

Company number: 11289502

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS

of

MEARS DIRECT LIMITED (Company)

TUESDAY



A10 *A741SQ3V* 17/04/2018 #382
COMPANIES HOUSE

Circulation Date: 13/4/18

Under Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the Resolution set out below is passed as a special resolution (**the Resolution**):

SPECIAL RESOLUTION

That the regulations contained in the document attached to this Written Resolution be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

AGREEMENT

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

The undersigned, a person entitled to vote on the Resolution on 13/4/18, hereby irrevocably agrees to the Resolution:

Signed by

.....(Name)
(Signature).

For and on behalf of
Mears Limited

Date:

Signed by

JANE NELSON(Name)
(Signature).

Date: 13 April 2018

Company number: 11289502

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of

MEARS DIRECT LIMITED (Company)

Circulation Date: 13/4/18

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The undersigned, a person entitled to vote on the Resolution on 13/4/18, hereby irrevocably agrees to the Resolution:

Signed by

DAVID MILES(Name)

.....
(Signature).

For and on behalf of

Mears Limited

Date: 13 April 2018

Signed by

JANE NELSON(Name)

.....
(Signature).

Date:

NOTES

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

- **By hand:** delivering the signed copy to Emmet Moore, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, Gloucestershire, GL3 4AH.
- **Post:** returning the signed copy by post to Emmet Moore, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, Gloucestershire, GL3 4AH.
- **Email:** by attaching a scanned copy of the signed document to an email and sending it to Emmet.Moore@mearsgroup.co.uk.

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

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

3. Unless by 11/5/18, sufficient agreement is received for the Resolution to pass, they will lapse. If you agree to the Resolution, please ensure that your agreement reaches us before or during this date.

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

THE COMPANIES ACTS 1985-2006

Private Company Limited by Shares

ARTICLES OF ASSOCIATION
of
MEARS DIRECT LIMITED

Company number: 11289502

Adopted by special resolution on 13th April 2018

INTERPRETATION AND LIMITATION OF LIABILITY

DEFINED TERMS

1.—(1) In the articles, unless the context requires otherwise—

Acquiring Party: has the meaning given in article 28(9);

Allocation Notice: has the meaning given in article 27(11);

Applicant: has the meaning given in article 27(11);

Appointor: has the meaning given in article 19(1);

articles means the Company's articles of association;

Bad Leaver: a person who ceases to hold any shares in the capital of the Company by reason of:

(a) article 28.1(a) to 28.1(g) inclusive;

(b) article 28.1(j) where the person ceased to be a director by reason of gross misconduct;

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

Called Shareholders: has the meaning given in article 30(1);

Called Shares: has the meaning given in article 30(1);

chairman has the meaning given in article 12;

chairman of the meeting has the meaning given in article 40;

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;

Company means Mears Direct Limited;

Consideration: has the meaning given in article 27(11);

Continuing Shareholders: has the meaning given in article 27(7);

Controlling Shareholders: has the meaning given in article 30(1);

Default Transfer Notice: the notice deemed to have been served by a shareholder upon the occurrence of any event in article 28(1);

Defaulting Shareholder: has the meaning given in article 28(2);

Defaulting Shareholder's Shares: has the meaning given in article 28(2);

director means a director of the Company, and includes any person occupying the position of director, by whatever name called;

distribution recipient has the meaning given in article 32;

document includes, unless otherwise specified, any document sent or supplied in electronic form;

Drag Along Notice: has the meaning given in article 30(2);

Drag Along Option: has the meaning given in article 30(1);

Drag Shares: has the meaning given in article 30(1);

electronic form has the meaning given in section 1168 of the Companies Act 2006;

Fair Value: in relation to shares, as determined in accordance with article 29;

Finance Director: the finance director for the time being of Mears Group plc;

First Offer Period: has the meaning given in article 27(7);

First Option Notice: has the meaning given in article 27(3);

fully paid in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

Good Leaver: a person who ceases to hold any B shares in the capital of the Company in circumstances where that person is not a Bad Leaver.

hard copy form has the meaning given in section 1168 of the Companies Act 2006;

holder in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

Initial Surplus Shares: has the meaning given in article 27(9);

instrument means a document in hard copy form;

Minimum Transfer Condition: has the meaning given in article 27(3);

ordinary resolution has the meaning given in section 282 of the Companies Act 2006;

paid means paid or credited as paid;

participate, in relation to a directors' meeting, has the meaning given in article 10;

Proposed Buyer: has the meaning given in article 30(1);

proxy notice has the meaning given in article 46;

qualifying person has the meaning given in section 318(3) of the Companies Act 2006;

Sale Shares: has the meaning given in article 27(3);

Seller: has the meaning given in article 27(3);

shareholder means a person who is the holder of a share;

Shareholders Agreement: such agreement as may be made between the shareholders of the Company from time to time in accordance with which the shareholders agree to exercise their rights in relation to the Company.

shares means shares in the capital of the Company (regardless of class) unless expressly provided otherwise, and a reference to an **A Share**, **B Share**, etc, shall be a reference to a share designated accordingly;

special resolution has the meaning given in section 283 of the Companies Act 2006;

subsidiary has the meaning given in section 1159 of the Companies Act 2006;

Transfer Price: has the meaning given in article 27(3) when used in relation to Sale Shares, or the meaning given in article 28(4) when used in relation to Defaulting Shareholder's Shares.

transmittee means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

Valuers means an independent firm of accountants as agreed by the parties or, in the absence of agreement within 7 days, as nominated by the President of the Institute of Chartered Accountants in England and Wales at the request of a party.

