



SHEPHERD+ WEDDERBURN

Companies Act 2006
Private company limited by shares

ARTICLES OF ASSOCIATION

MARCHWOOD DEVELOPMENTS LIMITED

Company Number 10075216
Incorporated in England and Wales on 21 March 2016
Adopted on 22 February 2022

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ARTICLES OF ASSOCIATION
MARCHWOOD DEVELOPMENTS LIMITED
(the "Company")
Adopted on 22 February 2022

PART 1
INTERPRETATION

1. Defined terms

1.1 In the Articles, the following words and expressions have the following meanings, unless inconsistent with the context:

"A Director"	a Director appointed by the A Shareholder pursuant to these Articles and holding office for the time being
"A Shareholder"	the holder for the time being of the A Shares
"A Shares"	the A ordinary shares of £1.00 each in the capital of the Company
"B Director"	a Director appointed by the B Shareholder pursuant to these Articles and holding office for the time being
"B Shareholder"	the holder for the time being of the B Shares
"B Shares"	the B ordinary shares of £1.00 each in the capital of the Company
"Compulsory Transfer Event"	has the meaning given in Article 25
"Control"	the ability to exercise or control the exercise of in the aggregate more than half of the voting rights or the ability to appoint more than half of the Directors and "Change in Control" shall be deemed to have occurred with respect to any company if any person or persons having Control of that company cease to do so or if any person or persons acquire Control of it except that a transfer of shares by a Shareholder in a corporate body which is a member of the Company to a Family Member of such Shareholder shall not be treated as or deemed to be a Change in Control in such member
"Controlled Company"	in relation to any person, any body corporate in which such person or a Family Member or a Family Trust or a Pension Scheme has Control
"Director"	any duly appointed director of the Company for the time being, and such expression includes any person occupying the position of director, by whatever name called
"Encumbrance"	any mortgage, charge, pledge, lien, assignment, option, restriction, claim, right of pre-emption, right of first refusal, third party right or interest, other encumbrance or security interest of any kind, or other type of preferential arrangement (including a title transfer or retention arrangement) having similar effect

"Fair Market Price"	the price per Sale Share determined and certified in accordance with the provisions of Article 27
"Family Member"	in relation to any person, his spouse or civil partner (or widow, widower or surviving civil partner), children and remote issue (including step and adopted children and remoter issue), parent (including adoptive parent), brother and sister (whether of the full or half blood and including a brother or sister related by adoption)
"Family Shares"	in relation to an existing or former member of the Company, any Shares for the time being held by that member, by his personal representatives, by a Controlled Company, by a Family Member, by a Family Trust or by a Pension Scheme
"Family Trust"	in relation to any person, the trustees of a trust which does not permit any of the settled property or the income from it to be applied other than for the benefit of that person or any of his Family Members and under which no power of control over the voting powers conferred by any Shares the subject of the trust is capable of being exercised by, or being subject to the consent of, any person other than the trustees or such person or any of his Family Members
"Model Articles"	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
"Pension Scheme"	in relation to any person, a pension scheme within the meaning of the Finance Act 2004 for such person or a Family Member
"Permitted Transfer"	has the meaning given in Article 24
"Property Valuer"	means a chartered surveyor admitted in England and Wales with not less than 10 years' experience in property development, jointly appointed by the Shareholders or, in the absence of agreement between the Shareholders within ten Business Days of a Shareholder notifying the proposed Property Valuer to the other, an independent firm of surveyors appointed by the President, for the time being, of the Royal Institute of Chartered Surveyors (in each case acting as an expert and not as an arbitrator).
"Sale Share"	has the meaning given in Article 26
"section"	the relevant section of the Companies Act 2006 unless the context provides otherwise
"Shareholders"	the holders of Shares
"Shares"	the shares in the capital of the Company, including any interests in such shares
"Third Party Purchaser"	has the meaning given in Article 26
"Total Transfer Condition"	has the meaning given in Article 26
"Transfer Notice"	has the meaning given in Article 26

- 1.2.1 bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company; and
- 1.2.2 words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles.
- 1.3 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - 1.3.1 any subordinate legislation from time to time made under it; and
 - 1.3.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.4 A reference in these Articles to an "Article" is a reference to the relevant Article of these Articles unless expressly provided otherwise.

