

Company Number: 10539330

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PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(adopted by special resolution passed on 6th June 2017)

of

WELCOME FURNITURE GROUP LIMITED

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ARTICLES OF ASSOCIATION

OF

WELCOME FURNITURE GROUP LIMITED

(the Company)

(adopted by special resolution passed on 6th June 2017)

1. PRELIMINARY

- 1.1 The model articles of association for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 in force on the date when these Articles become binding on the Company ("**Model Articles**") apply to the Company except in so far as they are excluded or varied by these Articles and such regulations (save as so excluded or varied) and these Articles shall together constitute the regulations of the Company.
- 1.2 The regulations of the Model Articles numbered 9(3), 11(2), 13, 14, 41(1) to 41(5), 49, 52 and 53 do not apply to the Company.

2. INTERPRETATION

- 2.1 In these Articles unless the context otherwise requires each of the following words and expressions shall have the following meanings:

"Acting in Concert" has the meaning given to the expression in the City Code on Takeovers and Mergers as amended from time to time;

"A Ordinary Shares" the A ordinary shares of 1p each in the capital of the Company;

"Asset Sale" the disposal by any Group Company of all or substantially all of its undertaking and assets (where disposal may include, without limitation, the grant by the Company of an exclusive licence of intellectual property not entered into in the ordinary course of

	business);
"Associate"	in relation to any company, any other company which is for the time being a holding company of that company or a wholly-owned subsidiary of that company or of any such holding company;
"Auditors"	the accountants or auditors (as applicable) to the Company from time to time or, if such accountants or auditors are unable or unwilling to act (including, but not limited to, where such auditors are unable to act under the provisions of any professional conduct rules applicable to them), an independent firm of nationally recognised chartered accountants as may be appointed from time to time by the Board following such terms of reference as the Board may determine;
"B Ordinary Shares"	the B ordinary shares of 1p each in the capital of the Company;
"Board"	the board of Directors from time to time;
"Business Day"	any day (other than a Saturday or Sunday) on which banks are open in London for normal banking business;
"C Ordinary Shares"	the C ordinary shares of 1p each in the capital of the Company;
"Cash Equivalent"	means: <ul style="list-style-type: none"> (a) where the consideration comprises listed securities, the average of the middle market prices at the close of dealings on each of the five dealing days prior to the Sale Date; (b) where the consideration comprises loan notes, loan stock or other debt instruments guaranteed unconditionally by a bank, their face value (where the rate of interest is at least equivalent to the three month London Interbank Bid Rate) and, if less, such value will be discounted by reference to the discount rate implied in the flow of money from a gilt of equivalent maturity; (c) where the consideration comprises unlisted securities or other instruments not guaranteed by a bank, such amount as the Board, acting reasonably, shall determine to be the fair current value of the same; (d) where the consideration comprises future fixed payments, such amount as the Board, acting reasonably, shall determine to be the fair current value of the same; and (e) where the consideration comprises future contingent payments, nil value;

"Companies Act 2006"	the Companies Act 2006 (as amended from time to time);
"Companies Acts"	has the meaning given by section 2 of the Companies Act 2006 and includes any enactment passed after those Acts which may, by virtue of that or any other enactment, be cited together with those Acts as the 'Companies Acts' (with or without the addition of any indication of the date of any such enactment);
"Connected With"	has the meaning given to that expression in section 1122 of the Corporation Tax Act 2010;
"Controlling Interest"	an interest giving the relevant Holder or Holders control of the Company within the meaning of Section 1124 of the Corporation Tax Act 2010;
"D Ordinary Shares"	the D ordinary shares of 1p each in the capital of the Company;
"Director"	a director of the Company from time to time;
"eligible directors"	has the meaning given in Model Article 8(3);
"Exit"	an Asset Sale, a Listing or a Share Sale;
"Family Member"	means, in relation to an individual Member, his spouse (or widow or widower), civil partner, child, grandchild (including step and adopted children and grandchildren);
"Family Trust"	means, in relation to an individual Member, a trust which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of that Member 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;
"Financial Year"	an accounting period in respect of which the Company prepares its accounts in accordance with the relevant provisions of the Companies Acts;
"FSMA"	the Financial Services and Markets Act 2000 (as amended from time to time);
"Group"	in relation to a company, any subsidiary undertakings of it, any parent undertaking of such company and any subsidiary undertakings of any such parent undertaking from time to time (such expressions having the meanings given to them in section 1162 of the Companies Act 2006) and references to "member of its Group" and "Group Company" shall be construed accordingly;