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

(2) Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the Company.

(3) A reference in these Articles to an **article** is a reference to the relevant article of these Articles unless expressly provided otherwise.

(4) Unless expressly provided otherwise, 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.

LIABILITY OF MEMBERS

2. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

DIRECTORS' POWERS AND RESPONSIBILITIES

DIRECTORS' GENERAL AUTHORITY

3. Subject to—

- (a) these articles, and
- (b) the provisions of any Shareholders Agreement,

the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

SHAREHOLDERS' RESERVE POWER

4.—(1) The shareholders may—

- (a) by special resolution, or
- (b) by the provisions of any Shareholders Agreement,

direct the directors to take, or refrain from taking, specified action.

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

DIRECTORS MAY DELEGATE

5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee,
- (b) by such means (including by power of attorney),
- (c) to such an extent,
- (d) in relation to such matters or territories, and
- (e) on such terms and conditions,

as they think fit.

(2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

COMMITTEES

6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

DIRECTORS TO TAKE DECISIONS COLLECTIVELY

7.—(1) Subject to the express terms of article 15, the general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

(2) If—

(a) the Company only has one director for the time being, and

(b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may (for so long as he remains the sole director) take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

UNANIMOUS DECISIONS

8.—(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

CALLING A DIRECTORS' MEETING

9.—(1) The shareholders intend there to be a meeting of directors at least four times each year with a period of not more than 15 weeks between any two meetings, to be held at such locations as may be agreed from time to time.

(2) Any director may call a directors' meeting by giving not less than seven days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.

(3) Notice of any directors' meeting must indicate—

(a) its proposed date and time,

(b) where it is to take place, and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

(4) Notice of a directors' meeting must be given to each director, but need not be in writing.

(5) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

(6) Any resolution passed at a meeting of which shorter notice or no notice has been given shall be deemed to have been duly passed if all those directors entitled to attend such a meeting were present or if all of them consent in writing to short notice.

PARTICIPATION IN DIRECTORS' MEETINGS

10.—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—

(a) the meeting has been called and takes place in accordance with the articles, and

(b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

(4) Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless all the directors present at the meeting agree in writing.

QUORUM FOR DIRECTORS' MEETINGS

11.—(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

(2) Subject to article 11(3), the quorum for the transaction of business at a meeting of directors is:

(a) one director appointed by the holder of the A Shares and one director appointed by the holder of the B Shares, or

(b) where a directors' meeting cannot take place due to a director appointed by the holder of the B Shares not being in attendance at the meeting, and the meeting is postponed and rescheduled for a later date, then the quorum for the subsequent rescheduled directors' meeting shall be two directors appointed by the holder of the A Shares.

(3) For the purposes of any meeting (or part of a meeting) held to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.

(4) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—

(a) to appoint further directors, or

(b) to call a general meeting so as to enable the shareholders to appoint further directors.

CHAIRING OF DIRECTORS' MEETINGS

12.—(1) The directors shall appoint a director appointed by the holder of the B Shares to chair their meetings.

(2) The person so appointed for the time being is known as the chairman.

(3) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint any other director appointed by the holder of the A Shares to chair it.

VOTES AT DIRECTORS' MEETINGS

13.—(1) At any meeting of the directors:

(a) the director(s) appointed by the holder of the A Shares shall have one vote for each A Share held by the holder of the A Shares, and

(b) the director(s) appointed by the holder of the B Shares shall have one vote for each B Share held by the holder of the B Shares.

(2) Neither the chairman, nor any other director, shall have a casting vote in circumstances where the numbers of votes for and against a proposal are equal.

CONFLICTS OF INTEREST

14.—(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the Company in which a director is interested (whether or not that company is a

shareholder), that director is not to be counted as participating in the decision-making process for quorum or voting purposes unless paragraph (2) applies.

(2) This paragraph applies when—

- (a) the Company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process,
- (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or
- (c) the director's conflict of interest arises from a permitted cause.

(3) For the purposes of this article, the following are permitted causes—

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries,
- (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities,
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Company which do not provide special benefits for directors or former directors,
- (d) contracts, agreements or arrangements entered into by the Company at arm's length and in the ordinary course of its business with Mears Group plc or any of its subsidiary companies, and
- (e) a contract for the supply of goods and/or services to be entered into by the Company (or the entering into of which is to be considered by the Company) at arm's length and in the ordinary course of its business.

(4) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(5) Subject to paragraph (6), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(6) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

RECORDS OF DECISIONS TO BE KEPT

15. The directors must ensure that the Company keeps a record, in writing, for at least six years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

DIRECTORS' DISCRETION TO MAKE FURTHER RULES

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

APPOINTMENT OF DIRECTORS

APPOINTMENT OF DIRECTORS

17.—(1) The appointment of a director takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.

