Model PLC Article 53(4)(b), the words "a suitable indemnity" shall be deleted and replaced by the words "an indemnity in a form reasonably satisfactory to the Directors" and the words "over the shares before the sale for any money payable in respect of the shares" shall be deleted and replaced by the words "for any money payable (whether payable immediately or at some time in the future) as existed upon the shares before the sale in respect of all shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders)"

## **9. REGISTRATION OF TRANSFERS**

- 9 1 The Directors shall be required (subject only to Model Article 26 (save that Model Article 26(5) shall not apply to the Company) and Article 9 3) to register promptly any transfer of shares made in accordance with the provisions of these Articles but shall not register any transfer of shares otherwise
- 9 2 The Directors may refuse to register a transfer unless
- 9 2 1 it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer,
- 9 2 2 it is in respect of only one class of share, and
- 9 2 3 it is in favour of not more than four transferees
- 9 3 In addition to the circumstances set out in Model Article 26, the Directors may refuse to register a transfer of a share to a bankrupt, a minor or a person of unsound mind

## **10. TRANSFERS PURSUANT TO OFFERS MADE UPON A CHANGE OF CONTROL OR PURSUANT TO DRAG ALONG RIGHTS**

- 10 1 Subject to the provisions of Article 9 any Shares may at any time be transferred by any Member pursuant to acceptance of any offer made to that Member under the requirements of Article 16 (Tag Along) or as contemplated by Article 17 (Drag Along)

## **11. PERMITTED TRANSFERS**

- 11 1 Subject to the provisions of Article 9
- 11 1 1 in the event of the death of any Member, any Shares of which such Member is the holder at the time of his death may at any time following his death be transferred by his personal representative to trustees to be held on Family Trusts of such Member, or to a Family Member of such Member but the voting rights in respect of such shares shall be exercised by the Directors in proportion to the number of Shares held by each of them bears to the aggregate number of Shares held by all of them (and for these purposes the Investor Director shall be deemed to hold the Shares held by the Investor),
- 11 1 2 any Member, being a company, may transfer any Shares to a member of the same Group as such Member save that the transferee can only hold the Shares for so long it is a member of the same Group as the original Member and on the

transferee ceasing to be a member of that Group the transferee will transfer the shares back to the original Member

11 1 3 the Investor may transfer any Shares to another party who or which is (i) a venture capital trust, venture capitalist, investment trust, investment company, limited partnership or such like entity, (ii) an Investor, (iii) an acquirer of an Investor or (iv) the fund manager/adviser to an Investor or an employee, member or partner of the fund manager/adviser to an Investor, and

11 1 4 any Shares held by a nominee for their beneficial owner (the "Beneficial Owner") may be transferred by the nominee to the Beneficial Owner or to another person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only Any Shares may be transferred by the Beneficial Owner to a person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only Where any person to whom any Shares have been transferred as a nominee ceases to hold such Shares as nominee for the Beneficial Owner only he shall forthwith transfer such Shares to the Beneficial Owner or to another person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only and in default of doing so he shall be deemed to have given a Transfer Notice in respect of all such Shares

11 2 Where Shares have been transferred to trustees under Article 11 1 1, on any change of trustees, the Relevant Shares (as defined below) may be transferred to the trustees for the time being of the trust concerned

11 3 In the event that

11 3 1 a Transferee Company holding Relevant Shares ceases to be a Member of the same Group as the Transferor Company from which (whether directly or by a series of transfers under Article 11 1) the Relevant Shares were derived, or

11 3 2 any Relevant Shares held by trustees cease to be held on a Family Trust of the Member, the Member holding the shares shall notify the Directors in writing that such an event has occurred and such Member shall be bound, if and when required in writing by the Directors to do so, to give a Transfer Notice in respect of the Relevant Shares (but without specifying a proposed Prescribed Price (so that the Prescribed Price shall be determined pursuant to Article 12 4 and Article 12 5) and so that the right of revocation conferred by Article 12 10 shall not apply) For this purpose the expression the "Relevant Shares" means (so far as the same remain held by the trustees of a Family Trust or by any Transferee Company) the shares originally transferred to the trustees or to the Transferee Company and any additional shares issued to such trustees or Transferee Company by way of a capitalisation or acquired by such trustees or Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred

## **12. PRE-EMPTION RIGHTS**

12 1 The right to transfer Shares or any interest therein shall (subject to and without prejudice to the provisions of Articles 10 and 11) be subject to the following restrictions, save that such restrictions shall not apply to any transfer of Shares pursuant to the acceptance of an offer made pursuant to Article 16 or to the proposed sale pursuant to Article 17 of the

Shares for the time being in issue where the Vendors (as defined in Article 17) exercise the Drag Along Right pursuant to Article 17.