2. Amendments to the Model Articles

- 2.1 The regulations in the Model Articles shall apply to the Company except where excluded or modified by these Articles.
- 2.2 Articles 7, 8, 9, 11, 12 13, 14, 17, 27, 28, 29, 38, 41(1), 52 and 53 of the Model Articles shall not apply to the Company.
- 2.3 The Model Articles shall, in their application to the Company, be amended as follows:
 - 2.3.1 in Article 4, by the insertion of "(3) No alteration of the Articles invalidates anything which the directors have done before such alteration.";
 - 2.3.2 in Article 18, by the insertion of "(g) that person has for more than 6 consecutive months been absent without permission of the directors from directors' meetings held during that period and the directors resolve that that person should cease to be a director; (h) the Company receives a written notice to such effect from the relevant nominating shareholder; or (i) in the case of a director who is an employee of the company and who ceases to be an employee, the date of cessation of his employment.";
 - 2.3.3 in Article 22, by the addition of "22(3) In the event that the rights and restrictions attaching to Shares are determined by ordinary resolution or by the Directors pursuant to this Article, those rights and restrictions shall apply (in particular, in place of any rights and restrictions that would otherwise apply by virtue of the Companies Acts in the absence of any provisions in a company's Articles) as if those rights and restrictions were set out in these Articles.".
 - 2.3.4 in Article 34(1), by the deletion of the words "on the recommendation of the directors" and replacing them with "or by a decision of the directors";
 - 2.3.5 in Article 39 by the addition of "39(4) The chairman at any general meeting shall not have a casting vote."; and
 - 2.3.6 in Article 49(1), by the addition of the words "or a committee of the directors authorised by the directors" at the end of the paragraph.

PART 2 DIRECTORS

3. Calling a Directors' meeting

- 3.1 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.
- 3.2 Notice of any Directors' meeting must indicate:
 - 3.2.1 the proposed date and time of the meeting;
 - 3.2.2 where it is to take place;
 - 3.2.3 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting; and
 - 3.2.4 a written agenda specifying the matters to be raised and copies of all papers to be laid before the meeting.
- 3.3 Notice of a Directors' meeting must be given to each Director, but need not be in writing.

- 3.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

4. Directors to take decisions collectively

- 4.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or in the form of a Directors' written resolution in accordance with Article 5.
- 4.2 Subject to the Articles, each Director participating in a Directors' meeting has one vote.
- 4.3 No resolution of the Directors shall be passed unless:
- 4.3.1 more votes are cast for it than against it; and
- 4.3.2 at least one A Director and one B Director who is participating in the meeting of the Directors have voted in favour of it.
- 4.4 If at any meeting an A Director or a B Director is not present, the votes exercisable by the absent A Director (or absent B Director, as the case may be) shall be exercisable by the A Directors present (or B Directors present, as the case may be) such that the votes exercisable by those A Directors present (or B Directors present, as the case may be) is pro tanto increased so that they are entitled to cast the same number of aggregate votes as could be cast as if all the A Directors or B Directors (as the case may be) had been present at the meeting.

5. Directors' written resolutions

- 5.1 Any Director may propose a Directors' written resolution.
- 5.2 The company secretary (if any) must propose a Directors' written resolution if a Director so requests.
- 5.3 A Directors' written resolution is proposed by giving notice of the proposed resolution in writing to each Director.
- 5.4 Notice of a proposed Directors' written resolution must set out the terms of the proposed resolution and may also set out the time by which it is proposed that the Directors should adopt it.
- 5.5 A proposed Directors' written resolution is adopted when all of the Directors who would have been entitled to vote on the resolution, and have their vote counted, at a Directors' meeting have signed one or more copies of it or otherwise indicated their agreement in writing, provided that those Directors who have signed it or otherwise indicated their agreement in writing would have formed a quorum at such a meeting.
- 5.6 Once a Directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a Directors' meeting in accordance with the Articles.

6. Quorum for Directors' meetings

- 6.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 6.2 The quorum for transacting business at any Directors' meeting shall be at least two Directors of whom at least one shall be an A Director and one shall be a B Director, provided that if at any time there are no A Directors or no B Directors in office, the quorum at that time shall not require the presence of that class of Director of which there are no Directors in office at the relevant time.
- 6.3 If the quorum is not present within 30 minutes of the time when the meeting should have begun or, if during that meeting, there is no longer a quorum, the meeting shall be adjourned for 48 hours at the same time and at the same place. If, at the adjourned meeting, a quorum is not present within 30 minutes of the time appointed for the adjourned meeting, the meeting shall be dissolved.
- 6.4 If the total number of Directors for the time being in office is less than the quorum required, the Directors must not take any decision other than a decision:
- 6.4.1 to appoint further Directors, or
- 6.4.2 to call a general meeting so as to enable the Shareholders to appoint further Directors.

7. Chairing Directors' meetings

- 7.1 The Directors may appoint a Director to chair their meetings and may terminate the appointment of the chairman at any time. The person so appointed for the time being is known as the chairman.
- 7.2 The initial chairman shall be nominated by the B Shareholder. The appointment of the chairman shall last for a period of one year from the date of the adoption of these Articles. Thereafter, the right to nominate the chairman shall rotate annually on each anniversary of the date of adoption of these Articles between the A Shareholder and the B Shareholder.
- 7.3 If the chairman is not present within 10 minutes of the time at which any Directors' meeting was to start, any of the Directors nominated by the same Shareholder that nominated the chairman shall act as chairman of the relevant meeting in the absence of the chairman.