(2) The holder of the A Shares shall nominate no more than two directors by giving notice to the Company and the other shareholders.

(3) The holder of the A Shares may remove and replace any director whom it nominated pursuant to article 17(2) by giving notice to the Company and the other shareholders. The removal and replacement takes effect on the later of the date on which the notice is received by the Company or the date is given in the notice or the date of approval by the other directors.

(4) The holder(s) of the B Shares shall nominate one director by giving notice to the Company and the other shareholders, provided that:

(a) Where a single individual holds all the B shares for the time being, that individual shall be deemed to have been nominated by the holder of the B Shares.

(b) Where a single corporate body holds all the B shares for the time being, the person nominated by that shareholder shall (as at the date of nomination and appointment) be, and at all times during the period when that person is a director of the Company) remain, a director of that shareholder.

(c) In all other circumstances, the holder(s) of the B Shares shall nominate one director by giving notice to the Company and the other shareholders.

(5) The holder(s) of the B Shares may remove and (with the consent of the other directors) replace any director whom it nominated pursuant to article 17(4) by giving notice to the Company and the other shareholders. The removal and replacement takes effect on the later of the date on which the notice is received by the Company or the date is given in the notice or the date of approval by the other directors.

(5) Notwithstanding any provision in the Companies Acts, no person shall be appointed as a director of the Company otherwise than in accordance with this article.

(6) Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum but shall not be less than two.

TERMINATION OF DIRECTOR'S APPOINTMENT

18. —(1) A person ceases to be a director as soon as—

(a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law or the service contract (if any) made between the Company and the director terminates or expires,

(b) a bankruptcy order is made against that person,

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts,

(d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,

(e) notification is received by the Company from the director that the director is resigning from office, *and such resignation has taken effect in accordance with its terms*,

(f) that person is removed as a director in accordance with article 17(3) or 17(5),

(g) that person ceases to be a director of the Company that nominated him as a director of the Company as required by article 18(2), or

(h) he is otherwise duly removed from office.

(2) Any shareholder removing a director in accordance with article 17(3) or 17(5) shall indemnify and keep indemnified the Company against any claim connected with that director's removal from office.

ALTERNATIVE DIRECTORS

19.—(1) Subject to article 19(2), any director appointed by the holder of the A Shares (other than an alternate director) (**Appointor**) may appoint any other person as an alternate to exercise that director's powers and carry out that director's responsibilities in relation to the taking of decisions by the directors, in the absence of the Appointor.

(2) The Appointor may appoint an alternate to attend a maximum of two board meetings in any calendar year in place of the Appointor.

(3) Any appointment or removal of an alternate director must be made by the Appointor notifying the directors in writing (including by email).

(4) An alternate director has the same rights in relation to any decision of the directors as the Appointor and, except as expressly stated in the articles:

- (a) is deemed for all purposes to be a director,
- (b) is liable for his own acts and omissions,
- (c) is subject to the same restrictions as his Appointor,
- (d) is not deemed to be an agent of his Appointor, and

in particular, each alternate director shall be entitled to receive notice of all meetings of directors.

(5) A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that alternate's Appointor is not participating), and
- (b) may participate in a unanimous decision of the directors (but only if that alternate's Appointor would have been eligible to participate in that decision, but does not do so).

(6) An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive any remuneration from the Company for serving as an alternate director.

(7) An alternate director's appointment as an alternate terminates:

- (a) when the alternate's Appointor revokes the appointment by notifying the directors in writing (including by email),
- (b) on the occurrence of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director,
- (c) on the death of the alternate's Appointor, or
- (d) when the alternate director's Appointor ceases to be a director for whatever reason.

SECRETARY

20.—(1) The director(s) appointed by the holder of the A Shares may appoint any person who is willing to act as the secretary for such term, and from time to time remove such person and, if such directors so decide, appoint a replacement, in each case by a decision of such directors.

(2) *The remuneration and conditions on which the secretary is appointed shall be agreed by all shareholders.*

DIRECTORS' REMUNERATION AND EXPENSES

21.—(1) Directors may undertake any services for the Company that the directors decide.

(2) Directors are entitled to such remuneration as the Company may by ordinary resolution determine—

- (a) for their services to the Company as directors, and
- (b) for any other service which they undertake for the Company.

(3) Subject to the articles, a director's remuneration—

- (a) may take any form,
- (b) may include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director, and
- (c) shall be deemed to accrue from day to day unless the directors unanimously decide otherwise.

(4) *Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.*

(5) The Company may, at the discretion of the directors, pay any reasonable expenses which the directors, alternate directors and the secretary properly incur in connection with their attendance at—

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

SHARES

ALL SHARES TO BE FULLY PAID UP

22.—(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

(2) This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

SHARE CAPITAL

23.—(1) Subject to the articles and the provisions of any other agreement to which the Company is a party, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by special resolution.

(2) Except as otherwise provided in these articles, each class of shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.

