

Company number 13070687

ARTICLES OF ASSOCIATION
of
NORD AEROSPACE HOLDINGS LIMITED

(Adopted by written resolution passed on 1 February 2021)

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

NORD AEROSPACE HOLDINGS LIMITED (the "Company")

(adopted by written resolution of the Company passed on 1 February 2021)

1 DEFINITIONS AND INTERPRETATION

1.1 In these Articles:

"A Shareholder" means a registered holder of any A Shares.

"A Shares" means the A ordinary shares of £0.10 each in the capital of the Company.

"Acquisition Price" means in respect of Compulsory Sale Shares, the issue price (including any premium) of the Compulsory Sale Shares or, where any of the Compulsory Sale Shares were acquired by a Compulsory Seller by way of transfer rather than allotment, the lower of the issue price (including any premium) and the amount paid by such Compulsory Seller on the transfer.

"Acting in Concert" has the meaning given to it in the City Code on Takeovers and Mergers.

"Advisory Fee" has the meaning given to it in the Shareholders' Agreement.

"Approved Offer" has the meaning given to it in Article 13.3.

"Arrears" means the amount of any dividend payable on the Shares which is unpaid for any reason on any due date.

"Articles" means these articles of association, as amended from time to time.

"Associated Company" means a company or other body corporate which is associated with the Company for the purposes of section 256 CA2006.

"B Shareholder" means a registered holder of any B Shares.

"B Shares" means the B ordinary shares of £0.10 each in the capital of the Company.

"Bad Leaver" means a Relevant Individual who ceases to be an employee and/or director and/or consultant of the Company or any member of the Group in any of the following circumstances:

- (a) by reason or as a consequence of his voluntary resignation as an employee, director or consultant of any Group Company;

- (b) if the Relevant Individual is a Manager for the purposes of the Shareholders' Agreement and at any time (before or after such cessation) he breaches the Protective Undertakings; or
- (c) by reason or as a consequence of the termination by the relevant member of the Group of his contract of employment, consultancy agreement or directorship in circumstances justifying summary dismissal as set out in his service agreement and/or summary termination of his consultancy or directorship (as the case may be).

"Board" means the board of Directors from time to time.

"body corporate" has the meaning given to it in section 1173 CA2006.

"Business Day" means a day (other than a Saturday or Sunday) on which the clearing banks in the City of London are open for business.

"Buyer" has the meaning given to it in Article 13.1(a).

"CA2006" means the Companies Act 2006 as amended from time to time.

"Cessation Date" means:

- (a) where a Relevant Individual dies, the date of his death; or
- (b) in circumstances other than death, the date on which a Relevant Individual gives, or is given, notice of termination of his contract of employment, consultancy or directorship, or the date of the occurrence of a repudiatory breach by him of such contract, consultancy or directorship (whichever is the earlier).

"Commencement Date" means the date on which these Articles are adopted, being 1 February 2021.

"Companies Acts" has the meaning given to it in section 2 CA2006 in so far as the provisions referred to in such section are in force from time to time.

"Compulsory Sale Shares" has the meaning given to it in Article 11.4.

"Compulsory Seller" and **"Compulsory Sellers"** have the meanings given to them in Article 11.3.

"Connected Person" has the meaning given to it in section 1122 Corporation Tax Act 2010.

"Controlling Interest" means, in relation to a person, the ownership by that person alone or together with his or its Connected Persons of more than 50% of the voting rights attaching to all Shares.

"Deferred Shareholder" means a registered holder of any Deferred Shares.

"Deferred Shares" means (following conversion as described in these Articles) the deferred shares of £0.00001 each in the capital of the Company.

"Directors" means the directors of the Company from time to time.

"Disposal" means the sale of the whole or substantially the whole of the undertaking or assets of the Group.

"Drag Along Right" has the meaning given to it in Article 14.1.

"EBITDA" means earnings before interest, taxes, depreciation, and amortisation.