8. Chairman - no casting vote at Directors' meetings

If the numbers of votes by Directors who are entitled to vote, and have their vote counted, at a Directors' meeting for and against a proposal are equal, the chairman or other Director chairing the meeting shall not have a casting vote.

9. Committees

Any committee of the Directors shall, unless all the Shareholders agree otherwise in writing, comprise at least one A Director and one B Director and shall be constituted and organised in such manner as to members, quorum, voting and proceedings as apply to the Directors under these Articles. This Article applies in favour of the A Shareholder and the B Shareholder only while such Shareholder remains entitled to nominate an A Director or B Director (as the case may be) under these Articles.

10. Directors' interests – general

- 10.1 For the purposes of Articles 10 to 13 an interest of a person who is connected (within the meaning of section 252) with a Director is treated as an interest of the Director.
- 10.2 The Company may by ordinary resolution ratify any matter not properly authorised by reason of non-compliance with any of the provisions of Articles 10 to 13.

11. Directors' interests in transactions or arrangements with the Company

- 11.1 If he has declared his interest in accordance with the Companies Acts, a Director:
- 11.1.1 may be a party to, or in any way interested, whether directly or indirectly, in any contract, arrangement or transaction to which the Company is a party, or in which the Company is in any way interested, whether directly or indirectly;
 - 11.1.2 may hold and be remunerated in respect of any office (other than the office of auditor of the Company) or employment under the Company or any other undertaking in which the Company is in any way interested;
 - 11.1.3 may (or any firm of which he is a member, partner or employee may) act in a professional capacity (other than the office of auditor) for the Company or any such other undertaking and be remunerated for so acting; and
 - 11.1.4 may act as a Director or other officer of, or be otherwise interested in, any undertaking promoted by the Company.
- 11.2 A Director shall not, save as otherwise agreed by him, be accountable to the Company for any interest, remuneration, profit or other benefit which he (or a person connected with him) derives from any matter permitted by this Article and no such contract, transaction or arrangement relating thereto is liable to be avoided on the grounds of any such interest or benefit.

12. Directors' power to authorise conflicts of interest

- 12.1 For the purposes of section 175, the Directors have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- 12.2 The power of the Directors to authorise any matter under Article 12.1:

- 12.2.1 applies (but is not limited) to the exploitation of any property, information or opportunity (and it is immaterial whether the Company could take advantage of the property, information or opportunity); and
- 12.2.2 does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company.
- 12.3 Authorisation of a matter under this Article is effective only if:
 - 12.3.1 the matter in question has been proposed in writing for consideration at a meeting of the Directors in accordance with the normal procedures for meetings of the Directors or such other manner as the Directors may decide;
 - 12.3.2 any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question or any other interested Director ("Conflicted Director"); and
 - 12.3.3 the matter was agreed to without any Conflicted Director voting, or would have been agreed to if his vote had not been counted.

For these purposes, the quorum for transaction of business shall be any 2 non-Conflicted Directors and the provisions of Articles 4.3 and 6.2 requiring at least one of the A Directors and at least one of the B Directors to vote in favour of the resolution and be in a quorum shall not apply.
- 12.4 Any authorisation of a matter under this Article shall be subject to such conditions, limitations and/or terms as the Directors may decide, whether at the time such authorisation is given or subsequently, and may be varied or revoked by the Directors at any time and at their absolute discretion. Such conditions, limitations and/or terms may include, without limitation, that:
 - 12.4.1 the Director shall notify the other Directors as soon as practicable of any significant change in the circumstances proposed for consideration under Article 12.3.1;
 - 12.4.2 the Director shall not be required or entitled to attend those parts of meetings of the Directors (or a committee of Directors) at which the matter under consideration is discussed;
 - 12.4.3 the Director shall not be entitled to receive any papers or other documents in relation to, or concerning, the matter under consideration; and
 - 12.4.4 any information obtained by the Director, other than in his capacity as a Director or employee of the Company, which is confidential in relation to a third party, need not be disclosed or used for the benefit of the Company where such disclosure or use would constitute a breach of confidence.
- 12.5 Subject to any such conditions, limitations and/or terms imposed by the Directors, any authorisation given shall be deemed to be given to the fullest extent permitted by the Companies Acts. A Director shall comply with any obligations imposed on him by the Directors pursuant to any such authorisation.
- 12.6 A Director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the Directors under this Article and any such related contract, transaction or arrangement is not liable to be avoided on the grounds of any such benefit.
- 12.7 Without prejudice to Article 12.4.1, any authorisation of a matter under this Article shall extend to any actual or potential conflict of interest which may reasonably be expected by the Directors, at the time such authorisation is given, to arise out of the matter so authorised.