- 12 2 Before transferring or disposing of any Shares (or any interest in Shares) the Proposing Transferor shall serve a notice on the Company specifying the number and class of Shares in question and the proposed price for such shares ("Transfer Notice"), and the Transfer Notice shall constitute the Company as his agent for the sale of those Shares at the Prescribed Price to any Member or Members. Except as provided in this Article, a Transfer Notice once given or deemed to be given shall not be revocable except with the consent of the Directors
- 12 3 A Transfer Notice may comprise Shares of more than one class and shall, if the Proposing Transferor has received any offer to purchase Shares (whether or not an offer capable of becoming legally binding upon acceptance) within the period of three months prior to service of the Transfer Notice, give the name of the offeror, the number and class of Shares concerned and the price offered in respect of each such Share. A Transfer Notice may not be given by an Excluded Person unless required by the Directors under Articles 13, 14 or 15
- 12 4 The Directors will endeavour to agree the Prescribed Price with the Proposing Transferor. If the Directors fail to agree the Prescribed Price with the Proposing Transferor within 14 days of receipt of the Transfer Notice by the Company or, as applicable, a Transfer Notice having been deemed to have been served, the Directors shall request the Auditors (acting as experts and not as arbitrators) to certify the Prescribed Price. The Auditors shall be appointed by the Company on such terms and conditions as the Company (acting reasonably) may agree with the Auditors
- 12 5 The Auditors shall (acting as experts and not arbitrators) within 14 days of such a request certify to the Company the Prescribed Price, being the value of each Sale Share (or, where appropriate of each Sale Share of each class) calculated on the following basis
- 12 5 1 by determining the sum which a willing purchaser would offer to a willing vendor for all the issued Shares,
- 12 5 2 by dividing the resultant figure between the classes of Shares by applying the provisions of Article 5 3 2 as if that sum were the proceeds of a Sale, and
- 12 5 3 by dividing the sum attributable to the Shares of the relevant class by the number of Shares of that class in issue
- 12 6 The Auditors' certificate as to the Prescribed Price shall be final and binding
- 12 7 Within 21 days following receipt of the Transfer Notice or (where relevant) the date on which the Transfer Notice is deemed to have been given or where the Prescribed Price is certified by the Auditors the date of certification of the Prescribed Price, the Company shall offer the Sale Shares to each Member (other than the Proposing Transferor and any Excluded Person) in accordance with the provisions of Articles 12 8 and 12 9 for purchase at the Prescribed Price. All offers shall be made by notice in writing and state a time (being between 30 and 42 days inclusive following the date of such notice) within which the offer must be accepted or, in default, will be deemed to have been declined. A copy of such offer shall at the same time be sent by the Company to the Proposing Transferor

- 12 8 The Company shall offer the Sale Shares to the holders of Shares in proportion to the number of Shares held by them (and for the purposes of this Article 12 8 such Shares shall be treated as if they constituted one class of share)
- 12 9 The Sale Shares shall be offered on the following basis
- 12 9 1 any Member to whom the Sale Shares are offered may accept all or some only of the Sale Shares offered to him, and shall be invited to indicate whether, if he accepts all such Sale Shares, he wishes to purchase any Sale Shares which other Members decline to accept ("Excess Shares") and, if so, the maximum number of Excess Shares which he wishes to purchase,
- 12 9 2 any Excess Shares shall be allocated between the Members who have indicated that they wish to purchase Excess Shares pro rata to the proportion of the voting rights represented by the total number of Shares held by those Members but so that no Member shall be required or entitled to receive more than the maximum number indicated by him pursuant to Article 12 9 1,
- 12 9 3 subject to the provisions of this Article and Article 12 8, the Purchasers shall be bound to purchase the Sale Shares properly allocated to them under the provisions of this Article 12 9 at the Prescribed Price in accordance with the provisions of Articles 12 4 and 12 5
- 12 10 Not later than 7 days following the expiration of the Acceptance Period the Company shall give written notice to the Proposing Transferor stating
- 12 10 1 if it is the case, that no Member has sought to purchase any of the Sale Shares, or, otherwise
- 12 10 2 number of Sale Shares which Members have sought to purchase, giving the name and address of each Purchaser and the number of Sale Shares to be purchased by him
- 12 11 If within the Acceptance Period, Purchasers have been found for some only of the Sale Shares or if no Purchaser has been found for any of the Sale Shares, the Proposing Transferor may within 7 days of service on him of notice under this Article revoke his Transfer Notice by written notice to the Company
- 12 12 If the Proposing Transferor is given notice under Article 12 10 2 (and subject to his not revoking his Transfer Notice in accordance with Article 12 11) he shall be bound on payment of the Prescribed Price to transfer the Sale Shares in question to the respective Purchasers. The sales and purchases shall be completed at the registered office of the Company during normal business hours on the first business day after the expiry of 14 days following the date of service of notice by the Company under Article 12 10
- 12 13 If a Proposing Transferor fails to transfer any Sale Shares to a Purchaser after becoming bound to do so, the Directors may authorise any person to execute on behalf of and as attorney for the Proposing Transferor any necessary instruments of transfer and shall register the Purchaser as the holder of the relevant Sale Shares. The Company's receipt of the purchase money shall be a good discharge to the Purchaser and the Company shall thereafter hold the purchase money on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the Register of Members in purported