"Holder"	in respect of any Shares, the person or persons for the time being registered by the Company as the holder of those Shares;
"Issue Price"	in respect of any Share, the aggregate of the amount paid up (or credited as paid up) in respect of the nominal value and any share premium of such Share;
"Liquidation"	means the making of an order or passing of a resolution for the winding up of the Company;
"Listing"	the admission by the Financial Services Authority in its capacity as the UK Listing Authority of any part of the share capital of the Company to the Official List of London Stock Exchange plc or the admission by London Stock Exchange plc of any part of the share capital of the Company to trading on the Alternative Investment Market of London Stock Exchange plc or the grant of permission by any like authority for the same (or securities representing such shares including, but not limited to, American depositary receipts, American depositary shares and/or other instruments) to be traded or quoted on Nasdaq National Stock Market of the Nasdaq Stock Market Inc. or the admission by any Recognised Investment Exchange of any part of the share capital of the Company, and, in each case, such admission becoming effective;
"Listing Date"	means, in respect of a Listing, the date on which all or any of the Shares are listed;
"Loan Notes"	means the £1,000,000 6% loan notes to be constituted and issued by the Company to the Loan Note Holder on or around the adoption date of these Articles;
"Loan Note Holder"	Russell Matthews or such other holders of the Loan Notes from time to time;
"Option Holder"	a person holding an option under the Share Option Plan;
"Option"	a right to acquire Shares as granted under the Share Option Plan;
"Recognised Investment Exchange"	has the meaning given to the expression in section 285(1) of FSMA;
"Sale Date"	the date of completion of a Share Sale, Asset Sale or Listing;
"Share Option Plan"	The Welcome Furniture Group Limited Enterprise Management Incentive Plan to be adopted subsequent to the date of these Articles and as may be amended from time to time;

"Share Sale"

the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions) which would, if completed, result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest, except where, following completion of the sale, the Holders of such Shares and the proportion of Shares held by each of them are the same as the Holders of such Shares and their shareholdings in the Company immediately before the sale;

"Shares"

the A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares together;

"Subsidiary"

a subsidiary (as defined in Section 1159 of the 2006 Act) or a subsidiary undertaking (as defined in Section 1162 of the 2006 Act) and "Subsidiaries" shall be construed accordingly;

"Total Shareholder Proceeds"

means:

- (a) in the case of a Listing the valuation placed on the Group on the Listing Date by reference to the prospectus or listing particulars published in connection with the Listing excluding the gross amount of any new money raised by the Company in connection with the Listing from a subscription for new shares; or
- (b) in the case of a Share Sale the aggregate price or value of the consideration to be paid in cash or Cash Equivalent for all of the Shares; or
- (c) in the case of an Asset Sale, the proceeds available for distribution in respect of the Shares.

- 2.2 Words and expressions defined in or having a meaning provided by those sections of the Companies Acts in force at the date of adoption of these Articles (but excluding any statutory modification not in force on the date of adoption of these Articles) or the Shareholders Agreement will, unless the context otherwise requires, have the same meanings when used in these Articles.
- 2.3 The Company's registered office is to be situated in England and Wales.
- 2.4 The liability of the Members is limited to the amount, if any, unpaid by them on the Shares held by them.
- 2.5 The Company is a private company limited by shares.

SHARE RIGHTS

3. SHARE RIGHTS

The rights attached to the Shares are as follows:

3.1 Dividends

3.1.1 Any profits of the Company lawfully available for distribution in respect of any Financial Year shall, subject to the approval of the Board, be applied amongst the Holders of the Shares then in issue and pro rata to the number of such shares held by each of them as if they constituted a single class.

3.1.2 Subject to the Companies Acts and these Articles, the Board may, pay interim dividends if justified by the lawfully available profits in respect of the relevant Financial Year.

3.2 Capital

3.2.1 On:

(a) a return of capital pursuant to a liquidation, capital reduction or otherwise (but excluding for this purpose, on an Exit), the assets of the Company remaining after the payment of its liabilities ("**Surplus Assets**") shall (to the extent that the Company is lawfully able to do so) be applied; and

(b) *in the case of an Exit, the resulting Total Shareholder Proceeds shall be allocated*

in any such case as follows and in the following order of priority:

Priority	Recipient	Amounts to be paid
1	Holders of A Ordinary Shares, C Ordinary Shares and D Ordinary Shares	Surplus Assets / Total Shareholder Proceeds of up to and including £2,850,000 to be distributed pro rata the number of Shares held by them.
2	Holders of A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares	Surplus Assets / Total Shareholder Proceeds in excess of £2,850,000 to be distributed pro rata the number of Shares held by them.