13. Restrictions on quorum and voting where a Director has an interest

- 13.1 Save as provided in this Article, and whether or not the interest is one which is permitted under Article 11 or authorised pursuant to Article 12, a Director is not entitled to vote on any resolution in respect of any contract, transaction or arrangement, or any other proposal, in which he (or a person connected with him) is interested. Any vote of a Director in respect of a matter where he is not entitled to vote shall be disregarded.
- 13.2 A Director shall not be counted in a quorum at a meeting of the Directors in relation to any resolution on which he is not entitled to vote.
- 13.3 Subject to the provisions of the Companies Acts, a Director is (in the absence of some other interest that is not indicated below) entitled to vote and be counted in the quorum at a meeting of the Directors in respect of a resolution concerning any of the following matters or situations:

- 13.3.1 where he is not aware that he has an interest;
- 13.3.2 where he has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- 13.3.3 where he has an interest only by virtue of interests in Shares, debentures or other securities of the Company, or by reason of any other interest in or through the Company;
- 13.3.4 the giving of any security, guarantee or indemnity in respect of:
 - (i) money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
 - (ii) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed any responsibility under a guarantee or indemnity or by the giving of security;
- 13.3.5 an offer of Shares or debentures or other securities of or by the Company or any of its subsidiary undertakings:
 - (i) in which offer he is or may be entitled to participate as a holder of securities; or
 - (ii) if he is entitled to participate in the underwriting or sub-underwriting;
- 13.3.6 any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor, employee or otherwise, provided that he (together with persons connected with him) does not hold or have any beneficial interest in more than 1% of any class of the equity share capital or the voting rights of the relevant company;
- 13.3.7 any arrangement for the benefit of employees or former employees of the Company or any of its subsidiary undertakings provided the Director's benefits are not more favourable than those awarded to the employees or former employees generally;
- 13.3.8 insurance which the Company proposes to maintain or purchase for the benefit of any Directors or for the benefit of persons who include Directors; or
- 13.3.9 the giving of indemnities in favour of Directors;
- 13.3.10 the funding of expenditure by, or doing anything to avoid incurring expenditure by, any Director in respect of:
 - (i) defending criminal, civil or regulatory proceedings or actions against him;
 - (ii) an application to the court for relief; or
 - (iii) any regulatory investigations; or
- 13.3.11 any interest that has been authorised by an ordinary resolution (subject to the terms of such resolution).
- 13.4 A Director shall not vote nor be counted in a quorum on any resolution concerning his own appointment as the holder of any office or employment with the Company or any undertaking in which the Company is interested.
- 13.5 Proposals concerning any matters relating to the appointment of 2 or more Directors to offices or employments with the Company or any undertaking in which the Company is interested may be divided and considered in relation to each Director separately. In such case each of the Directors concerned (provided he is not otherwise barred from voting) is entitled to vote and be counted in the quorum in respect of each resolution, except that concerning his own appointment.
- 13.6 If any question arises at any meeting as to the entitlement of any Director to vote, and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling (in relation to any Director other than himself) is final and conclusive unless the interest has not been fairly disclosed. If any such question arises in respect of the chairman, it shall be decided by the Directors (other than the chairman) and their ruling is final and conclusive unless the interest has not been fairly disclosed.

14. Authorisation for Director to disclose information to his appointer

Any A Director or B Director shall be entitled from time to time to disclose to the A Shareholder or (as the case may be) the B Shareholder such information concerning the business and affairs of the Company as he shall at his discretion see fit.

15. Appointment and removal of Directors

- 15.1 The A Shareholder for so long it holds shares in the issued share capital of the Company shall from time to time, be entitled to nominate and appoint one person to be an A Director and at any time remove any such A Director from office and appoint another person in their place.
- 15.2 The B Shareholder for so long it holds shares in the issued share capital of the Company shall from time to time, be entitled to nominate and appoint one person to be a B Director and at any time remove any such B Director from office and appoint another person in their place.
- 15.3 At all times there shall be an equal number of A Directors and B Directors.
- 15.4 If any Director shall die or be removed from or vacate office for any cause, the relevant appointing Shareholder shall appoint in his place another person to be an A Director or a B Director (as the case may be).
- 15.5 Any appointment or removal of a Director pursuant to this Article shall be effected by notice in writing and signed by or on behalf of the A Shareholder or the B Shareholder (as the case may be) and which shall take effect upon being lodged at the registered office of the Company.
- 15.6 The right to appoint and to remove A or B Directors under this Article shall be a class right attaching to the A Shares and the B Shares respectively.
- 15.7 If no A Shares or B Shares remain in issue following a re-designation under these Articles, any Director appointed by Shareholders of that class shall be deemed to have been removed as from the time of the re-designation.
- 15.8 No A Director or B Director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

PART 3
DECISION-MAKING BY SHAREHOLDERS

16. Notice of general meetings

- 16.1 Notice of general meetings need not be given to Shareholders who, under the provisions of these Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Company.
- 16.2 A Shareholder present, in person or by proxy, at any general meeting or meeting of the holders of any class of Shares shall be deemed to have been given, and received, the relevant notice of the meeting.