(3) On the transfer of any share as permitted by these articles:

- (a) a share transferred to a non-shareholder shall remain of the same class as before the transfer, and
- (b) a share transferred to a shareholder shall automatically be re-designated on transfer as a share of the same class as those shares already held by the shareholder.

(4) If no shares of a class remain in issue following a redesignation under this article, these articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

(5) No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall *mutatis mutandis* apply. For the purpose of this article, the shareholders present in person or by proxy may constitute a meeting.

(6) Each of the following shall be deemed to constitute a variation of the rights attached to each class of shares:

- (a) any alteration in the articles,
- (b) any reduction, subdivision, consolidation, redenomination, or purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital, and
- (c) any resolution to put the Company into liquidation.

(7) The Company shall immediately cancel any shares acquired under Chapter 4 of Part 18 of the Companies Act 2006.

(8) Subject to the Companies Act 2006 but without prejudice to any other provision of these articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Companies Act 2006.

COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS

24. Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

SHARE CERTIFICATES

25.—(1) The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued,
- (b) the nominal value of those shares,
- (c) that the shares are fully paid, and
- (d) any distinguishing numbers assigned to them.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must be executed in accordance with the Companies Acts.

(6) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(7) A shareholder exercising the right to be issued with such a replacement certificate—

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates,
- (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced, and
- (c) must comply with such conditions as to evidence and indemnity as the directors decide.

SHARE TRANSFERS

26.—(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.

(2) No shareholder shall transfer any B Share except:

- (a) with the prior consent of all directors of the Company; or
- (b) in accordance with article 27, 28 or 30.

(3) The director(s) appointed by the holder of the A Shares shall be entitled to withhold their consent under article 26(2) where the proposed transferee of the B Shares:

- (a) is a competitor in any area of business carried on at that time by the holder of the A Shares (**Competitor**);
- (b) has a direct or indirect interest in a Competitor, whether as shareholder, director, employee or otherwise;
- (c) is disqualified from acting as a director; or
- (d) is in dispute, or has been in dispute in the previous three years, with the holder of the A Shares or any subsidiary of the holder of the A Shares or is likely to bring the Company, Mears Group Plc or any subsidiary of Mears Group plc into disrepute

In all other circumstances, such director(s) shall not unreasonably withhold their consent.

(4) Save in the circumstances set out in article 27(18) (where they shall have discretion), the directors must register any duly stamped or certified exempt transfer made in accordance with these articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these articles.

(5) Any transfer of shares by way of a sale that is required to be made under article 27, 28 or 30 shall be deemed to include a warranty that the transferor sells the shares with full title guarantee.

(6) Any Privileged Relation holding shares as a result of a share transfer made by an Original Shareholder may, at any time, transfer his shares back to that Original Shareholder without being required to follow the steps set out in article 27.

(7) If a Privileged Relation holding shares as a result of a share transfer made by an Original Shareholder ceases to be a Privileged Relation of the Original Shareholder, that Privileged Relation shall execute and deliver to the Company a transfer of the shares held by him to the Original Shareholder for such consideration as may be agreed between them, failing which he shall be deemed to have given a Default Transfer Notice in accordance with article 28. (8) Where:

(a) an Original Shareholder has transferred shares to a Privileged Relation; and

(b) an event happens to that Original Shareholder that would, had such transfer not taken place, have caused the Original Shareholder to serve a Default Transfer Notice under article 28(1);

then that Privileged Relation shall be deemed to have transferred all such shares back to the Original Shareholder immediately prior to the deemed service of the Default Transfer Notice.

(9) If the Privileged Relation fails to make a transfer in accordance with article 26(7) or 26(7), the Company may execute a transfer of such shares on behalf of the Privileged Relation and register the Original Shareholder as the holder of such shares.

PRE-EMPTION RIGHTS ON SHARE TRANSFER

27.—(1) In article 27, 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.

(2) Except where the provisions of article 27, 28 and 30 apply, any transfer of B Shares by a shareholder shall be subject to the pre-emption rights in article 27.

(3) A shareholder (**Seller**) wishing to transfer his B Shares (the **Sale Shares**) must give notice in writing (a **First Option Notice**) to the Company giving details of the proposed transfer including:

(a) the number of Sale Shares,

(b) if the Seller wishes to sell the Sale Shares to a third party, the name of the proposed buyer,

(c) the price (in cash) at which he wishes to sell the Sale Shares (which will be deemed to be Fair Value of the Sale Shares if no cash price is agreed between the Seller and the board of directors (the **Transfer Price**)); and

(d) whether the First Option Notice is conditional on all, or a specific number of, the Sale Shares being sold to shareholders (**Minimum Transfer Condition**).

(4) Once given (or deemed to have been given) under these articles, a First Option Notice may not be withdrawn.

(5) A First Option Notice (or deemed First Option Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares in accordance with the provisions of these articles.