3.2.2 If the application of Article 3.2.1 would not result in the Holders of D Ordinary Shares receiving, in aggregate, a sum at least equal to the Issue Price paid for all of the D Ordinary Shares then in issue, the Surplus Assets or the Total Shareholder Proceeds, as the case may be, shall be applied and/or allocated:

(a) first, by making a distribution therefrom to the Holders of the D Ordinary Shares until the Holders of the D Ordinary Shares shall have received under this Article 3.2.2(a) an amount per D Ordinary Share held equal to the Issue Price of each such D Ordinary Share; and

(b) secondly, after the allocations referred to in Article 3.2.2(a) have been made, by making a distribution of the balance thereof to the Holders of A Ordinary Shares, B

Ordinary Shares and C Ordinary Shares as if they all constituted shares of the same class and pro rata the number of such Shares held by them.

3.3 Voting

In respect of the voting rights attaching to the Shares:

- (a) the Holders of the A Ordinary Shares and the D Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and the Holders of the A Ordinary Shares and the D Ordinary Shares who (being individuals) are present in person or by proxy or (being bodies corporate) are present by duly authorised representative or by proxy shall, on a show of hands, have one vote each, and, on a poll, shall have one vote for each Share of which he is the Holder;
- (b) the Holders of the B Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and the Holders of the B Ordinary Shares who (being individuals) are present in person or by proxy or (being bodies corporate) are present by duly authorised representative or by proxy shall, on a show of hands, have one vote each, and, on a poll, shall have one vote for each Share of which he is the Holder PROVIDED ALWAYS that the aggregate of the voting rights which can be cast by the Holders of the B Ordinary Shares shall always equal 5% of the aggregate voting rights cast at any general meeting of the Company; and
- (c) the Holders of C Ordinary Shares shall not be able to receive notice of, attend at or otherwise exercise any voting rights at any general meeting of the Company.

4. SALE OF THE COMPANY

In the event of a Share Sale then, notwithstanding anything to the contrary in the terms and conditions governing such Share Sale, the Company or the selling Holders as appropriate shall procure that the consideration (whenever received) shall be paid into a designated trustee account and shall be distributed amongst the Holders or such selling Holders as appropriate on the basis set out in Article 3.2.

5. VARIATION OF RIGHTS

Whenever the share capital of the Company is divided into different classes of share in the Company, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) either (i) with the consent in writing of the Holders of more than three-fourths of the issued shares of that class, or (ii) with the sanction of a special resolution passed at a separate general meeting of the Holders of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company (and to the proceedings at such general meetings) shall apply.

6. ALLOTMENT OF SHARES

6.1 Subject to the remaining provisions of this Article 6, the directors are generally and unconditionally authorised, for the purposes of section 551 of the 2006 Act and generally, to exercise any power of the Company to:

- (a) offer or allot;

- (b) grant rights to subscribe for or to convert any security into; and
- (c) otherwise deal in, or dispose of,

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

6.2 The authority referred to in Article 6.1:

- (a) shall only apply insofar as the Company has not renewed, waived or revoked it by ordinary resolution; and
- (b) may only be exercised for a period of five years commencing on the date on which these Articles are adopted, save that the directors may make an offer or agreement which would, or might, require Shares to be allotted after the expiry of such authority (and the directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired).

6.3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.

6.4 Model Article 21 and 36 shall not apply to the Company.

6.5 In respect of the allotment of D Ordinary Shares on the conversion of Loan Notes in accordance with their terms, the following provisions shall apply:

- (a) in the event that any capital repayments and/or interest payment on the Loan Notes be in arrears by the Company for more than 12 months, and provided that the capital owing and due pursuant to the terms of the Loan Notes remains at that time in excess of £500,000, then the Loan Note Holder will have the option to convert all of his outstanding Loan Notes into "Y"% of the Company's issued Shares (the "**Conversion Option**") where Y is the post issue percentage of the Company's enlarged issued share capital and is calculated as follows:

$$Y = (\text{£Total unpaid capital and interest} / \text{£2,840,000}) \times 50\%;$$

- (b) the Loan Note Holder may, by written notice to the Company, elect to accept as payment of unpaid capital and interest on the Loan Notes the allotment and issue to him of such number of D Ordinary Shares as shall be calculated in accordance with paragraph 6.5(a) above. The Loan Note Holder shall indicate in his written notice of election the number D Ordinary Shares he wishes to have allotted to him. The Company (the Board being unconditionally authorised so to do for the purposes of section 551 of the 2006 Act) shall then proceed forthwith upon receipt of the election to issue the D Ordinary Shares credited as fully paid up whereupon the amount of the accrued but unpaid Loan Notes together with any interest shall abate accordingly;
- (c) the D Ordinary Shares allotted pursuant to this article 6.5 shall be constituted as a separate class of shares of the Company and shall be subject to the rights and obligations as set out in Article 3.

