

Company number 10616697
PRIVATE COMPANY LIMITED BY SHARES
WRITTEN RESOLUTION of
ANDI'S RESTAURANTS LIMITED (Company)

Circulation date 23 February 2017

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the following resolution is passed as a special resolution (Resolution).

SPECIAL RESOLUTION

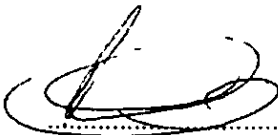
THAT the draft articles attached to this written resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

AGREEMENT

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

The undersigned, those persons entitled to vote on the Resolution on the Circulation Date above hereby irrevocably agree to the Resolution:

Signed by

: 
Andrea Oliver

Date:

23/02/2017

Signed by

: 
Kelly Miles

Date:

23/02/2017

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COMPANIES HOUSE

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF ANDI'S RESTAURANTS LIMITED

(Adopted by special resolution passed on *23 February* 2017)

INTRODUCTION

1. Interpretation

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

"A Ordinary Share" means the A ordinary shares of £0.01 each in the capital of the Company;

"Act" the Companies Act 2006;

"acting in concert" has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);

"Adoption Date" the date of adoption of these Articles;

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

"Available Profits" profits available for distribution within the meaning of part 23 of the Act;

"Board" means the board of Directors of the Company from time to time;

"B Ordinary Shares" means the B ordinary shares of £0.01 each in the capital of the Company;

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

"Chairman" has the meaning given to it in article 6.1;

"Company" means Andi's Restaurants Limited (Company number 10616697);

"Company's Lien" has the meaning given to it in article 24.1;

“connected” has the meaning given in section 252 of the Act;

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

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

“Directors” the directors of the Company from time to time;

“Disposal” the disposal by the Company of all, or a substantial part of, its business and assets to a bona fide purchaser on arm's-length terms;

“Eligible Director” means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);

“Exit” a Share Sale, a Disposal or a Listing;

“Fair Value” has the meaning given in article 17.2;

“Family Trust” as regards any particular Shareholder who is an individual (or deceased or former Shareholder who is an individual) any trust (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the particular Shareholder and/or Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of any such person or any voting or other rights attaching thereto are exercisable by or as directed by any such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons);

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

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

“holding company” has the meaning given in section 1159 of the Act;

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

"Shareholder Super Majority" the holder(s) for the time being of over 80% by nominal value of all Shares held by Shareholders from time to time;

"Shareholders' Agreement" the shareholder agreement dated on or around the Adoption Date between, amongst others, the Company and the Shareholders (as the same may have been varied, supplemented, adhered to or superseded in accordance with its terms (or these Articles) for the time being);

"Lien Enforcement Notice" means a notice in writing which complies with the requirements of article 25.2;

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

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

"Model Articles" the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the Adoption Date;

"Original Shareholder" has the meaning given in article 15.1;

"Permitted Transfer" a transfer of Shares made in accordance with article 15;

"Permitted Transferee" in relation to:

(a) a Shareholder who is an individual, any of his Privileged Relations or the trustee(s) of a Family Trust;

(b) a Shareholder which is a company, a Member of the Same Group as that company; and

"Privileged Relation" in relation to a Shareholder who is an individual (or a deceased or former Shareholder who is an individual) means a spouse, civil partner (as defined in the Civil Partnerships Act 2004), child or grandchild (including step or adopted or illegitimate child and their issue);

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

(a) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles and/or the Investment Agreement; and

(b) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by the Board;

"Restricted Shares" has the meaning given in article 18.4;

"Sale Shares" has the meaning given in article 16.2.1;

"Seller" has the meaning given in article 16.2;

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

"Shares" shares (of any class) in the capital of the Company and **"Share"** shall be construed accordingly;

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

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

"Transfer Notice" has the meaning given in article 16.2;

"Transfer Price" has the meaning given in article 17;

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

- 1.2 Headings in these Articles shall not affect the interpretation of these Articles.
- 1.3 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

- 1.5 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).
- 1.6 A reference in these Articles to:
- 1.6.1 an **Article** is a reference to the relevant numbered article of these Articles; and
- 1.6.2 a **model article** is a reference to the relevant article,
- unless expressly provided otherwise.
- 1.7 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9 A reference to a holding company or a subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.