(6) As soon as practicable following the receipt of a First Option Notice, the directors shall offer the Sale Shares for sale in the manner set out in the remaining provisions of article 27 at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

(7) The directors shall offer the Sale Shares to all holders of A Shares (the **Continuing Shareholders**), inviting them to apply in writing within the period from the date of the offer to the date 60 days after the offer (both dates inclusive) (the **First Offer Period**) for the maximum number of Sale Shares they wish to buy.

(8) If the Sale Shares are subject to a Minimum Transfer Condition, any allocation made under article 27(9) shall be conditional on the fulfilment of the Minimum Transfer Condition.

(9) If at the end of the First 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 Continuing Shareholders in accordance with their applications. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with article 27(14).

(10) If the First Option Notice includes a Minimum Transfer Condition and the total number of Sale Shares applied for is less than the number of Sale Shares specified in the Minimum Transfer Condition, the directors shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under article 27(9) stating that the Minimum Transfer Condition has not been met and that the relevant First Option Notice has lapsed with immediate effect.

(11) If:

(a) the First Option Notice includes a Minimum Transfer Condition and such Minimum Transfer Condition has been satisfied, or the First Option Notice does not include a Minimum Transfer Condition, and

(b) allocations under article 27(9) have been made in respect of some or all of the Sale Shares, the directors shall give written notice of allocation (an **Allocation Notice**) to the Seller and each Continuing 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, the amount payable by each Applicant for the number of Sale Shares allocated to him (**Consideration**) and the place and time for completion of the transfer of the Sale Shares (which shall be at least 7 days, but not more than 28 days, after the date of the Allocation Notice)

(12) On the date specified for completion in the Allocation Notice, the Seller shall, against payment of the Consideration, execute and deliver a transfer of the Sale Shares allocated to such Applicant, in accordance with the requirements specified in the Allocation Notice.

(13) If the Seller fails to comply with article 27(12):

(a) the chairman of the directors (or, failing him, one of the other directors, or some other person nominated by a resolution of the directors) may, as agent on behalf of the Seller:

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

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

(iii) (subject to the transfers being duly stamped) enter the Applicants in the register of members as the holders of the Sale Shares purchased by them; and

(b) the Company shall pay the Consideration 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 Sale Shares or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate, together, in either case, with such other evidence (if any) as the board may reasonably require to prove good title to those Sale Shares, to the Company.

(14) If an Allocation Notice does not relate to all of the Sale Shares or the First Option Notice lapses pursuant to article 27(10) then, subject to article 27(15) and within eight weeks following service of the Allocation Notice or the date of the lapse of the First Option Notice (as the case may be), the Seller may transfer the Initial Surplus Shares or the Sale Shares (in the case of a lapsed offer) (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 First Option Notice) in accordance with this article 27(14) shall continue to be subject to any Minimum Transfer Condition.

(15) The Seller's right to transfer Sale Shares under article 27(14) does not apply if the directors reasonably consider that:

- (a) the transferee is a person (or a nominee for a person) who is a competitor with (or directly or indirectly associated with a competitor with) the business of the Company, or
 - (b) 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
 - (c) the Seller has failed or refused to provide promptly information available to the Seller and reasonably requested by the directors to enable it to form the opinion mentioned above.
- (16) The restrictions imposed by article 27 may be waived in relation to any proposed transfer of Sale Shares with the unanimous consent of all directors.

COMPULSORY TRANSFERS

28.—(1) A holder of B Shares is deemed to have served a Default Transfer Notice immediately before any of the following events:

- (a) a petition being presented, or an order being made, for the shareholder's bankruptcy, or
- (b) an application to the court being made under section 253 of the Insolvency Act 1986 where the shareholder intends to make a proposal to his creditors for a voluntary arrangement, or
- (c) the shareholder making an individual voluntary arrangement with his creditors on agreed terms under section 263A of the Insolvency Act 1986, or
- (d) the shareholder convening a meeting of his creditors or taking any other steps with a view to making an arrangement or composition in satisfaction of his creditors generally, or
- (e) the shareholder being unable to pay his debts as they fall due within the meaning of section 268 of the Insolvency Act 1986, or
- (f) any encumbrancer taking possession of, or a receiver being appointed over or in relation to, all or any material part of the shareholder's assets, or
- (g) the happening in relation to a shareholder of any event analogous to any of the above in any jurisdiction in which he is resident, carries on business or has assets, or
- (h) the shareholder lacking capacity (under section 2 of the Mental Capacity Act 2005) to make decisions in relation to the Company or his shareholding, or
- (i) the shareholder is guilty of any conduct likely to have a serious adverse effect upon the business of the Company, or
- (j) the shareholder (being a director of the Company) ceases to be a director of the Company. For the purpose of this article 28(1)(h), the Default Transfer Notice is deemed to have been served on the date of ceasing to be a director. Any earlier Default Transfer Notice served (or deemed to be served) by such shareholder shall automatically lapse.

(2) A Default Transfer Notice deemed to have been given under article 28(1) constitutes the Company the agent of the shareholder (the **Defaulting Shareholder**) for the sale of all shares in the capital of the Company held by him (the **Defaulting Shareholder's Shares**) to the Acquiring Party in accordance with the provisions of these articles.