- exercise of these powers, the validity of the proceedings shall not be questioned by any person
- 12 14 If the Company fails before the end of the Acceptance Period to find a Purchaser or Purchasers for any of the Sale Shares, the Proposing Transferor may (subject to Articles 9 and 12 16) sell all or any of the Sale Shares to any third party/parties
- 12 15 If before the end of the Acceptance Period the Company finds a Purchaser or Purchasers for some (but not all) of the Sale Shares and serves notice accordingly under Article 12 10 the Proposing Transferor may (subject to Articles 9 and 12 16) sell all or any of the Sale Shares for which no Purchaser has been found to any third party/parties unless he revokes his Transfer Notice pursuant to Article 12 11 in which case he may sell all (but not some only) of the Sale Shares to any third party/parties
- 12 16 The right of the Proposing Transferor to sell Sale Shares pursuant to Article 12 14 or Article 12 15 shall be subject to the following restrictions
- 12 16 1 Sale Shares may not be sold after the expiry of three months after the date on which notice is given by the Company under Article 12 10,
- 12 16 2 Sale Shares must be sold on a bona fide sale at a price not less than the Prescribed Price and without any deduction, rebate or allowance whatsoever to the Purchaser,
- 12 16 3 the provisions of Article 15 (if applicable), and
- 12 16 4 no Shares may be transferred, or disposed of, pursuant to this Article 12 16 by any person who is an Excluded Person unless the Directors resolve to approve such transfer or disposal
- 12 17 The costs of the Auditors shall be borne as the Auditors may direct
- 12 18 The restrictions imposed by this Article 12 may be waived in relation to any proposed transfer of Shares with the consent of all Members who, but for such waiver, would or might have been entitled to have such shares offered to them in accordance with Article 11 9
- 12 19 For the purposes of Article 12 16 2 and calculating whether or not a price to be paid for the Sale Shares is more or less than the Prescribed Price, then the cash value of any non-cash consideration shall be that agreed between the Proposing Transferor and the Company, or if the Proposing Transferor and the Company fail to agree such cash value within 15 business days following the earlier of any request by the Proposing Transferor to so value any non-cash consideration and the submission to the Company of the relevant stock transfer form(s) relating to a transfer of the Sale Shares for non-cash consideration, the cash value shall be the amount certified as such as at the date of the earlier of the request for valuation and the purported transfer of the Sale Shares at the request of the Directors, by the Auditors (acting as experts and not arbitrators) Their certificate shall be final and binding
- 12 20 If the Auditors are unwilling or unable to act to certify the Prescribed Price in accordance with the provisions of this Article 12 or if the Investor Director or, if none is appointed, the Investor so specifies in writing, then the Prescribed Price shall instead be certified by an independent firm of chartered accountants appointed by the Directors with the

approval of the Investor Director or, if none is appointed, the Investor and references in this Article 12 to the Auditors shall be deemed to be references to such firm of chartered accountants