2. Adoption of the model articles

The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.

DIRECTORS

3. Number of directors

Unless otherwise determined by a Shareholder Super Majority, the number of Directors shall be four but shall not be less than two, save for in the event there is only one Shareholder in which case the minimum number of Directors shall be one.

4. Proceedings of directors

- 4.1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with article 4.2 (subject to article 4.3 and article 4.4). All decisions made at

any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes.

- 4.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.3 A decision taken in accordance with article 4.2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.4 A decision may not be taken in accordance with article 4.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with article 4.6 and article 4.7.
- 4.5 Meetings of the Directors shall take place at least four times in each year, with a period of not more than three months between any two meetings. Any Director may call a meeting of the Directors. At least ten Business Days' advance notice of each such meeting shall be given to each Director (except with the prior consent of each Director, when meetings of the Directors may take place less frequently or on shorter notice).
- 4.6 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be three Eligible Directors, unless:
 - 4.6.1 there is are less than three Eligible Directors in office for the time being; or
 - 4.6.2 each Director has, in respect of any particular meeting (or part of a meeting), otherwise agreed ahead of such meeting.

in which case, subject to article 4.7, the quorum for such meeting (or part of the meeting, as the case may be) shall be any two Eligible Directors. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then the meeting shall proceed.
- 4.7 For the purposes of any meeting (or part of a meeting) held pursuant to article 8 to authorise a Conflict (as defined in article 8.1), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 4.8 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the Chairman (or other chairman of the meeting) shall not have a second or casting vote.

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

5. Appointment and removal of directors

- 5.1 Model article 17(1) shall be modified by the inclusion, at the end of that model article, of the words "provided that the appointment does not cause the number of Directors to exceed the maximum number set out in article 3.1 of these Articles".
- 5.2 Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:
- 5.2.1 he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director; and
- 5.2.2 80% or more of the holders of shares (of any class) resolve that he cease to be a Director.

6. Chairman

- 6.1 The Directors present at the meeting must appoint another Director present *at the meeting to chair the meeting and the appointment of the chairman of the meeting* must be the first business of the meeting.
- 6.2 The Chairman shall not have a casting vote.

7. Transactions or other arrangements with the company

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- 7.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 7.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

- 7.5 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 7.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

8. Directors' conflicts

- 8.1 The Directors may, in accordance with the requirements set out in this article 8, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an "**Interested Director**") breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**").
- 8.2 Any authorisation under this article 8 will be effective only if:
- 8.2.1 the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
 - 8.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - 8.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 8.3 Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently):
- 8.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - 8.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
 - 8.3.3 provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
 - 8.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;

- 8.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
- 8.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.
- 8.4 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 8.5 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 8.6 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested (including by the holding of shares) in his appointor(s) (or any Permitted Transferee of such appointor(s)) and no authorisation under article 8.1 shall be necessary in respect of any such interest.
- 8.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

SHARES AND DISTRIBUTIONS

9. Dividends

- 9.1 In respect of any Financial Year, the Available Profits of the Company that the Board decide to distribute shall be used to pay dividends as set out in this article 9 as follows:
- 9.1.1 first, simultaneously to the holders of all Shares as follows:
- (a) to the holders of the A Ordinary Shares as a class, 40% of such Available Profits pro-rata to each holder based on the number of A Ordinary Shares which are registered in their name (or their Permitted Transferees); and
 - (b) to the holders of the B Ordinary Shares as a class, 60% of such Available Profits pro-rata to each holder based on the

number of B Ordinary Shares which are registered in their name (or their Permitted Transferees)

until the aggregate amount of any dividends paid to the holders of the B Ordinary Shares is equal to the initial subscription price paid by such B Ordinary Shareholders plus an amount equal to a 15% per annum compounding interest rate on the initial subscription price calculated from the date of issue of such B Ordinary Shares until satisfaction of the initial subscription price and such interest (the **Condition**).

9.1.2 Secondly, upon satisfaction of the Condition, any further profits (including in subsequent declarations of dividends) are to be paid to the holders of Shares pro-rata as if they constituted one class.