"electronic form" has the meaning given to it in section 1168(3) CA2006.

"electronic means" has the meaning given to it in section 1168(4) CA2006.

"Employee Benefit Trust" means any trust which may be established for the benefit of the employees (which may include past employees) of the Company and/or any other member of the Group, and which satisfies the definition of an "employees' share scheme" set out in section 1166 CA2006.

"Exit Date" means the date on which an Exit Event or a Listing occurs.

"Exit Event" means any of:

- (a) a Disposal;
- (b) a Share Sale; or
- (c) a Liquidation.

"Experts" has the meaning given to it in Article 1.4.

"FSMA" means the Financial Services and Markets Act 2000.

"Fund" means any investment trust (within the meaning contained in the glossary of the Listing Rules), bank, building society, industrial and provident or friendly society, unit trust, any other collective investment scheme (as defined in section 235 FSMA), any intermediate customer (within the meaning of the Conduct of Business Rules made under FSMA), partnership, limited partnership, limited liability partnership, pension fund or insurance company or any person who is an authorised person (within the meaning of section 31(2) of FSMA), and the term will include any subsidiary undertaking of any of the foregoing and any co investment scheme in relation to any of the foregoing.

"Good Leaver" means a Relevant Individual:

- (a) who ceases to be an employee and/or director and/or consultant of any member of the Group as a result of his death, or the permanent incapacity due to ill-health of either himself or a direct family member (except where such ill-health arises as a result of an abuse of drink or drugs) which, in the reasonable opinion of the Investor Directors is sufficiently serious to prevent him from carrying out his normal duties; or
- (b) who is determined by Investor Consent to be a Good Leaver.

"Group" means the Company and its subsidiary undertakings from time to time, and **"member of the Group"** and **"Group Company"** shall be construed accordingly.

"group undertaking" means in relation to an undertaking, its parent undertaking (if any) and its subsidiary undertakings and any other subsidiary undertakings of its parent undertaking.

"hard copy" has the meaning given to it in section 1168(2) CA2006.

"Interest" has the meaning given to it in Article 1.3(a).

"Intermediate Leaver" means a Relevant Individual who ceases to be an employee and/or director and/or consultant of the Company or any member of the Group and who is neither a Good Leaver nor a Bad Leaver and shall include, for the avoidance of doubt, a Relevant Individual:

- (a) who ceases to be an employee of any member of the Group by reason of redundancy as defined in the Employment Rights Act 1996; or
- (b) who ceases to be an employee by reason of dismissal by any member of the Group, which is determined by an employment tribunal or competent court from which there is no right of appeal to be unfair, wrongful or constructive,

save where such Relevant Individual is a Bad Leaver under paragraph (b) of the definition of Bad Leaver, in which case the Relevant Individual shall be a Bad Leaver.

"Investor Consent" means the consent, approval or agreement of a simple majority of the A Shareholders.

"Investor Directors" has the meaning given to it in Article 17.1.

"Investor Director Consent" means the consent, approval or agreement of an Investor Director in writing.

"Liquidation" means the passing of a resolution for the winding-up of the Company.

"Listed Value" means the price at which the Shares to be Listed are offered or sold in connection with the Listing (where the value of such shares shall be, in the case of an offer for sale, the underwritten price (or if applicable the minimum tender price), or, in the case of a placing, the placing price).

"Listing" means the admission of all or any of the Shares to trading on:

- (a) the Main Market operated by the London Stock Exchange plc, together with the admission of such Shares to the Official List;
- (b) the AIM Market of the London Stock Exchange plc; or
- (c) any other market wherever situated agreed to by the A Shareholders holding 75% or more in nominal value of the A Shares, together, if necessary, with the admission of such Shares to listing on any official or otherwise prescribed list maintained by a competent or otherwise prescribed listing authority,

and **"Listed"** will be construed accordingly.