**13. MANDATORY TRANSFERS**

13 1 A Member who has acquired any share or a person entitled to any share in consequence of the bankruptcy, receivership or liquidation of a Member shall be bound if required in writing to do so by the Directors not later than 90 days after the Directors receive notice from the person concerned that he has become so entitled, to give a Transfer Notice in respect of all the shares then registered in the name of the Member in bankruptcy, receivership, or liquidation, within 2 weeks of receipt of the relevant request

13 2 As from the Mandatory Transfer Date the Shares held by him shall, notwithstanding any other provision of these Articles, cease to confer on him or any subsequent holder of such shares the right to attend or to vote at general meetings

**14. EVIDENCE OF COMPLIANCE**

14 1 In any case where the Directors may require a Transfer Notice to be given and it is not duly given within a period of two weeks of notice being given requiring the Transfer Notice to be given, a Transfer Notice in respect of the Shares in question shall be deemed to have been given at the expiration of that period. Any Transfer Notice deemed to have been given or required to be given under any provision of these Articles shall not be capable of revocation and (notwithstanding any of the provisions of these Articles) shall extend not just to the shares registered in the name of the Member concerned but to any person Connected to him and/or to whom he has directly or indirectly transferred shares pursuant to Article 11

**15. EVIDENCE OF AUTHORISATION**

15 1 For the purpose of ensuring that a transfer of Shares is duly authorised under these Articles or that no circumstances have arisen requiring a Transfer Notice to be given, the Directors may require any Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member or any person named as transferee in any instrument of transfer lodged for registration to provide to the Company such information as the Directors reasonably think fit regarding any matter which they consider relevant. If such information is not provided to the reasonable satisfaction of the Directors within a reasonable time after request, the Directors shall be entitled to refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the Shares concerned. If the information discloses (in the reasonable opinion of the Directors) that a Transfer Notice ought to have been given in respect of any Shares the Directors may by notice in writing require that a Transfer Notice be given in respect of the Shares concerned

**16. TAG ALONG**

16 1 Notwithstanding the provisions of Article 12 no sale or transfer of the legal or beneficial interest in any Shares (the "Relevant Transaction") (other than one made pursuant to Article 10) may be made or validly registered if as a result of such sale or transfer a Relevant Interest is obtained by a person (or persons acting in concert) where such person(s) did not have a Relevant Interest immediately prior to the Relevant Transaction, unless the Proposing Transferor shall have procured (and to the extent that it is accepted,

completes) a written offer complying with the provisions of Article 16 3 to have been made by the proposed transferee (or any person or persons acting in concert with it) (the "Proposing Transferee") to the holders of all the other issued Shares to acquire their entire holding of Shares

**16 2 For the purpose of this Article 16**

**16 2 1** the expression "a Relevant Interest" shall mean an interest in 50% or more of the Shares in issue for the time being,

**16 2 2** the expressions "transfer" and "transferee" shall include respectively the renunciation of

**16 2 3** a renounceable letter of allotment and the renounce under any such letter of allotment,

**16 2 4** the expression "acting in concert" shall bear the meaning ascribed to it in the City Code on Take-overs and Mergers (as amended from time to time)

**16 3 The offer referred to in Article 16 1 above shall be on terms that**

**16 3 1** it will be open for acceptance in England and Wales for a period of at least 28 days following the making of the offer,

**16 3 2** each Member to whom it is made shall be entitled to receive for each of the Equity Shares

**16 3 3** held by him a sum per share equal to the Specified Price,

**16 3 4** the purchase of any shares in respect of which such offer is accepted shall be completed at the same time as the Relevant Transaction,

**16 3 5** and otherwise on the same terms for all members (and for this purpose any offer which provides for any warranties or indemnities (other than warranties as to title and capacity) or restrictive covenants from some, but not all, Members shall be deemed to comply with this Article 16 3)

**16 4 in the case of an offer made to the Investor, that offer must also provide for the immediate repayment of that Investor's Loans in full with any interest thereon**

**16 5 the expression the "Specified Price" shall mean**

**16 5 1** a price per share which shall be determined by valuing the entire issued share capital of the Company (the "Sale Value") by reference to the aggregate of



- (a) the amount offered or paid or payable by the proposed transferee or transferees or his or their nominees respectively for each of the Shares comprised in the Relevant Interest to the holder or holders thereof or, if higher, the highest amount paid or payable for an Share in any related or previous transaction within the 12 months preceding the offer by the same purchaser or any person acting in concert with the Proposing Transferee,
- (b) an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holder or holders of the Shares comprised in the Relevant Interest which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Relevant Interest (and, for the avoidance of doubt and without prejudice to the generality of the foregoing, any additional consideration which is linked to future profits, turnover or some other measure of the future performance of the Company shall be regarded as consideration which is an addition to the price paid or payable for the Relevant Interest), and
- (c) by dividing the resultant figure between the classes of Shares by applying the provisions of Article 5 3 2 as if that sum were the proceeds of a Sale