9.2 Subject to the Act, the Directors may pay interim dividends provided that the Available Profits of the Company justify the payment.

9.3 Subject to Article 9.1.1 each dividend shall be distributed to the appropriate Shareholders pro rata according to the number of Shares held by them respectively and shall accrue daily (assuming a 365 day year) as well after as before the commencement of a winding up. All dividends are expressed net and shall be paid in cash.

10. Liquidation preference

On a return of assets on liquidation, capital reduction or otherwise (other than a conversion, redemption or purchase of shares), the assets of the Company remaining after the payment of its liabilities shall (to the extent that the Company is lawfully able to do so) be applied in paying the A Ordinary Shares and the B Ordinary Shares pro rata as if they constituted one and the same class.

11. EXIT PROVISIONS

11.1 The proceeds of a Share Sale shall be distributed pro rata (to the extent that the Company is lawfully able to do so) in the same manner as dividends are paid in clause 9 and any reference to dividends shall be replaced with references to proceeds of sale save for when calculating the Condition in accordance with this clause 11.1, any dividends already paid pursuant to clause 9.1.1 shall be included towards satisfaction of the Condition.

11.2 The Directors shall not register any transfer of Shares pursuant to a Share Sale if the consideration payable (including any deferred consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale ("**Sale Proceeds**") is not distributed as set out at article 11.1 provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale:

11.2.1 the Directors may register the transfer of the relevant Shares, provided that the Sale Proceeds due on the date of completion of the Share Sale have been distributed in the order of priority set out in article 11.1; and

11.2.2 each Shareholder shall take any reasonable action (to the extent lawful) required by the Board to ensure that the balance of the Sale Proceeds are distributed in the order of priority set out in article 11.1.

11.3 On a Disposal, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in article 11.1, provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, each Shareholder shall (to the extent lawful) take any reasonable action required by the Board so that Article 11.1 applies.

11.4 In the event of an Exit approved by a Shareholder Super Majority ("**Proposed Exit**"), all Shareholders shall consent to, vote for, raise no objections to and waive any applicable rights in connection with the Proposed Exit. The Shareholders shall be required to take all lawful actions with respect to the Proposed Exit as are reasonably required by the Directors to facilitate the Proposed Exit. If any Shareholder fails to comply with the provisions of this article 11.4:

11.4.1 the Company shall be constituted the agent and attorney of each defaulting Shareholder for taking such actions as are necessary to effect the Proposed Exit;

11.4.2 the Directors may authorise an officer of the Company or a Shareholder to execute and deliver on behalf of such defaulting Shareholder all or any necessary documents; and

11.4.3 the Company may receive any purchase money due to the defaulting Shareholder in trust for each of the defaulting Shareholders (without any obligation to pay interest).

12. Variation of class rights

Whenever the share capital of the Company is divided into different classes of Shares, 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) with the consent in writing of the holders of at least 75% in nominal value of the issued Shares of that class.

13. Pre-emption rights on the issue of further shares

13.1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution, the Directors shall not, exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares.

13.2 Subject to the remaining provisions of this article 13, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:

13.2.1 offer or allot;

13.2.2 grant rights to subscribe for or to convert any security into; and

13.2.3 otherwise deal in, or dispose of,

any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.

13.3 The authority referred to in article 13.2:

13.3.1 shall be limited to a maximum nominal amount of £1,000 of Ordinary Shares;

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

13.3.3 may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired);

13.3.4 shall be subject to article 13.5.

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

13.5 Unless otherwise agreed by a Shareholder Super Majority if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to the holders (on the date of the offer) of the Shares (each an “Offeree”) on a pari passu basis (as if they constituted Shares of the same class) and in the respective proportions that the number of Shares held by each such holder bears to the total number of Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.

13.6 An offer made under article 13.5 shall:

13.6.1 be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;

13.6.2 remain open for a period of at least twenty Business Days from the date of service of the offer; and

13.6.3 stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under article 13.5 shall, in his acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which he wishes to subscribe.