"Listing Rules" means the listing rules made pursuant to section 73A FSMA.

"Loan Note Instrument" has the meaning given to it in the Shareholders' Agreement.

"Loan Notes" has the meaning given to it in the Shareholders' Agreement.

"Manager Director" has the meaning given to it in Article 17.3

"Managers" has the meaning given to it in the Shareholders' Agreement.

"Market Value" has the meaning given to it in Article 11.6.

"Member" means a registered holder of any Share as recorded in the Company's register of members from time to time.

"Nominated Persons" has the meaning given to it in the Shareholders' Agreement.

"Official List" means the official list of the UKLA.

"Other Shareholders" has the meaning given to it in Article 14.1.

"parent undertaking" and **"subsidiary undertaking"** have the respective meanings given to them in section 1162 CA2006.

"Protective Undertakings" means the obligations imposed on a Relevant Individual by Clause 8 (*Protective Undertakings*) of the Shareholders' Agreement.

"PSC Register" means the Company's register of people with significant control as updated from time to time.

"Relevant Individual" means an employee or director or consultant of any member of the Group.

"Relevant Percentage" has the meaning given to it in Article 5.1(a).

"Share" means a share in the capital of the Company.

"Share Sale" means the completion of any transaction or series of transactions in which any person, Connected Persons or group of persons Acting in Concert purchases, otherwise acquires or obtains all of the Shares.

"Shareholders' Agreement" means the agreement dated on the Commencement Date and made between (1) the Company, (2) the Vaalon Investor and (3) the Managers.

"Start Date" means:

- (a) the Commencement Date; or
- (b) in the case of a Member who is not a Member as at the Commencement Date and who first acquires Shares after the Commencement Date, the date of the acquisition of such Shares.

"Statutes" means the Companies Acts and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the Companies Acts.

"UKLA" means the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI FSMA.

"ultimate parent undertaking" means in relation to an undertaking, its ultimate parent undertaking (being a parent undertaking which is not itself a subsidiary undertaking) as at the date of the adoption of these Articles.

"undertaking" has the meaning given to it in section 1161 CA2006.

"Vaalon Investor" has the meaning given to it in the Shareholders' Agreement and any party who adheres to such agreement as the Vaalon Investor.

1.2 In these Articles:

- (a) reference to a document or a provision of a document is to that document or provision as varied, supplemented, novated or replaced from time to time;
- (b) reference to a "person" includes a legal or natural person, partnership, association, trust, company, corporation, joint venture, government, state or agency of the state or other body;
- (c) reference to a statute or statutory provision includes a reference to:
 - (i) any statutory amendment, consolidation or re-enactment of it to the extent in force from time to time;
 - (ii) all orders, regulations, instruments or other subordinate legislation (as defined in section 21(1) of the Interpretation Act 1978) made under it to the extent in force from time to time; and
 - (iii) any statute or statutory provision of which it is an amendment, consolidation or re-enactment;
- (d) reference to a governmental, regulatory or administrative authority or other agency or body that ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed, means the agency or body which performs most closely the functions of that authority, agency or body;
- (e) the term "financial year" (and, unless the context otherwise requires, other terms used in these Articles that are defined in CA2006) shall be interpreted in accordance with CA 2006;
- (f) the interpretation of general words shall not be restricted by words indicating a particular class or particular examples;
- (g) an individual includes, where appropriate, his personal representatives;
- (h) a statutory or regulatory body will include its successors and any substituted body;
- (i) the singular includes the plural and *vice versa*; and
- (j) one gender includes all genders.