(3) A Default Transfer Notice may not be withdrawn.

(4) *The Transfer Price for each Defaulting Shareholder's Shares the subject of a Default Transfer Notice shall, save where expressly provided otherwise in these articles:*

- (a) where the Defaulting Shareholder is a Bad Leaver, be restricted to a maximum of the lower of:
 - (i) £1.00 per share,
 - (ii) the aggregate subscription price paid in respect of the Defaulting Shareholder's Shares, including any share premium, and
 - (iii) the aggregate Fair Value of such Defaulting Shareholder's Shares, or
- (b) where the Defaulting Shareholder is a Good Leaver, be the price per Defaulting Shareholder's Share (in cash) agreed between the Defaulting Shareholder and the Acquiring Party or, in default

of agreement within 21 days of the date of service of the Default Transfer Notice, the aggregate Fair Value of such Defaulting Shareholder's Shares.

(5) As soon as practicable following the determination of the Transfer Price, the Acquiring Party shall purchase the Defaulting Shareholder's Shares at the Transfer Price.

(6) Notwithstanding article 28(5), in no event shall any delay by the Acquiring Party in purchasing the Defaulting Shareholder's Shares be deemed to be or construed as a waiver of its right to do so, or operate so as to bar the exercise of its right at any time thereafter.

(7) If the Defaulting Shareholder fails to co-operate in the transfer of the Defaulting Shareholder's Shares to the Company, then:

(a) the chairman of the directors (or, failing him, any other director or some other person nominated by a resolution of the directors) may, as agent on behalf of the Defaulting Shareholder:

(i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Defaulting Shareholder's Shares to the Acquiring Party, and

(ii) receive the Transfer Price and give a good discharge for it; and

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

(8) Subject to the provisions of any Shareholders Agreement, the Transfer Price shall be payable by the Acquiring Party to the Defaulting Shareholder on completion of the transfer of the Defaulting Shareholder's Shares.

(9) For the purposes of article 28, the **Acquiring Party** shall be the Company unless:

(a) the holders of the A Shares determine that the Acquiring Party shall be such of the holders of A Shares who agree to purchase the Defaulting Shareholder's Shares, or

(b) the Company has insufficient distributable reserves with which to buy-back the Defaulting Shareholder's Shares, or is otherwise unable to buy-back the Sales Shares for whatever reason,

whereupon in either instance the Acquiring Party shall be such of the holders of A Shares who agree to purchase the Defaulting Shareholder's Shares as the board of directors may notify to the Defaulting Shareholder within 28 days of the service of the Default Transfer Notice. If none of the holders of A Shares agree to purchase the Defaulting Shareholder's Shares, then the Acquiring Party shall revert to being the Company. Where the Acquiring Party constitutes more than one person, then the Defaulting Shareholder's Shares shall be purchased pro-rata by all the persons constituting the Acquiring Party.

(10) Where any shares are held in joint names, then the joint owners will be deemed to have served a Default Transfer Notice immediately before the event if any of the events listed in article 28(1) happens to any of the joint owners.

FAIR VALUE OF SHARES

29.—(1) The Finance Director shall be requested to determine the Fair Value within 30 days of request and notify the Company and the Seller or the Defaulting Shareholder (as appropriate) in writing of his determination.

(2) The Fair Value for any Sale Share or Defaulting Shareholder's Share (as appropriate) shall be the price per share determined in writing by the Finance Director on the following bases and assumptions:

(a) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so,

(b) the sale is to be on arms' length terms between a willing seller and a willing buyer,

(c) the Sale Shares or Defaulting Shareholder's Shares (as appropriate) are sold free of all encumbrances,

(d) the sale is taking place on the date the Finance Director was requested to determine the Fair Value,

(e) there shall be no discount for the fact the Seller or Defaulting Shareholder is a minority shareholder, and

(f) to take account of any other factors that the Finance Director reasonably believes should be taken into account.

(3) The shareholders are entitled to make submissions to the Finance Director and will provide (or procure that the Company provides) the Finance Director with such assistance and documents as the Finance Director reasonably requires for the purpose of reaching a decision.

(4) To the extent not provided for by this article, the Finance Director may, in his reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary), instructing professional advisers to assist him in reaching his valuation.

(5) The Finance Director shall act as expert and not as arbitrator and, subject to article 29(6), his written determination shall be final and binding on the shareholders (in the absence of manifest error or fraud).

(6) If the holder of the B Shares notifies the directors in writing within 14 days of receiving the Finance Director's valuation that the holder of the B Shares disputes the Finance Director's valuation, the shareholders shall refer the valuation to the Valuer. The Valuer shall determine the Fair Value on the same terms as the Finance Director in articles 29(1) to 29(5) inclusive, save that:

(a) the Valuer shall be required to give such confidentiality undertakings as the shareholders may reasonably require;

(b) the Valuer must accept the accounts and other financial information relating to the Company prepared by the holder of the A Shares as full, final and binding which will override any other considerations; and

(7) The cost of obtaining the Finance Director's and/or Valuer's valuation shall be borne by the Company.