- 13.7 If, on the expiry of an offer made in accordance with article 13.5, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 13.8 Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with article 13.5 shall be used to satisfy any requests for Excess Securities made pursuant to article 13.6.3. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Shares held by each such applicant bears to the total number of such Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him). After those allotments, any Excess Securities shall, subject to article 13.9, be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.
- 13.9 No Shares shall be allotted to any current or prospective employee or director of any Group Company unless such person shall first have entered into a joint election with the relevant Group Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

14. Transfers of shares: general

- 14.1 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.
- 14.2 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to article 14.5, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 14.3 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall, save with the consent of the Board to the contrary, be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 14.4 Any transfer of a Share by way of sale which is required to be made under article 18, article 19 or article 20 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.
- 14.5 The Directors may as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company agreeing to be bound by the terms of the Investment Agreement, in such form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). If any condition is imposed in accordance with this article 14.5, the transfer may not be

registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.

14.6 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may require:

14.6.1 any holder (or the legal representatives of a deceased holder);
or

14.6.2 any person named as a transferee in a transfer lodged for registration; or

14.6.3 such other person as the Directors may reasonably believe to have information relevant to that purpose,

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

14.7 If any such information or evidence referred to in article 14.6 is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares of that fact in writing and, if the holder fails to remedy that situation to the reasonable satisfaction of the Directors within ten Business Days of receipt of such written notice, then, unless otherwise directed in writing by the Board:

14.7.1 the relevant Shares shall cease to confer on the holder of them any rights:

- (a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
- (b) to receive dividends or other distributions (other than the amount to which they may be entitled pursuant to the application of article 9.1.1) otherwise attaching to those Shares; or
- (c) to participate in any future issue of Shares issued in respect of those Shares; and

14.7.2 the Directors may, by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his Shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

The Directors may reinstate the rights referred to in article 14.7.1 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to article 14.7.2 on completion of such transfer.

14.8 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:

14.8.1 it does not contain a Minimum Transfer Condition; and

14.8.2 the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).

14.9 Any Transfer Notice (but not an Offer Notice (as defined in article 19) or a Drag Along Notice (as defined in article 20)) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall (save with the consent of the Board to the contrary) automatically be revoked by the service of a Deemed Transfer Notice.

15. Permitted transfers of shares

15.1 A Shareholder (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee.

15.2 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:

15.2.1 the Original Shareholder;

15.2.2 any Privileged Relation(s) of the Original Shareholder;

15.2.3 the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or

15.2.4 to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,

without any price or other restriction.

15.3 If the Original Shareholder is a company, and a Permitted Transfer has been made, the Permitted Transferee shall, within ten Business Days of ceasing to be a Member of the Same Group as the Original Shareholder, transfer the Shares held by it to:

15.3.1 the Original Shareholder; or

15.3.2 a Member of the Same Group as the Original Shareholder,

(which in either case is not in liquidation), without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this article 15.3, a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 15.3.

15.4 If the Original Shareholder is an individual and a Permitted Transfer has been made to a Privileged Relation of the Original Shareholder, the Permitted Transferee (or the transmittee(s) of any such person), shall within ten Business Days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) either:

15.4.1 execute and deliver to the Company a transfer of the Shares held by him to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or

15.4.2 give a Transfer Notice to the Company in accordance with article 16,

failing which a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 15.4.

15.5 Notwithstanding any other provision of this article 15, a transfer of any Shares approved by the Directors may be made without any price or other restriction and any such transfer shall be registered by the Directors.

16. Pre-emption rights on the transfer of shares

16.1 Except where the provisions of article 15, article 19 or article 20 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this article 16.

16.2 A Shareholder who wishes to transfer Shares (a **Seller**) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a **Transfer Notice**) to the Company specifying:

16.2.1 subject to article 14.8.2, the number of Shares he wishes to transfer (**Sale Shares**);

16.2.2 the name of the proposed transferee, if any;

16.2.3 the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the **Proposed Sale Price**); and

16.2.4 subject to article 14.8.1, whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **Minimum Transfer Condition**).