- 1.3 Reference to a "transfer" of Shares or any similar expression will be deemed to include (without limitation):
- (a) any sale or other disposition of the legal or equitable interest in a Share (including any voting right attaching to a Share) ("**Interest**");
 - (b) the creation of any mortgage, charge, pledge or other encumbrance over any Interest;
 - (c) any direction by a Member entitled to an allotment or issue of Shares that a Share be allotted or issued to some person other than himself; and
 - (d) any grant of an option to acquire either or both of the legal and equitable ownership of any Share by any Member entitled to any such Share.
- 1.4 Unless it is specifically stated otherwise, any dispute as to (or failure for whatever reason to agree) value, or the calculations or adjustments to be made, or any amount payable, including the number of B Shares to be redesignated under Article 5.2, the Market Value of Compulsory Sale Shares under Article 11.6 or otherwise pursuant to these Articles, will be referred for final determination to an independent firm of chartered accountants agreed for the purpose by the parties concerned or, in default of agreement, within five Business Days after the relevant Members first attempt to reach agreement in accordance with Article 5.2 or after the 15 Business Day period referred to in Article 11.6(b) (as applicable), appointed by the president of the Institute of Chartered Accountants in England and Wales from time to time (the "**Experts**"). The Experts will act as experts and not as arbitrators and their costs will be borne as directed by the relevant Article or, if the Article is silent on the point, as directed by the Experts. In the absence of any such direction, such costs will be borne equally between parties concerned. The written decision of the Experts will be conclusive and binding on the Company and the Members (except in the case of fraud or manifest error).
- 1.5 The headings in these Articles are included for ease of reference and do not affect its construction.
- 1.6 Any consent, direction, waiver, agreement or other decision required to be given under these Articles:
- (a) by the A Shareholders, will be given by Investor Consent; and
 - (b) by the Investor Directors, will be given by Investor Director Consent.

2 **MODEL ARTICLES**

These Articles, together with the articles contained in Schedule 1 to the Companies (Model Articles) Regulations 2008 ("**Model Articles**") shall be the Articles of Association of the Company save insofar as the Model Articles are excluded or varied hereby. The following regulations in the Model Articles shall not apply to the Company: 7(1) (directors to take decisions collectively), 8 (unanimous decision), 9(3) and (4) (calling a directors' meeting), 10(1) and (2) (participation in directors' meetings), 11 (quorum for directors' meetings), 13 (casting vote), 14 (conflicts of interest), 17(2) (methods of appointing directors), 21 (all shares to be fully paid up), 45(1)(d) (content of proxy notices), 52 (indemnity) and 53 (insurance).

3 **SHARE RIGHTS - GENERAL**

The rights and restrictions attaching to the A Shares and B Shares and the rights and restrictions attaching to any Deferred Shares into which B Shares may be converted under Article 5.1 are set out in full in these Articles. Save as expressly stated otherwise in these Articles, the A Shares and B Shares shall rank *pari passu* in all respects.

4 **SHARE RIGHTS - INCOME**

All profits which the Company distributes to Members, following the Commencement Date, will be distributed to such Members and in such order and priority determined by the Board. The Deferred Shares (if any) will carry no rights to participate in any dividend or distribution other than as provided for in Article 5 (*Share rights - Exit*) below.

5 **SHARE RIGHTS - EXIT**

5.1 On an Exit Date adjustments will be made to the Share capital of the Company by way of a redesignation of a number of B Shares into Deferred Shares to reduce the number of B Shares in issue immediately prior to the Exit Date to the percentage of the Exit Proceeds that the holders of B Shares as a class would be entitled to by applying the waterfall set out in Article 5.6 (subject to Article 5.7 and subject to further adjustment under Article 5.9) as follows:

- (a) first, the percentage of Shares (excluding any Deferred Shares) to be represented by the B Shares as a class on the Exit Date ("**Relevant Percentage**") will be calculated, such percentage being equal to the aggregate percentage of the Exit Proceeds that the B Shareholders would be entitled to by applying the waterfall set out in Article 5.6 (subject to Article 5.7 and subject to further adjustment under Article 5.9), taking into account any distributions made pursuant to Article 4 (*Share rights - Income*), such that the then current position under the waterfall set out in Article 5.6 (subject to Article 5.7 and subject to further adjustment under Article 5.9) is determined, as demonstrated by the worked examples set out in the Appendix to these Articles;
- (b) in accordance with Article 5.4, the Company will then redesignate such number of B Shares into Deferred Shares as is necessary in order to leave the holders of the B Shares as a class with the Relevant Percentage of the Shares (excluding any Deferred Shares); and
- (c) any fraction of a Share resulting from any of the above calculations will be rounded up or down as appropriate to the nearest whole number (with halves being rounded up).