DRAG ALONG

30.—(1) If the holders of the A Shares (**Controlling Shareholders**) wish to transfer all (but not some only) of their shares (**Drag Shares**) to a bona fide purchaser on arm's length terms (**Proposed Buyer**), the Controlling Shareholders may require all other shareholders (**Called Shareholders**) to sell and transfer all their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article (**Drag Along Option**).

(2) The Controlling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**Drag Along Notice**) at any time before the transfer of the Drag Shares to the Proposed Buyer. The Drag Along Notice shall specify:

(a) that the Called Shareholders are required to transfer all their Called Shares pursuant to this article,

(b) the person to whom the Called Shares are to be transferred,

(c) the purchase price payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Buyer for the Drag Shares, and

(d) the proposed date of the transfer.

(3) Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Controlling Shareholders have not sold the Drag Shares to the Proposed Buyer within three months of serving the Drag Along Notice. The Controlling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

(4) No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article.

(5) Completion of the sale of the Called Shares shall take place on the Completion Date. **Completion Date** means the date proposed for completion of the sale of the Drag Shares unless:

(a) all of the Called Shareholders and the Controlling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Controlling Shareholders, or

(b) that date is less than 14 days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 14 days after service of the Drag Along Notice.

(6) On or before the Completion Date, the Called Shareholders shall execute and deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article 30(2)(c) to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.

(7) To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article in respect of their shares.

(8) If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 30(6) transfer(s) in respect of all of the Called Shares held by it, each defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Controlling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article.

DIVIDENDS AND OTHER DISTRIBUTIONS

PROCEDURE FOR DECLARING DIVIDENDS

31.—(1) The profits of the Company that are to be resolved to be divided amongst the shareholders in any year shall be applied in paying to the holders of the respective classes of shares dividends at such respective rates (if any) as the directors shall determine in accordance (if applicable) with any Shareholders Agreement, and so that a dividend or dividends may be declared on one or several classes of shares to the exclusion of any class or classes, and the directors may pay a dividend or dividends on one or several classes of shares to the exclusion of any class or classes, and that dividends of different rates may be declared on the respective classes of the shares.

(2) No dividends shall be declared or paid to the holders of any shares in relation to which a Default Transfer Notice has been deemed to have been served.

(3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

(4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

(5) If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.

(6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

(7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

32.—(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—

- (a) transfer to a bank or building society account specified by the distribution recipient in writing,
- (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient in writing, or
- (c) any other means of payment as the directors agree with the distribution recipient in writing.

(2) In the articles, ***the distribution recipient*** means, in respect of a share in respect of which a dividend or other sum is payable—

- (a) the holder of the share, or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of members, or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

NO INTEREST ON DISTRIBUTIONS

33. The Company shall not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

- (a) the terms on which the share was issued, or
- (b) the provisions of any Shareholders Agreement.

UNCLAIMED DISTRIBUTIONS

34.—(1) All dividends or other sums which are—

- (a) payable in respect of shares, and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

(3) If—

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

NON-CASH DISTRIBUTIONS

35.—(1) Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).

(2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

- (a) fixing the value of any assets,
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients, and
- (c) vesting any assets in trustees.

WAIVER OF DISTRIBUTIONS

36. *Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—*

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

37.—(1) Subject to the articles, the directors may, if they are so authorised by an special resolution—

- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve, and
- (b) appropriate any sum which they so decide to capitalise (a ***capitalised sum***) to the persons who would have been entitled to it if it were distributed by way of dividend (the ***persons entitled***) and in the same proportions.

(2) Capitalised sums must be applied on behalf of the persons entitled, and in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the directors may—

- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,
- (b) *make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments), and*
- (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

ORGANISATION OF GENERAL MEETINGS

ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

38.—(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when—

- (a) he is the holder of any shares,
- (b) he is not deemed to have served a Default Transfer Notice (notwithstanding that the Acquiring Party has not yet purchased his shares),
- (c) he is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- (d) his vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

QUORUM FOR GENERAL MEETINGS

39.—(1) A quorum for the purposes of a general meeting shall be two of the shareholders, provided that at least one of them is the holder of A Shares and one of them is the holder of B Shares.

(2) Where a general meeting cannot take place due to a holder of the B Shares not being in attendance at the meeting, and the meeting is adjourned and rescheduled for a later date, then the quorum for the subsequent rescheduled general meeting shall be any holder of the A Shares.

(3) In the event the Company has only one shareholder, one qualifying person present at a meeting shall be a quorum.

(4) No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

CHAIRING GENERAL MEETINGS

40.—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

- (a) the directors present, or
- (b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as ***the chairman of the meeting***.

ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS

41.—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

- (a) shareholders of the Company, or
- (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

ADJOURNMENT

42.—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must—

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

(b) *have regard to any directions as to the time and place of any adjournment which have been given by the meeting.*

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

(a) to the same persons to whom notice of the Company's general meetings is required to be given, and

(b) containing the same information which such notice is required to contain.

(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

VOTING

43. —(1) A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

(2) Neither the chairman of the meeting, nor any other shareholder, shall have a casting vote in circumstances where the numbers of votes for and against a proposal are equal, whether on a show of hands or on a poll.