16.3 Except in the case of a Deemed Transfer Notice (which may not be withdrawn), where the Transfer Price of the Sale Shares comprised within a Transfer Notice is to be the Fair Value and such Fair Value less than the Proposed Sale Price the Seller may, within ten Business Days of receipt of notification of the Fair Value, withdraw the Transfer Notice. Otherwise, a Transfer Notice may only be withdrawn with the consent of the Board.

16.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

- 16.5 As soon as practicable following the later of:
- 16.5.1 receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and
 - 16.5.2 the determination of the Transfer Price,
- the Directors shall (unless the Transfer Notice is withdrawn in accordance with article 16.3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 16 at the Transfer Price. Each offer shall be in writing and shall give details of the number and Transfer Price of the Sale Shares offered.
- 16.6 The Company shall, subject to article 18, offer the Sale Shares pro rata according to the number of Shares held by them respectively on the basis set out in article 16.7 to article 16.13 (inclusive).
- 16.7 The Directors shall offer the Sale Shares in the order of priority referred to in article **Error! Reference source not found.** (as appropriate) Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date ten Business Days after the offer (both dates inclusive) (the "**Offer Period**") for the maximum number of Sale Shares they wish to buy.
- 16.8 If:
- 16.8.1 at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares held by all Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors. No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;
 - 16.8.2 not all Sale Shares are allocated following allocations in accordance with article 16.8.1, but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 16.8.1. The procedure set out in this article 16.8.2 shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
 - 16.8.3 at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the Shareholders in accordance with their applications. The balance (the "**Surplus Shares**") shall subject to article 16.9 and to the Act, be offered to the Company

and thereafter shall offered to any other person in accordance with article 16.13

16.9 Where the Transfer Notice contains a Minimum Transfer Condition:

16.9.1 any allocation made under article 16.6 to article 16.8 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and

16.9.2 if the total number of Sale Shares applied for under article 16.6 to article 16.8 (inclusive) is less than the number of Sale Shares, the Board shall notify the Seller and all those Shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

16.10 Where either:

16.10.1 the Transfer Notice does not contain a Minimum Transfer Condition; or

16.10.2 allocations have been made in respect of all the Sale Shares,

the Directors shall, when no further offers or allocations are required to be made under article 16.7 to article 16.8(inclusive), give notice in writing of the allocations of Sale Shares (an "**Allocation Notice**") to the Seller and each Shareholder to whom Sale Shares have been allocated (each an "**Applicant**"). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least ten Business Days, but not more than twenty Business Days, after the date of the Allocation Notice).

16.11 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.

16.12 If the Seller fails to comply with article 16.11:

16.12.1 the Chairman (or, failing him, any other Director or some other person nominated by a resolution of the Directors) may, as agent and attorney on behalf of the Seller:

(a) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

(b) receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and

- (c) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and

16.12.2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate(s) for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Directors, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those Shares) to the Company.

16.13 Where a Transfer Notice lapses pursuant to article 16.9.2 or an Allocation Notice does not relate to all the Sale Shares, then, subject to article 16.14, the Seller may, at any time during the twenty Business Days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 16.13 shall continue to be subject to any Minimum Transfer Condition.

16.14 The Seller's right to transfer Shares under article 16.13 does not apply if the Directors reasonably consider that:

16.14.1 the transferee is a person (or a nominee for a person) whom the Board determines to be a competitor (or a Member of the Same Group as a competitor) of the business of any Group Company;

16.14.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or

16.14.3 the Seller has failed or refused to promptly provide information available to him and reasonably requested to enable it to form the opinion referred to in article 16.14.2.

17. Valuation

17.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors (any Director with whom the Seller is connected not voting), and the Seller or, in default of agreement within ten Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the board of Directors first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.

17.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:

17.2.1 valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);

- 17.2.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - 17.2.3 that the Sale Shares are capable of being transferred without restriction;
 - 17.2.4 valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
 - 17.2.5 reflecting any other factors which the Independent Expert reasonably believes should be taken into account.
- 17.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 17.4 The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.
- 17.5 The parties are entitled to make submissions to the Independent Expert and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 17.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 17.7 The Independent Expert shall be requested to determine the Fair Value within twenty Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 17.8 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs unless:
- 17.8.1 the Seller withdraws the relevant Transfer Notice in accordance with article 16.3; or
 - 17.8.2 in respect of a Deemed Transfer Notice, the Fair Value is less than the price per Sale Share offered to the Seller by the Directors before the appointment of the Independent Expert,

in which case the Seller shall bear the cost.