17. Quorum for general meetings

- 17.1 The quorum for a meeting of the Shareholders shall be at least two of whom at least one shall be the A Shareholder (present in person, by corporate representative or proxy) and one shall be the B Shareholder (present in person, by corporate representative or proxy), provided that if at any time there is no A Shareholder or B Shareholder, the quorum at that time shall not require the presence of that class of Shareholder of which there are none at the relevant time.
- 17.2 If the quorum is not present within 30 minutes of the time when the meeting should have begun or, if during that meeting, there is no longer a quorum, the meeting shall be adjourned for 48 hours at the same time and at the same place. If, at the adjourned meeting, a quorum is not present within 30 minutes of the time appointed for the adjourned meeting, the meeting shall be dissolved.
- 17.3 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

18. Voting

- 18.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

- 18.2 The voting entitlements of Shareholders are subject to any rights or restrictions attached to the Shares held by them, whether or not such rights or restrictions are set out in the Articles.
- 18.3 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 except that:
- 18.3.1 no Shares of one class shall confer any right to vote upon a resolution for the removal from office of a Director appointed by holders of Shares of the other class under a right to appoint which is a class right; and
 - 18.3.2 subject to Article 18.3.1 of this exception, in the case of any resolution proposed, any A Shareholder or B Shareholder voting against such resolution (whether on a show of hands, a poll or on a written resolution) shall be entitled to cast such number of votes as is necessary to defeat the resolution.

19. Class meetings

The provisions of the Articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of Shares.

PART 4 SHARES

20. Share capital

- 20.1 The share capital of the Company shall be divided into A Shares and B Shares.
- 20.2 Except as provided in these Articles, the A Shares and B Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.

21. Authority to issue shares and disapplication of statutory pre-emption rights

- 21.1 No Shares shall be allotted nor any right to subscribe for or to convert any security into any Shares shall be granted unless within one month before that allotment or grant (as the case may be) every Shareholder for the time being has consented in writing to that allotment or grant and its terms and to the identity of the proposed allottee or grantee.
- 21.2 No Share of any class nor any right to subscribe for or to convert any security into a Share of any class shall be allotted or granted otherwise than to the holder of a Share of that same class.
- 21.3 In accordance with section 567(1), sections 561 and 562 shall not apply to an allotment of equity securities (as defined in section 560(1)) where the consent to that allotment of every Shareholder has been obtained as required by these Articles and that allotment otherwise conforms to the requirements of these Articles.

22. Class rights

- 22.1 Whenever the capital of the Company is divided into different classes of Shares the special rights attached to any class may only be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of 75% of the issued Shares of that class or with the sanction of an resolution passed by a majority of not less than three-quarters of Shareholders or their proxies at a general meeting of that class and of which notice specifying the intention to propose the resolution as such has been given, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply *mutatis mutandis* except that:
- 22.1.1 the necessary quorum shall be at least one person holding or representing by proxy 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 one person holding or representing by proxy one tenth in nominal amount of the issued Shares of the class shall be a quorum; and
 - 22.1.2 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.

22.2 Each of the following shall be deemed to constitute a variation of the rights attached to each class of Shares:

22.2.1 any alteration in the Articles;

22.2.2 any reduction, subdivision, consolidation, redenomination, purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital; and

22.2.3 any resolution to put the Company into liquidation.

23. Share transfers - general

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

23.2 The Directors shall refuse to register any transfer of a Share which is made in contravention of these Articles.

23.3 In the event of a transfer of Shares of any class to a person who is a holder of Shares of a different class, the Shares so transferred shall, on and with effect from the date of registration of the transfer, automatically be converted and re-designated into the same number of Shares of the same class as those already held by the transferee Shareholder. If no shares of a class remain in issue following a re-designation under this Article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

23.4 No Shareholder shall transfer any Share unless it is:

23.4.1 a Permitted Transfer;

23.4.2 pursuant to a Compulsory Transfer Event; or

23.4.3 in accordance with Article 26.