(3) In the case of a corporation, the signature of any one of its directors or company secretary shall be sufficient for the purposes of passing written resolutions pursuant to part 13 chapter 2 of the Companies Act 2006.

(4) In the case of joint holders of a share, the signature of any one of the joint holders shall be sufficient for the purposes of passing written resolutions pursuant to part 13 chapter 2 of the Companies Act 2006.

ERRORS AND DISPUTES

44.—(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

POLL VOTES

45.—(1) A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(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.

(3) A demand for a poll may be withdrawn if—

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal.

A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made.

(4) Polls must be taken immediately in such manner as the chairman of the meeting directs.

CONTENT OF PROXY NOTICES

46.—(1) Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which—

- (a) states the name and address of the shareholder appointing the proxy,
- (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed,
- (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine, and
- (d) is delivered to the Company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

(2) The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

(4) Unless a proxy notice indicates otherwise, it must be treated as—

- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

DELIVERY OF PROXY NOTICES

47.—(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

(2) An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

(4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

AMENDMENTS TO RESOLUTIONS

48.—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

ADMINISTRATIVE ARRANGEMENTS

MEANS OF COMMUNICATION TO BE USED

49.—(1) Subject to article 49(2), any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

- (a) 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
 - (b) if sent by fax, at the time of transmission; or
 - (c) if sent by *pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom*, at 9.00 am on the third day after posting; or
 - (d) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; and
 - (e) if deemed receipt under the previous paragraphs of this article 49(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 England), at 9.00 am on the day when business next starts.
- (2) To prove service, it is sufficient to prove that:
- (a) if delivered by hand, the notice was delivered to the correct address; or
 - (b) if sent by post, the envelope containing the notice was properly addressed, paid for and posted; or
 - (c) if sent by fax or e-mail, that the notice was actually received by the recipient.

RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

50.—(1) Each shareholder and its authorised representatives is entitled access at all reasonable times to inspect any of the Company's accounting or other records or documents.

(2) No shareholder shall make any commercial use of any information disclosed pursuant to article 50(1) for the benefit of itself or any third party (including obtaining, or endeavouring to obtain, a financial or commercial advantage over any other shareholder).

(3) The Company will supply to each shareholder such financial information as is reasonably necessary to keep the shareholders informed about how effectively the business of the Company is performing.

(4) The shareholders shall procure that the Company shall, at all times, maintain accurate and complete accounting and other financial records including all corporation tax computations and related documents and correspondence with HM Revenue & Customs in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in the United Kingdom.

PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

51. The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

COMPLIANCE WITH LAW

52.—(1) Each shareholder shall comply with all legislation, regulations, professional standards and other provisions as may govern the conduct of the business of the Company, or be determined by the shareholders as standards to be voluntarily applied to the Company.

(2) No shareholder shall, in the course of the operation of the Company's business, engage in any activity, practice or conduct which would:

(a) constitute an offence under the Bribery Act 2010; or

(c) be inconsistent with the Mears Group's slavery and human trafficking statement.

(3) Each shareholder shall be responsible for ensuring that the Company will not, in the course of the operation of its business, engage in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or which would be inconsistent with the Mears Group's slavery and human trafficking statement.

DIRECTORS' INDEMNITY AND INSURANCE

INDEMNITY

53.—(1) Subject to article 53(2), but without prejudice to any indemnity to which a relevant officer is otherwise entitled—

(a) 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 to them, including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

(b) 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 53(1)(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In the event that any officer shall have given any guarantee on behalf of the Company (provided he shall have obtained the necessary consent for doing so), then—

(a) if any guarantee so given shall be called upon by the person to whom it has been given, then upon making any payment properly due under that guarantee the officer in question shall be entitled (in addition to the indemnity in article 53(1)) to be indemnified forthwith by the Company; and

(b) upon the death, retirement, deemed or required retirement or expulsion of that officer, the Company shall:

(i) use its best endeavours to procure that the person having the benefit of the guarantee shall release that officer (or his estate) from the guarantee;

(ii) provide a substitute guarantor if required by that person as a condition of release; and

(iii) indemnify the officer in question (or his estate) from and against any liability under the guarantee arising after him ceasing to be an officer of the Company.

(4) In this article—

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) a **relevant officer** means any director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Companies Act 2006)).

INSURANCE

54.—(1) The directors may decide to purchase and maintain insurance, at the expense of and for the benefit of the Company, in respect of—

(a) loss, damage or theft in relation to any property and all plant, equipment and other chattels owned, used or occupied by the Company;

(b) employers' liability;

(c) public liability; and

(d) professional negligence (such insurance to be for not less than £1 million, or such other sum as may be prescribed by law or regulatory authority).

(2) 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 life insurance and/or critical illness cover, and any relevant loss.

(3) In this article—

(a) a **relevant director** means any director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Companies Act 2006)),

(b) a **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and

(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

(4) Each director and shareholder shall co-operate in the obtaining of such policies and, in particular, shall undergo such medical examination(s) in respect thereof as shall be reasonable.