18. Compulsory transfers

- 18.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England

and Wales) shall be deemed to have given a Transfer notice in respect of that Share at such time as the Directors may determine.

- 18.2 If a Shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that Shareholder shall be deemed to have given a Transfer Notice in respect of all Shares held by it at such time as the Directors may determine.
- 18.3 If there is a change in control (as 'control' is defined in section 1124 of the Corporation Tax Act 2010) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its name (or the name of its nominee(s)) save that, where that Shareholder acquired Shares as a *Permitted Transferee of an Original Shareholder*, it shall first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any other Permitted Transferee of that Original Shareholder before being required to serve a Transfer Notice.
- 18.4 Forthwith upon a Transfer Notice being deemed to be served under article 18 the Shares subject to the relevant Deemed Transfer Notice ("**Restricted Shares**") shall cease to confer on the holder of them any rights:
- 18.4.1 to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
- 18.4.2 to receive dividends or other distributions otherwise attaching to those Shares; or
- 18.4.3 to participate in any future issue of Shares.

The Directors may reinstate the rights referred to in article 18.4 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to article 18.

19. Mandatory offer on change of control

- 19.1 In the event that a proposed transfer of Shares (other than a transfer of Shares made pursuant to article 15 or article 18, but after the operation of the pre-emption procedure set out in article 16), whether made as one or as a series of transactions (a "**Proposed Transfer**") would, if completed, result in any person other than an existing Shareholder (the "**Buyer**"), together with any person acting in concert with the Buyer, acquiring a Controlling Interest, the remaining provisions of this article 19 shall apply.
- 19.2 The Seller shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the "**Offer**") to each Shareholder (each an **Offeree**) on the date of the Offer other than any holder(s) of

Restricted Shares, to buy all of the Shares held by such Offerees on the date of the Offer for a consideration per Share (the "**Offer Price**") which is equal to the highest price per Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Shares in connection with the Proposed Transfer.

- 19.3 The Offer shall be made by notice in writing (an "**Offer Notice**") addressed to each Offeree on the date of the Offer at least ten Business Days (the "**Offer Period**") before the date fixed for completion of the Proposed Transfer (the "**Sale Date**"). The Offer Notice shall specify:

19.3.1 the identity of the Buyer (and any person(s) acting in concert with the Buyer);

19.3.2 the Offer Price and any other terms and conditions of the Offer;

19.3.3 the Sale Date; and

19.3.4 the number of Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.

- 19.4 The completion of the Proposed Transfer shall be conditional in all respects on:

19.4.1 the making of an Offer in accordance with this article 19; and

19.4.2 the completion of the transfer of any Shares by any Offeree (each an "**Accepting Offeree**") who accepts the Offer within the Offer Period,

and the Directors shall refuse to register any Proposed Transfer made in breach of this article 19.4.

- 19.5 The Proposed Transfer is, but the purchase of Shares from Accepting Offerees pursuant to an Offer made under this article 19 shall not be, subject to the pre-emption provisions of article 16.

20. Drag along

- 20.1 If the holders of 80% by nominal value of the Ordinary Shares in issue for the time being (the "**Selling Shareholders**") wish to transfer all of their interest in Shares ("**Sellers' Shares**") to a bona fide purchaser on arm's-length terms ("**Proposed Buyer**"), the Selling Shareholders shall have the option ("**Drag Along Option**") to require all the other holders of Shares on the date of the request ("**Called Shareholders**") to sell and transfer all their interest in Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this article 20.