24. Permitted Transfers

24.1 A "Permitted Transfer" means:

24.1.1 any transfer of Shares to which all the Shareholders give their consent in writing;

24.1.2 a purchase by the Company of its own Shares in accordance with the Companies Acts;

24.1.3 any transfer of Family Shares which remain Family Shares in relation to the same person after the transfer;

24.1.4 any transfer of Shares to or by a Family Member by or to another Family Member, or to or by a Family Trust by or to a Family Trust;

24.1.5 any transfer of any Shares by a Shareholder to a Company under the Control of the transferring Shareholder;

24.1.6 any transfer of any Shares by a corporate Shareholder to a company formed to acquire the whole or substantially the whole of the undertaking and assets of such corporate Shareholder as part of a scheme of amalgamation or reconstruction; and

24.1.7 any transfer of any Shares by any Shareholder to another Shareholder or to any person who had been a Shareholder prior to transferring his Shares pursuant to this Article 24.1.

24.2 The provisions of Article 26 shall not apply to any Permitted Transfer.

25. Compulsory transfers

25.1 A "Compulsory Transfer Event" means:

25.1.1 a Change in Control occurring in respect of a corporate Shareholder or its holding company;

25.1.2 any corporate Shareholder proposing or passing a resolution for its winding up, being subject to an order or notice issued by a court or other authority of competent jurisdiction for its winding up or striking off, having an administrator appointed in respect of it, proposing, making or being subject to an arrangement or composition with its creditors generally, applying to a court of competent jurisdiction for protection from its creditors generally or for a scheme of arrangement under section 895 (save

- in the latter case for the purpose of a voluntary reconstruction or amalgamation) or having a receiver or a provisional liquidator appointed over any of its assets, undertaking or income;
- 25.1.3 any Shareholder (being an individual) proposing, making or being subject to an arrangement or composition with his creditors generally or having a bankruptcy order made against him;
- 25.1.4 any Shareholder (being an employee or a Director of the Company) ceasing to be so employed (excluding by reason of the death of such Shareholder);
- 25.1.5 any Shareholder (being an individual) becoming a patient for the purposes of any statute relating to mental health;
- 25.1.6 any Family Shares ceasing to be Family Shares in relation to the same person;
- 25.1.7 any Shares held by a Family Trust ceasing to be so held (unless they have been transferred to a Family Member in relation to the settlor of such Family Trust);
- 25.1.8 any direction (by way of renunciation, nomination or otherwise) by a Shareholder entitled to an allotment or transfer of Shares to the effect that such Shares or any of them be allotted or issued or transferred to some person other than himself;
- 25.1.9 any sale, creation of an Encumbrance over, dealing with or other disposition of any beneficial interest in a Share (whether or not for consideration or otherwise but excluding any transmission of a Share to any person becoming entitled to such Share in consequence of the death of a Shareholder) by whomsoever made and whether or not effected by an instrument in writing save where the disposition is by service of a Transfer Notice in accordance with these Articles; or
- 25.1.10 the holding of a Share as a bare nominee for any person.
- 25.2 If a Compulsory Transfer Event occurs in respect of a Shareholder:
- 25.2.1 such Shareholder shall be deemed to have given a Transfer Notice on the date of the occurrence of such Compulsory Transfer Event;
- 25.2.2 the price per Share in the Transfer Notice shall be the Fair Market Price; and
- 25.2.3 the provisions of Article 26 shall mutatis mutandis apply except that the Shareholder shall not be entitled to impose a Total Transfer Condition or be obliged to identify a Third Party Purchaser.

26. Voluntary transfers

- 26.1 Except in the case of a Permitted Transfer:
- 26.1.1 the right to transfer Shares shall be subject to provisions of this Article 26; and
- 26.1.2 any transfer or purported transfer of a Share made otherwise than in accordance with this Article 26 shall be null and void and of no effect.
- 26.2 Any person ("Transferor") proposing to transfer any Shares of any class shall give notice in writing to the Company ("Transfer Notice") that they wish to transfer Shares.
- 26.3 The Transfer Notice shall:
- 26.3.1 have annexed to it the share certificate in respect of the Shares to be transferred (or an appropriately executed indemnity in a form acceptable to the Directors for a lost share certificate);
- 26.3.2 state the number of Shares to be transferred ("Sale Shares");
- 26.3.3 state the identity of the proposed bona fide purchaser ("Third Party Purchaser") to which the transferor is proposing to transfer his Shares;
- 26.3.4 state the proposed price for each of the Sale Shares as agreed with the Third Party Purchaser ("Sale Price");
- 26.3.5 state any other material terms and conditions of the proposed transfer;
- 26.3.6 constitute the Company as the agent of the Transferor for the sale of the Sale Shares at the Sale Price;
- 26.3.7 be irrevocable, except with the consent of the Directors;
- 26.3.8 at the option of the Transferor, contain a condition ("Total Transfer Condition") that unless all of the Sale Shares are sold by the Company pursuant to this Article none

of the Sale Shares shall be sold, and any such provision shall be binding on the Company.