6.6 Notwithstanding any other provisions in these Articles, to the extent that any Options under the Share Option Plan lapse for whatsoever reason, the Holder of the A Ordinary Shares

shall be entitled, by giving written notice to the Company, to be allotted for nominal value such number of A Ordinary Shares equivalent to the number of C Ordinary Shares being the subject of the lapsed Option. The Company (the Board being unconditionally authorised so to do for the purposes of section 551 of the 2006 Act) shall then proceed forthwith upon receipt of the election to issue such A Ordinary Shares credited as fully paid up.

TRANSFER OF SHARES

7. GENERAL

- 7.1 No transfer of any Share shall be made or registered unless such transfer complies with the provisions of these Articles. The Board shall sanction any transfer so made unless (i) the registration thereof would permit the registration of a transfer of Shares on which the Company has a lien (ii) the transfer is to a minor or (iii) the Board is otherwise entitled to refuse to register such transfer pursuant to these Articles.
- 7.2 For the purposes of these Articles the following shall be deemed (but without limitation) to be a transfer by a Holder:
 - 7.2.1 any direction (by way of renunciation or otherwise) by a Holder entitled to an allotment or transfer of Shares that a Share be allotted or issued or transferred to some person other than himself; and
 - 7.2.2 any sale or any other disposition of any legal or equitable interest in a Share (including any voting right attached to it), (i) whether or not by the relevant Holder, (ii) whether or not for consideration, and (iii) whether or not effected by an instrument in writing.

8. PERMITTED TRANSFERS

- 8.1 Notwithstanding the provisions of any other Article, the transfers set out in this Article 8 shall be permitted without restriction and the provisions of Articles 9 (Voluntary Transfers) and 10 (Change of Control) shall have no application.
- 8.2 Any Shares held by a custodian or nominee on behalf of any beneficial owner (the "Original Shareholder") may be transferred to (i) any substitute nominee or custodian to hold the same for and on behalf of the same beneficial owner, (ii) any such beneficial owner, (iii) any member of the same Group as such beneficial owner (where it is a body corporate) and/or (iv) any Family Member or Family Trust (where such beneficial owner is an individual).
- 8.3 Any Holder may at any time transfer any Shares in accordance with the provisions of the Companies Acts to the Company.
- 8.4 Any Holder may at any time transfer all or any of his Shares to any other person with the prior written consent of the Board.
- 8.5 Any Shares may be transferred pursuant to Article 10.1 (Tag Along) and 10.5 (Drag along).

9. VOLUNTARY TRANSFERS

- 9.1 Except as permitted under Article 8 any Holder who wishes to transfer Shares (the "**Vendor**") shall give notice in writing (the "**Transfer Notice**") to the Company of his wish specifying:
 - 9.1.1 the number and classes of Shares (the "**Sale Shares**") which he wishes to transfer;