16 6 Any disagreement as to the calculation of the Specified Price which each Member is entitled to receive in respect of each share held by him for the purposes of this Article shall be referred to the Auditors (acting as experts and not arbitrators) whose decision shall be final and binding (in the absence of manifest error) and the costs of the Auditors shall be borne by the Company

## 17. DRAG ALONG

17 1 If

17 1 1 one or more members of the Company holding between them not less than 70% of the Shares for the time being in issue, or

17 1 2 no Sale or Listing of the Company having taken place by the third anniversary of the adoption of these Articles, the Investor,

(in either case, the "Vendors") propose(s) to sell the legal or beneficial interest in their entire holdings of Shares to a person with whom none of them is Connected or one or more such persons acting in concert (the "Offeror") then the Vendors shall have the right to require the holders of all other issued Shares in the Company (the "Called Shareholders") to sell and transfer their entire holdings of Shares to the Offeror (or as the Offeror shall direct) in accordance with this Article 17 (the "Drag Along Right") at a price (the "Drag Along Price") to be determined on the basis set out in Article 16 5 and otherwise on the terms specified in Article 16 3 (as if the Vendors' proposed sale was a Relevant Transaction) provided that the Investor may only be required to sell and transfer pursuant to an exercise of the Drag Along Right if the Investor's Loans (if any) are, upon completion of the sale and transfer, repaid in full together with any accrued or unpaid interest thereon

- 17 2 The Drag Along Right shall be exercised by the Vendors serving written notice to that effect ("a Drag Along Notice") on the Called Shareholders at any time before the transfer of the Vendors' Shares to the Offeror
- 17 3 A Drag Along Notice shall specify that the Called Shareholders are, or will in accordance with this Article 17 be, required to sell and transfer their Shares to the Offeror on or about the date specified in the Drag Along Notice (which shall be not less than 7 days after the date of the Drag Along Notice or (if no such date is specified in the Drag Along Notice) on or about such date as the Vendors may subsequently specify by notice in writing to the Called Shareholders (which shall be not less than 7 days after the date of the Drag Along Notice
- 17 4 A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Vendors do not transfer their entire holdings of Shares to the Offeror or the Offeror's nominee not later than the date specified as the date for completion of the sale and purchase of shares pursuant to exercise of the Drag Along Right
- 17 5 Subject to Article 17 4, each of the Called Shareholders shall be bound to sell his entire holding of Shares and to transfer such Shares in accordance with the provisions of the Drag Along Notice
- 17 6 If any Called Shareholder fails to complete the sale of any of his Shares pursuant to the Drag Along Notice or otherwise fails to take any action required of him under the terms of the Drag Along Right, the Directors (or any of them) may authorise any person to undertake on his behalf any action required under the terms of the Drag Along Right. In particular (but without limitation) the Directors shall have the same rights as given to them under Article 12 13
- 17 7 Upon any person, following the giving of a Drag Along Notice becoming a member of the Company pursuant to the exercise of a pre-existing option to subscribe for or otherwise acquire Shares in the Company ("a New Member"), a Drag Along Notice shall be deemed to have been given to the New Member forthwith on the same terms as the previous Drag Along Notice and the New Member shall thereupon be bound to sell and transfer all such shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this Article shall apply mutatis mutandis to the New Member save that completion of the sale of such shares shall take place forthwith upon the Drag Along Notice being deemed to have been given to the New Member
- 17 8 If the Vendors exercise the Drag Along Right, it shall not be necessary for them first to have given Transfer Notices pursuant to Article 12 nor to have complied with the provisions of Article 16

## **18. PROCEEDINGS AT GENERAL MEETINGS**

- 18 1 One Member present in person or by proxy (or, being a corporation, by representative) shall be a quorum
- 18 2 No general meeting shall be quorate without a proxy or duly authorised representative of an Investor being present
- 18 3 If a quorum is not present within half an hour from the time appointed for a general meeting or ceases to be present the general meeting shall stand adjourned to the same

day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine

18 4 If at any adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved

18 5 In the case of any equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to a second or casting vote