- 26.4 The Company may make such enquiries as it reasonably considers appropriate for the purposes of ascertaining whether the Third Party Purchaser referred to in the Transfer Notice is a bona fide purchaser and has the funding in place or financial standing or creditworthiness to complete the purchase of the Sale Shares at the Sale Price.
- 26.5 Within 14 days of receipt by the Company of the Transfer Notice, the Sale Shares shall by notice in writing ("Offer Notice") be offered by the Company to the other Shareholder.
- 26.6 The Offer Notice shall specify:
- 26.6.1 the identity of the Transferor;
 - 26.6.2 the number and class of Sale Shares comprised in the Transfer Notice, the Sale Price and any other material terms and conditions of the proposed transfer agreed with the Third Party Purchaser, and that the Sale Shares are being offered to the other Shareholder in accordance with the provisions of this Article 26.6;
 - 26.6.3 the identity of the Third Party Purchaser;
 - 26.6.4 whether a Total Transfer Condition applies;
 - 26.6.5 the date by which the application to purchase the Sale Shares has to be received by the Company (being a date no less than 14 days and no more than 21 days after the date of the Offer Notice);
 - 26.6.6 that the other Shareholder has the right to request a certificate of Fair Market Price, and that each of the Sale Shares is being offered to the other Shareholder at the lower of the Sale Price and (if applicable) its Fair Market Price;
 - 26.6.7 that, if such a certificate of Fair Market Price is requested, the offer shall remain open for acceptance until the expiry of a period of 14 days commencing on the date of the notice of the certified Fair Market Price given to the other Shareholder pursuant to Article 27 or until the expiry of the period referred to in Article 26.6.5 whichever is the later.
- 26.7 If a certificate of Fair Market Price is requested, forthwith upon determination of the Fair Market Price, the Company shall by notice in writing inform the other Shareholder of the certified Fair Market Price of each Sale Share and of the price per Share (being the lower of the Sale Price and the certified Fair Market Price of each Share) at which the Sale Shares are offered for sale;
- 26.8 If in any case the Transferor, after having become bound as aforesaid makes default in transferring any Sale Shares, the Company may receive the purchase money on his behalf and may at the direction of the Directors of the Company who have not been appointed by and/or who are not nominees of the Transferor authorise some person to execute a transfer of such Sale Shares on behalf of and as attorney for the Transferor in favour of the purchasing Shareholder. For the purposes of authorising an individual to execute a transfer as attorney a meeting of the Directors shall be treated as quorate and a resolution shall be capable of being duly passed without the need for the Directors appointed or nominated by the Transferor being present, represented or voting.
- 26.9 The receipt of the Company for the purchase money shall be a good discharge to the purchasing Shareholder as the case may be. The Company shall pay the purchase money into a separate bank account and shall hold the same on trust for the Transferor.

27. Fair Market Price

- 27.1 The costs of determining the Fair Market Price shall be borne by:
- 27.1.1 in the case of a Compulsory Transfer Event, the Shareholder the subject of the Compulsory Transfer Event; or
 - 27.1.2 in any other case, the Transferor.
- 27.2 The Fair Market Price shall be its value on:
- 27.2.1 in the case of a Compulsory Transfer Event, the date of the Compulsory Transfer Event; or
 - 27.2.2 in any other case, the date of the Transfer Notice.
- 27.3 The Shareholder may, not later than 8 days after the date of the Offer Notice, serve on the Company a notice in writing requesting a certificate of the Fair Market Price.

- 27.4 The Shareholders shall meet promptly and shall use all reasonable endeavours to agree the Fair Market Price. If the Shareholders are unable to agree a Fair Market Price within 30 days of the date of the Transfer Notice, the Shareholders shall appoint an independent firm of chartered accountants (other than the auditors of the Company) (the "Valuer") to certify in writing the sum which in their opinion represents the Fair Market Price of each of the Sale Shares as soon as reasonably practicable. If the Shareholders cannot agree on the appointment of a Valuer within 30 days of the date of the Transfer Notice, any Shareholder shall be entitled to apply in writing to the President for the time being of the Institute of Chartered Accountants in England and Wales requesting the appointment of a Valuer. The Valuer shall be instructed to determine the Fair Market Price in accordance with the valuation principles set out in Article 27.5. The Valuer shall act as an expert and not as an arbitrator and its written determination shall be final and binding on the Shareholders and the Company except in the case of manifest error.
- 27.5 The Fair Market Price shall be determined using the following principles:
- 27.5.1 the Shares shall be valued on the basis of an arm's length sale between a willing seller and a willing buyer on the open market;
 - 27.5.2 that the Company is carrying on its business as a going concern and will continue to do so;
 - 27.5.3 that the Shares are capable of being transferred without restriction;
 - 27.5.4 that each Share, whatever its class, has the same value corresponding to its proportion of the value of all of the Shares taken as a whole;
 - 27.5.5 that the Shares shall be sold free from Encumbrances;
 - 27.5.6 other than as set out in this paragraph, applying the principles and practises consistent with those customarily applied in the previous audited accounts of the Company; and
 - 27.5.7 taking into account any other factors that the Valuer reasonably believes should be taken into account, including where the assets comprises land or other freehold or leasehold property the Valuer shall procure that they be valued by a Property Valuer.