- 9.1.2 the name of any third party to whom he proposes to sell or transfer the Sale Shares;
- 9.1.3 the price at which he wishes to transfer the Sale Shares; and
- 9.1.4 whether or not the Transfer Notice is conditional upon all, and not part only, of the Sale Shares so specified being sold pursuant to the offer hereinafter mentioned (a "**Total Transfer Condition**") and, in the absence of such stipulation, it shall be deemed not to be so conditional.
- 9.2 Subject to the provisions of Article 11 in respect of the Requisite Percentage of Shares to be transferred, where any Transfer Notice is deemed to have been given in accordance with these Articles, the deemed Transfer Notice shall be treated as having specified:
- 9.2.1 that all the Shares registered in the name of the Vendor shall be included for transfer;
- 9.2.2 that a Total Transfer Condition shall not apply.
- 9.3 No Transfer Notice once given or deemed to be given in accordance with these Articles shall be withdrawn unless the Vendor is obliged to procure the making of an offer under Articles 10.1 to 10.4 and is unable to procure the making of such an offer. In that event the Vendor shall be entitled to withdraw such Transfer Notice without liability to any person, prior to completion of any transfer.
- 9.4 The Board shall approve any sale price of the Sale Shares agreed on a bona fide arms' length basis between the proposed purchaser and the Vendor. The sale price agreed as appropriate for the Sale Shares shall be the transfer price (the "**Transfer Price**"). The Transfer Notice shall constitute the Company the agent of the Vendor for the sale of the Sale Shares at the Transfer Price.
- 9.5 The Company shall forthwith upon agreement as appropriate of the Transfer Price give notice in writing to each of the Holders of Shares (other than the Vendor) informing them that the Sale Shares are available and of the Transfer Price. Such notice shall invite each Holder of Shares to state, in writing within 20 Business Days from the date of such notice (which date shall be specified therein), whether he is willing to purchase any and, if so, how many of the Sale Shares which shall, if he so wishes, include an amount in excess of his Proportionate Entitlement (as referred to in Article 9.6). For the purposes of allocation of the Sale Shares, the Sale Shares shall be treated as having been offered to all of the Holders of Shares as if the same constituted one class of Shares.
- 9.6 Subject always to the order of priorities set out in Article 9.5 the Sale Shares shall be treated as offered on terms that, in the event of competition, the Sale Shares shall be sold to the Holders of Shares accepting the offer in proportion (as nearly as may be) to their existing holdings of Shares (the "**Proportionate Entitlement**"). It shall be open to each such Holder of Shares to specify if he is willing to purchase Shares in excess of his Proportionate Entitlement ("**Excess Shares**") and, if the Holder does so specify, he shall state the number of Excess Shares.
- 9.7 Within three Business Days of the expiry of the invitation made pursuant to Article 9.5 (or sooner if all Holders of Shares have responded to the invitation and all the Sale Shares shall have been accepted in the manner provided in Article 9.5), the Board shall allocate the Sale Shares in the following manner:

9.7.1 if the total number of Sale Shares applied for is equal to or less than the available number of Sale Shares the Company shall allocate the Sale Shares in accordance with the applications; or

9.7.2 if the total number of Sale Shares applied for is more than the available number of Sale Shares, each Holder of Shares shall be allocated his Proportionate Entitlement (or such lesser number of Sale Shares for which he may have applied) in the order of priorities set out in Article 9.5; applications for Excess Shares shall be allocated in accordance with such applications or, in the event of competition, (as nearly as may be) to each Holder applying for Excess Shares in proportion to their existing holding of Shares **PROVIDED THAT** such Holder shall not be allocated more Excess Shares than he shall have stated himself willing to take,

and in either case the Company shall forthwith give notice of each such allocation (an "**Allocation Notice**") to the Vendor and each of the persons to whom Sale Shares have been allocated (a "**Member Applicant**") and shall specify in the Allocation Notice the place and time (being not later than ten Business Days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed.

9.8 Subject to Article 9.9, upon such allocations being made as set out in Article 9.4, the Vendor shall be bound, on payment of the Transfer Price, to transfer the Sale Shares comprised in the Allocation Notice to the Member Applicants named therein at the time and place therein specified free from any lien, charge or encumbrance. If he makes default in so doing, the chairman for the time being of the Company or, failing him, one of the Directors, or some other person duly nominated by a resolution of the Board for that purpose, shall forthwith be deemed to be the duly appointed attorney of the Vendor with full power to execute, complete and deliver in the name and on behalf of the Vendor a transfer of the relevant Sale Shares to the Member Applicant and any Director may receive and give a good discharge for the purchase money on behalf of the Vendor and (subject to the transfer being duly stamped) enter the name of the Member Applicant in the register of members as the Holder or Holders by transfer of the Shares so purchased by him or them. The Board shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Vendor until he shall deliver up his certificate or certificates for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) to the Company when he shall thereupon be paid the purchase money.

9.9 If the Vendor shall have included in the Transfer Notice a Total Transfer Condition and if the total number of Shares applied for by Member Applicants is less than the number of Sale Shares then the Allocation Notice shall refer to such provision and shall contain a further invitation, open for ten Business Days, to those persons to whom Sale Shares have been allocated to apply for further Sale Shares and completion of the sales in accordance with the preceding paragraphs of this Article 9 shall be conditional upon the Total Transfer Condition being complied with in full.