## **19 ALTERNATE DIRECTORS**

19 1 Any Director (other than an alternate director) (the "appointor") may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, 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

19 2 A person may act as an alternate director for one or more Directors

19 3 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. The notice must identify the proposed alternate, and in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice

19 4 An alternate director has the same rights, in relation to any Directors' meeting or Directors' written resolution, as the alternate's appointor. No meeting of the Directors will be invalid because notice thereof or of any business to be transacted at that meeting was not given to any alternate director if his appointor attends such meeting

19 5 Except as the Articles specify otherwise, alternate directors are deemed for all purposes to be Directors, are liable for their own acts and omissions, are subject to the same restrictions as their appointors and are not deemed to be agents of or for their appointors

19 6 A person who is an alternate director but not a Director may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and may sign a written resolution (but only if it is not signed or to be signed by that person's appointor). No alternate may be counted as more than one Director for such purposes

19 7 An alternate director shall cease to be an alternate director immediately upon

19 7 1 the alternate director's appointor ceasing to be a Director,

19 7 2 the alternate director's appointor revoking his or her appointment,

19 7 3 the happening of any event which, if the alternate director were a Director, would cause him or her to be required to vacate such office

19 8 An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company

19 9 The Company may pay any reasonable expenses which alternate directors properly incur and Model Article 20 shall be amended by the addition of the words “(including alternate directors)” immediately following the words “reasonable expenses which the directors”

## **20. APPOINTMENT AND RETIREMENT OF DIRECTOR**

20 1 The number of Directors shall not be less than one nor more than eight

20 2 Model Article 17(1) shall not apply to the Company Any person who is willing to act as a Director of the Company, and is permitted by law to do so, may be appointed to be a Director by ordinary resolution either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors

## **21. PROCEEDINGS OF THE DIRECTORS**

21 1 Model Article 5(1) shall be amended by the insertion of the words “as they resolve to do, subject to approval by the Investor Director” in place of the words “as they think fit” and Model Article 5(1)(c) shall be amended by the insertion of the words “(including collaterally with or to the exclusion of their own powers)” at the end of that Model Article

21 2 Subject to Article 21 7 and as hereinafter provided, the quorum necessary for the transaction of business of the Directors shall be one

21 3 For such time as there is an Investor Director appointed, no meeting of the Directors shall be quorate unless such Investor Director is present

21 4 Reasonable notice must be given of Directors’ meetings Model Article 9(3) shall be amended accordingly Directors may waive their entitlement to notice of a Directors’ meeting at any time and in Model Article 9(4)) the words “not more than 7 days after the date on which the meeting is held” shall be deleted and replaced with the words “at any time”

21 5 At any meeting of the Directors each Director (or his alternate director) present at the meeting shall be entitled to one vote

21 6 In the case of an equality of votes at any meeting of the Directors the chairman of such meeting shall be entitled to a second or casting vote Model Article 14 shall apply to the Company provided however that the Investor Director may not act as the chairman of any board meeting

21 7 Model Article 8 shall not apply to the company A decision of the Directors is taken in accordance with Model Article 8 (as referred to in Model Article 7(1)) when a resolution in writing is signed by each Director or to which each Director has otherwise indicated agreement in writing (and such resolution may consist of several documents in the like form each signed by one or more Directors) The Directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every decision taken by a sole director in accordance with this Article 21 7

- 21 8 Subject to the provisions of the Act, and to Article 7 and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director notwithstanding his office
- 21 8 1 may be a party to or otherwise interested in any transaction or arrangement with the
- 21 8 2 Company or in which the Company is in any way interested,
- 21 8 3 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested,
- 21 8 4 may, or any firm or company of which he is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested,
- 21 8 5 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and
- 21 8 6 shall be entitled to vote on any resolution and (whether or not he shall vote) be counted in the quorum on any matter referred to in any of Articles 21 8 1 to 21 8 4 (inclusive) or on any resolution which in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever and if he shall vote on any resolution as aforesaid his vote shall be counted
- 21 9 For the purposes of Article 21 8
- 21 9 1 a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified,
- 21 9 2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his, and
- 21 9 3 an interest of a person who is Connected with a Director shall be treated as an interest of the Director and in relation to an alternate Director an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise
- 21 10 Model Article 14 shall not apply to the Company Save as otherwise specified in these Articles or the Act and subject to any limitations, conditions or terms attaching to any authorisation given by the Directors for the purposes of section 175(4)(b) of the Act, a Director may vote on, and be counted in the quorum in relation to, any resolution relating to a matter in which he has, or can have
- 21 10 1 a direct or indirect interest or duty which conflicts, or possibly may conflict, with the interests of the Company, and