- 20.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a "**Drag Along Notice**"), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:

- 20.2.1 that the Called Shareholders are required to transfer all their Shares ("**Called Shares**") pursuant to this article 20;
 - 20.2.2 the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
 - 20.2.3 the consideration payable for the Called Shares calculated in accordance with article 20.4;
 - 20.2.4 the proposed date of completion of transfer of the Called Shares.
- 20.3 Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within twenty Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 20.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Buyer were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of article 11.1.
- 20.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 20.
- 20.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:
- 20.6.1 all of the Called Shareholders and the Selling Shareholders otherwise agree; or
 - 20.6.2 that date is less than twenty Business Days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the Called Shares shall take place twenty Business Days after the date of service of the Drag Along Notice.
- 20.7 Within twenty five Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that twenty five Business Day period the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to article 20.4 to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to article 20.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to article 20.4 in trust for the Called Shareholders without any obligation to pay interest.

- 20.8 To the extent that the Proposed Buyer has not, on the expiration of the twenty five Business Day period, put the Company in funds to pay the amounts due pursuant to article 20.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this article 20 in respect of their Shares.
- 20.9 If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this article 20.
- 20.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 20 shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares. References in this Article 23.11 to a person becoming a Shareholder (or increasing an existing shareholding) shall include the Company, in respect of the acquisition of any of its own Shares.
- 20.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of article 16.
- 20.12 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

DECISION-MAKING BY SHAREHOLDERS

21. General meetings

- 21.1 No business other than, subject to article 21.2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 21.2 The Chairman shall chair general meetings. The Directors present must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

22. Voting

- 22.1 Subject to any other provisions in these Articles concerning voting rights, each Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company.
- 22.2 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 22.3 Model article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that model article.
- 22.4 Model article 45(1) shall be amended by:
 - 22.4.1 the deletion of model article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and
 - 22.4.2 the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that model article.

23. Purchase of own shares

- 23.1 Subject to the Act but without prejudice to any other provision of these Articles (including, without limitation, article 13.2(e)), the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) with cash up to any amount in a financial year not exceeding the lower of:
 - 23.1.1 £15,000; and

23.1.2 the value of 5% of the Company's share capital.

24. Company's lien over shares

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

25. Enforcement of the company's lien

- 25.1 Subject to the provisions of this article 25, if:
- 25.1.1 a Lien Enforcement Notice has been given in respect of a Share; and
- 25.1.2 the person to whom the notice was given has failed to comply with it,
- the Company may sell that Share in such manner as the Directors decide.
- 25.2 A Lien Enforcement Notice:
- 25.2.1 may only be given in respect of a Share which is subject to the Company's Lien and in respect of a sum payable to the Company for which the due date for payment has passed;
- 25.2.2 must specify the Share concerned;
- 25.2.3 must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- 25.2.4 must be addressed either to the holder of the Share or to a transmittee of that holder; and
- 25.2.5 must state the Company's intention to sell the Share if the notice is not complied with.
- 25.3 Where Shares are sold under this article 25:

- 25.3.1 the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and
- 25.3.2 the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 25.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Company's Lien) must be applied:
 - 25.4.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
 - 25.4.2 *second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the Shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.*
- 25.5 A statutory declaration by a Director or the company secretary that the *declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:*
 - 25.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
 - 25.5.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

ADMINISTRATIVE ARRANGEMENTS

26. Means of communication to be used

- 26.1 Subject to article 26.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
 - 26.1.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - 26.1.2 if sent by fax, at the time of transmission; or
 - 26.1.3 if sent by pre-paid first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
 - 26.1.4 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery

receipt or at the time the notice, document or other information is left at the address; or

26.1.5 if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or

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

26.1.7 if deemed receipt under the previous paragraphs of this article 26.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

26.2 To prove service, it is sufficient to prove that:

26.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or

26.2.2 if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or

26.2.3 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or

26.2.4 if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

26.3 A Transfer Notice (or Deemed Transfer Notice) may not be served or delivered in electronic form (other than by fax), or by means of a website.

26.4 In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.

27. Indemnity and insurance

27.1 Subject to article 27.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

27.1.1 each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in relation thereto including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any

material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and

27.1.2 the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 27.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.

27.2 This article 27 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

27.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.

27.4 In this article 27:

27.4.1 **"Relevant Loss"** means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund of the Company (or other Group Company); and

27.4.2 **"Relevant Officer"** means any director or other officer of any Group Company.