9.10 In the event of all the Sale Shares not being sold under the preceding paragraphs of this Article 9 the Vendor may, at any time within three calendar months after receiving confirmation from the Company that the pre-emption provisions herein contained have been exhausted, transfer all the Sale Shares (if a Total Transfer Condition was included in the Transfer Notice) or any Sale Shares which have not been sold (if no Total Transfer Condition was so included in the Transfer Notice) to any person or persons at any price not less than the Transfer Price **PROVIDED THAT:**

- 9.10.1 the Transfer Notice contained a Total Transfer Condition, the Vendor shall not be entitled to sell hereunder only some of the Sale Shares comprised in the Transfer Notice to such person or persons;
- 9.10.2 any such sale shall be a bona fide sale and the Board may require to be satisfied in such manner as it may reasonably require that the Sale Shares are being sold in pursuance of a bona fide sale for not less than the Transfer Price without any deduction, rebate or allowance whatsoever to the purchaser and, if not so satisfied, may refuse to register the instrument of transfer; and
- 9.10.3 the Board shall refuse registration of the proposed transferee if such transfer obliges the Vendor to procure the making of an offer in accordance with Articles 10.1 to 10.4, until such time as such offer has been made and, if accepted, completed.

10. CHANGE OF CONTROL

Tag along

- 10.1 Subject to Article 10.2 if the effect of any transfer of Shares by a Vendor would, if completed, result in the transferee together with persons Acting in Concert or Connected with that transferee obtaining a Controlling Interest, the Vendor shall procure the making, by the proposed transferee of the Vendor's Shares, of a Come Along Offer to all of the other Holders of Shares of the Company. Every Holder or recipient of such offer, on receipt of a Come Along Offer, shall within 20 Business Days of the date of such offer (which date shall be specified therein) be entitled to either accept or reject such offer in writing (and in default of so doing shall be deemed to have rejected the offer). Until such Come Along Offer has been made and completed the Board shall not sanction the making and registration of the relevant transfer or transfers.
- 10.2 The provisions of Article 10.1 and 10.5 shall not apply to any transfer of Shares pursuant to Article 8.
- 10.3 "**Come Along Offer**" means an unconditional offer, open for acceptance for not less than 20 Business Days, to purchase Shares held by the recipients of a Come Along Offer or Shares which recipients may subscribe free from all liens, charges and encumbrances at a price per share equal to the highest price per share (exclusive of stamp duty, stamp duty reserve tax and commission) paid or to be paid by any transferee referred to in Article 10.1 (or any person with whom such transferee is Connected With or with whom such transferee is Acting in Concert) for Shares (inclusive of the Shares giving rise to the obligation to make the Come Along Offer) within the period of one year prior to and on the proposed date of completion of such transfer of Shares including the value of any other consideration received or to be received by the transferor.
- 10.4 In the event of disagreement, the calculation of the relevant Come Along Offer price shall be referred to the Auditors.

Drag along

- 10.5 If the Holders of a majority of the Shares wish to sell any of their Shares in the Company from time to time (the "**Offer**") to any person who or which is not a shareholder at the date of adoption of these Articles (the "**Purchaser**"), then such Holder(s) shall also have the option to require all of the other Holders of Shares, and any persons who become Holders of Shares upon exercise of any options, warrants or other rights to subscribe for Shares which exist at the date of the Offer, to transfer such proportion of their Shares in the Company to the

Purchaser as is equal to the proportion to which the Shares being sold by the Holder(s) of a majority of the Shares bears to the total holding of Shares held by such Holder(s) immediately prior to the date of the Offer (including the Shares to be sold) by giving notice (the **"Drag Along Notice"**) to that effect to all such other Holders (the **"Called Shareholders"**) specifying that the Called Shareholders are, or will, in accordance with Articles 10.5 and 10.6, be required to transfer their Shares pursuant to Articles 10.5 and 10.6 free from all liens, charges and encumbrances and at the same price and terms at which such Shares are proposed to be transferred by the Holder(s) of a majority of the Shares.

- 10.6 If the Called Shareholders (or any of them) shall make default in transferring their Shares pursuant to Article 10.5, the provisions of Article 9.8 (references therein to the Vendor, Sale Shares, Allocation Notice and Member Applicant being read as references to the Holder making such default, the Shares in respect of which such default is made, the Drag Along Notice and the Purchaser respectively) shall apply to the transfer of such Shares mutatis mutandis but the Transfer Price shall be the price offered for such Shares as set out in this Article 10.5 and the provisions of Article 9.9 shall not apply.