28. Transmission of Shares

- 28.1 Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder may, upon such evidence of entitlement being produced as may from time to time be requested by the Directors and subject to this Article, elect:
- 28.1.1 either to be registered himself as holder of the Share or to have some person or persons nominated by him registered as the transferee of the Share, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Shareholder before his death or bankruptcy, as the case may be; or
 - 28.1.2 in the case of the death (but not the bankruptcy) of a Shareholder to give notice in writing to the Company ("put notice") to require the surviving Shareholders as nearly as may be in proportion to the number of Shares held by them respectively to purchase the deceased Shareholder's Shares at the Fair Market Price.
- 28.2 The put notice shall constitute the Company the agent of the person who has become entitled to the deceased Shareholder's Shares for the sale of the said Shares to the surviving Shareholders, and the Company shall take all necessary steps to procure, so far as it is able, the prompt certification of the Fair Market Price and completion of the sale of the said Shares to the surviving Shareholders within 7 days of the certificate of the Fair Market Price.
- 28.3 If the person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall elect to be registered himself he shall deliver or send the Company a notice in writing authenticated by him stating that he so elects. If he shall elect to have another person registered pursuant to Article 28.1 he shall testify his election by executing to that person a transfer of the Shares. If the person so becoming entitled elects to serve a put notice pursuant to Article 28.2 the provisions of this Article 28 shall apply in substitution for the provisions of Article 26 which shall only apply in so far as they relate mutatis mutandis to certification of the Fair Market Price.

- 28.4 Transmittees shall not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the event which gave rise to the transmission, unless they become the holders of those Shares
- 28.5 If a notice is given to a Shareholder in respect of Shares and a transmittee (or a transferee of such transmittee) is entitled to those Shares, the transmittee (or the transferee) is bound by the notice if it was given to the Shareholder before the transmittee's (or transferee's) name has been entered in the register of Shareholders.

29. Purchase of own shares

Subject to the Companies Act 2006 but without prejudice to any other provisions of these Articles, the Company may purchase its own shares out of capital up to an aggregate amount in any financial year not exceeding the lower of:

- 29.1 £15,000; and
- 29.2 the nominal value of 5% of the Company's fully paid share capital as at the beginning of that financial year

PART 5 MISCELLANEOUS PROVISIONS

30. Change of name

The Company may change its name by decision of the Directors.

31. Directors' indemnity

To the fullest extent permitted by the Companies Acts, but not otherwise, the Company will indemnify the Directors against:

- 31.1 any liabilities incurred by a Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated Company and arising out of the performance or purported performance of his duties as a Director of the Company or any associated company, except for:
- 31.1.1 any liability to the Company or any associated company;
- 31.1.2 any liability of a Director to pay:
- (i) a fine imposed in criminal proceedings; or
 - (ii) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); and
- 31.1.3 any liability incurred by a Director in:
- (i) the defence of any criminal proceedings where he is finally convicted;
 - (ii) the defence of any civil proceedings brought by the Company, or any associated company, where final judgment is given against him; or
 - (iii) any application for relief where the court refuses to grant relief to a Director and such refusal is final; and
- 31.2 any other liability incurred by a Director as an officer of the Company or any associated company.
- In this Article:
- (a) the term "final" has the meaning given in sections 234(4) and (5) and the word "finally" shall be interpreted accordingly; and
 - (b) "associated company" shall have the meaning given in section 256.

32. Insurance

The Company may purchase and maintain (at the cost of the Company) insurance cover for or for the benefit of every Director, former Director of the Company or of any associated company (as defined for the purpose of Article 31) against all or any of the liabilities referred to in Article 31.

33. Provision of funds

On the request of a Director, the Company may, to the extent it considers reasonable and appropriate and at its sole discretion but subject always to the provisions of the Companies Acts:

- 33.1 provide a Director with funds, by way of loan on such terms of repayment as the Company thinks fit, to meet expenditure incurred or to be incurred by him:
 - 33.1.1 in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company (as defined for the purpose of Article 31);
 - 33.1.2 in connection with any application for relief;
- 33.2 provide the Director with funds to meet expenditure incurred or to be incurred by him in defending himself in any investigation or action by, or against any action proposed to be taken by, a regulatory authority; and
- 33.3 take (or refrain from taking) any action to enable the Director to avoid any such expenditure being incurred.