- 21 10 2 a conflict of interest arising in relation to an existing or a proposed transaction or arrangement with the Company
- 21 11 If a Conflict Situation arises, the Directors may authorise it for the purposes of Section 175(4)(b) of the Act by a resolution of the Directors made in accordance with that section and these Articles. At the time of the authorisation, or at any time afterwards, the Directors may impose any limitations or conditions or grant the authority subject to such terms as (in each case) they consider appropriate and reasonable in all circumstances. Any authorisation may be revoked or varied at any time at the discretion of the Directors.
- 21 12 It is recognised that an Investor Director
- 21 12 1 may be an employee, consultant, director, member or other officer of the Investor or of an Investor Affiliate,
- 21 12 2 may be taken to have, through previous or existing dealings, a commercial relationship with the Investor or with an Investor Affiliate,
- 21 12 3 may be a director or other officer of, or be employed by, or otherwise involved in the business of other entities in which the Investor or an Investor Affiliate has or may have an interest from time to time, and
- 21 12 4 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such other directorship, membership, office, employment, relationship or his involvement with the Investor, with an Investor Affiliate or with any entity referred to in Article 21 12 3 and he shall not be in breach of the duties he owes to the Company as a result of any Conflict Situation which arises from the relationships contemplated by this Article, including (without limitation) in relation to proposals for financing or otherwise promoting the business of (whether in competition with the Company or not) any such other entity.
- 21 13 In the circumstances contemplated by Article 21 10 and notwithstanding any other provision of these Articles, each Director affected shall
- 21 13 1 be entitled to receive any papers or other documents in relation to, or concerning, matters to which the Conflict Situation relates,
- 21 13 2 not be excluded from those parts of meetings of the Directors or meetings of a committee of the Directors at which matters to which the Conflict Situation relates are discussed,
- 21 13 3 be entitled to vote (and form a part of the quorum) at any such meeting.
- 21 14 Any information which a Director obtains, other than in his capacity as a Director of the Company, which is confidential in relation to an entity referred to in Article 21 11 need not be disclosed or used for the benefit of the Company where such disclosure or use would constitute a breach of confidence.
- 21 15 Any Director including an alternate Director may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles

and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

- 21 16 No alteration of the Articles invalidates anything which the Directors have done which would have been valid had that alteration not been made.

## **22. THE INVESTOR DIRECTOR**

- 22 1 The Investor has the right to appoint a person as a Director of the Company and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.
- 22 2 The Investor Director shall not be required to hold any shares in the Company.
- 22 3 Any appointment or removal of an Investor Director shall be by notice in writing to the Company signed by all of the Investor which will take effect on delivery at the registered office of the Company or at any meeting of the board of Directors.
- 22 4 On any resolution to remove the Investor Director, the shares held by the Investor shall together carry at least one vote in excess of 75% of the votes exercisable in respect of that resolution at the general meeting at which such resolution is to be proposed and if any such director is removed pursuant to Section 168 of the Act the Investor may reappoint him or any other person as their Investor Director.

## **23. STEP IN RIGHTS**

- 23 1 If
- 23 1 1 the Company is in breach of any of their obligations in the Investment Agreement, or, in the case of the Directors only, of their service agreements or other appointment terms, (which in any case, if capable of remedy has not been remedied within 14 days of the Directors receiving notice to remedy the same from the Investor Director) the consequences of which may be (in the opinion of the Investor Director) to the material detriment of the Company or the interests of the Investor or any of them as shareholders of the Company (including the status of their investments as qualifying holdings within the meaning of Chapter 4, Part 6 of the Tax Act), or
- 23 1 2 there is a material breach of the Investment Agreement,
- 23 1 3 there is a material breach of the articles of association of the Company in force from time to time, or
- 23 1 4 the cash assets of the Company fall to less than £100, or such other sum as may be agreed from time to time between the Investor Director or, if none has been appointed, the Investor and the Company and for the purposes of this Article 23 the cash assets of the Company shall mean the aggregate of all positive and negative balances which the Company has on any and all of the bank accounts in its sole name and under its control and the Investor Director has given written notice to the Directors that the provisions of this Article 23 should have effect until such times as written notice is given by the Investor Director that the provisions of this Article 23 shall cease to have effect in relation to the matter in

question (which will be given as soon as the relevant circumstances(s) prompting the giving of the notice is/are no longer applicable) the Investor Director alone shall count as a quorum at any meeting of Directors and shall be entitled at any meeting of Directors to cast such number of votes which exceeds the votes cast for a resolution to which the Investor Director are opposed or which exceeds the votes cast against a resolution which the Investor Director has proposed

## **24 DIRECTORS' BORROWING POWERS**

- 24 1 Subject as hereinafter provided, and as set out in the Investment Agreement, the Directors may exercise all the powers of the Company (whether express or implied) of borrowing or securing the payment of money, of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts, and of mortgaging or charging the undertaking, property, assets and uncalled capital of the Company and (subject to Sections 549 and 551 of the Act) of issuing debentures
- 24 2 Except with the prior sanction of the Investor Director or, if none has been appointed, the Investor, no mortgage or charge shall be created on any part of the undertaking, property, assets or uncalled capital of the Company or any subsidiary of the Company except for the purpose of securing money borrowed from bankers together with interest thereon and costs and expenses relating thereto

## **25. NOTICES**

- 25 1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- 25 1 1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider),
- 25 1 2 if properly addressed and delivered by hand, when it was given or left at the appropriate address,
- 25 1 3 if properly addressed and sent or supplied by electronic means, 24 hours after the document or information was sent or supplied, and
- 25 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
- 25 1 5 For the purposes of this article, no account shall be taken of any part of a day that is not a business day
- 25 2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act



25 3 Where a notice is sent by facsimile a transmission report showing that the facsimile was transmitted in full to the correct number shall be conclusive evidence that the notice was given and the notice shall be deemed to have been given at the time of transmission

25 4 Where notice is given by email, if it can be shown that the notice sent was properly addressed with the electronic address supplied by the intended recipient, unless the giver of that notice received notice either that such method of communication has failed or of the intended recipient's non-receipt

## **26. INDEMNITY AND INSURANCE**

26 1 Subject to the Act and so far as may be permitted by law, but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or Auditor of the Company shall be entitled to be indemnified out of the assets of the Company against any and all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto, or in relation to the Relevant Company's activities as trustee of an occupational pension scheme (as defined in Section 235(6) of the Act) including in each case, without limitation, any liability incurred by him in defending any proceedings, whether civil, regulatory 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 relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company Model Article 52 (save for Model Articles 52(2) and 53) shall not apply to the Company

26 2 In addition to Article 26 1 and in accordance with the Act the Company may pay the defence costs of every Director of the Company in relation to Proceedings brought against him by third parties and deal with the outcome of such Proceedings in the following ways subject to such exclusions as the board of Directors may from time to time determine

26 2 1 If judgment is given in the Director's favour, the Director will not be required to repay the defence costs to the Company

26 2 2 If judgment is given against the Director in the Proceedings the payments made in advance by the Company will be considered a loan to the Director and will be repayable by the Director subject to the following provisions

26 2 3 In civil proceedings the Company may, at its discretion, waive the loan in relation to defence costs In addition, the Company may indemnify the Director against any liabilities incurred

26 2 4 In regulatory proceedings the Company may at its discretion, waive the loan in relation to defence costs

26 3 The provisions contained in Articles 26 1 and 26 2 will continue to apply even after the Director ceases to be a Director of the Company unless the Director's employment is terminated in accordance with specified summary termination provisions in his Service Contract or letter of appointment

26 4 Without prejudice to Article 26 1, the Directors may effect and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or

employees of any Relevant Company or who are or were at any time trustees of any pension fund or employees' share scheme in which employees of any Relevant Company are or were at any time interested including without limitation insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution of their duties and/or in the actual or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to any Relevant Company or any such pension fund or employees' share scheme

- 26 5 "Relevant Company" means the Company, any holding company or parent undertaking (as defined in section 1159 and section 1162 of the Act) from time to time of the Company or in which the Company or any such holding company or parent undertaking or any of the predecessors of the Company or of any such holding company or parent undertaking has or had at any time any interest, whether direct or indirect, or which is or was at any time in any way allied to or associated with the Company or any subsidiary or subsidiary undertaking (as defined in section 1159 and section 1162 of the Act) of the Company or of such other company or undertaking