5.2 Agreement as to the number of B Shares to be redesignated which is reached between the A Shareholder(s) holding at least 51% in nominal value of the A Shares on the one hand and the B Shareholder(s) holding at least 51% in nominal value of the B Shares on the other, will be final and binding on the Company and the Members. Any dispute as to the number of B Shares to be redesignated will be determined in accordance with Article 1.4, whose provisions will apply as if set out in full in this Article.

5.3 Any redesignation of the B Shares will be made amongst their holders pro rata as nearly as possible to their respective holdings of B Shares.

- 5.4 Any B Shares which have fallen due for redesignation in accordance with this Article 5 (*Share rights - Exit*) will be converted into Deferred Shares automatically (without resolution of the Directors or the Members) on the Exit Date immediately prior to the Exit Event or Listing (as applicable).
- 5.5 The Deferred Shares may, at the discretion of the Board, be redeemed at such time as it is lawful and practicable for the Company to redeem them. On each Deferred Share so redeemed, there will be paid a sum equal to £0.00001 per Deferred Share.
- 5.6 The waterfall for the purposes of Article 5.1 is as follows, subject to Article 5.7 and subject to further adjustment under Article 5.9:
- (a) in respect of the first £4,000,000:
 - (i) in paying to the holders of the Deferred Shares, if any, a total of £1.00 for the entire class of Deferred Shares (which payment shall be deemed satisfied by payment to any one holder of a Deferred Share); and
 - (ii) in respect of the balance (being £3,999,999) as to 80% to the holders of A Shares and as to 20% to the holders of B Shares, in each case between the Members of such class pro rata to the aggregate number of A Shares and B Shares held by them respectively less (once the number of B Shares to be redesignated has been calculated in accordance with Article 5.1);
 - (b) in respect of the next £4,000,000 in aggregate (being, together with the distributions in accordance with Article 5.6(a)(ii) £8,000,000 in aggregate) as to 70% to the holders of A Shares and as to 30% to the holders of B Shares, in each case between the Members of such class pro rata to the aggregate number of A Shares and B Shares held by them respectively less (once the number of B Shares to be redesignated has been calculated in accordance with Article 5.1);
 - (c) in respect of the next £26,000,000 in aggregate (being, together with the distributions in accordance with Article 5.6(a)(ii) and Article 5.6(b) £34,000,000 in aggregate), subject to Article 5.7, as to 65% to the holders of A Shares and as to 35% to the holders of B Shares, in each case between the Members of such class pro rata to the aggregate number of A Shares and B Shares held by them respectively less (once the number of B Shares to be redesignated has been calculated in accordance with Article 5.1); and
 - (d) thereafter, the balance of the distribution following the payments pursuant to Article 5.6(a)(ii) to Article 5.6(c) (inclusive), subject to Article 5.7, as to 60% to the holders of A Shares and as to 40% to the holders of B Shares, in each case between the Members of such class pro rata to the aggregate number of A Shares and B Shares held by them respectively less (once the number of B Shares to be redesignated has been calculated in accordance with Article 5.1),.
- 5.7 If the cumulative level of EBITDA (excluding the Advisory Fee) for the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 is less than £7,500,000, any distribution to be made after 31 December 2023 pursuant to:

- (a) Article 5.6(c), shall be made as to 70% to the holders of A Shares and as to 30% to the holders of B Shares, in each case between the Members of such class pro rata to the aggregate number of A Shares and B Shares held by them respectively less (once the number of B Shares to be redesignated has been calculated in accordance with Article 5.1), in the case of a return of capital on a Liquidation, £0.00001 to be paid per Deferred Share; and
 - (b) Article 5.6(d), shall be made as to 65% to the holders of A Shares and as to 35% to the holders of B Shares, in each case between the Members of such class pro rata to the aggregate number of A Shares and B Shares held by them respectively less (once the number of B Shares to be redesignated has been calculated in accordance with Article 5.1), in the case of a return of capital on a Liquidation, £0.00001 to be paid per Deferred Share.
- 5.8 In the event that a new class of Share is created and/or allotted or issued following the Commencement Date the provisions of Article 5.10, Article 5.6 and Article 5.7 may be amended to reflect the rights attaching to such Shares, and such rights and amendments may provide that they are entitled to participate ahead of or alongside (on a pro rata numerical basis or on such other basis) the Shares in Exit Proceeds and in such a way that is materially adverse to the rights attaching to the Shares. Any such creation of Shares or allotment or issue thereof or amendments to these Articles shall not be treated as an alteration, variation or abrogation of the rights attaching to the A Shares or B Shares.
- 5.9 The percentage allocations between the A Shares and B Shares as set out in Article 5.6 and Article 5.7 are based on there being 4,000 B Shares (taking into account any unallocated B Shares to be allotted to Nominated Persons in accordance with the Shareholders' Agreement) in issue at the point the relevant distribution of Exit Proceeds is made. If at any time there are fewer than 4,000 B Shares (taking into account any unallocated B Shares to be allotted to Nominated Persons in accordance with the Shareholders' Agreement) in issue at such point (other than as a result of the redesignation of any B Shares in accordance with Article 5.1), the Exit Proceeds that the holders of the unissued B Shares would have otherwise been entitled to had such additional number of B Shares been in issue at such point, shall instead be distributed to the holders of A Shares pro rata to the aggregate number of A Shares held by them and the Relevant Percentage shall be adjusted accordingly.
- 5.10 Upon a return of capital on an Exit Event or otherwise, the total proceeds available for distribution on an Exit Event or the surplus assets of the Company remaining after the payment of its liabilities for any other return of capital (the "**Exit Proceeds**") shall be distributed amongst the holders of A Shares and/or B Shares as if the same constituted one class of Shares pro rata according to the aggregate number of A Shares and B Shares held by them respectively (after the redesignation of B Shares into Deferred Shares has taken place in accordance with Article 5.1).
- 5.11 On a Listing, either:
 - (a) immediately before and conditional on such Listing, all Shares will be sold to a new holding company of the Company in consideration for the issue of shares in such new holding company ("**Holding Company Shares**") such that each Member will receive a number of such Holding Company Shares which, when the entire share capital of the new holding company is Listed, will result in such shares being Listed with a Listed Value equal to the

value each Member would have received had the aggregate Listed Value of all shares Listed as part of the Listing been distributed amongst the Members in such amounts and in such order of priority as would be applicable on a return of capital pursuant to Article 5.10 (after the redesignation of B Shares into Deferred Shares has taken place in accordance with Article 5.1). The Holding Company Shares will be one class of ordinary shares ranking *pari passu* in all respects (including as to income and capital); or

- (b) immediately before and conditional upon a Listing, the share capital of the Company will be reorganised such that each Member will hold a number of shares in the capital of the Company which, when the entire issued share capital of the Company is Listed, will result in such shares being Listed with a Listed Value equal to the value each Member would have received had the aggregate Listed Value of all shares Listed as part of the Listing been distributed amongst the Members in such amounts and in such order of priority as would be applicable on a return of capital pursuant to Article 5.10 (after the redesignation of B Shares into Deferred Shares has taken place in accordance with Article 5.1).

5.12 In the event of a Share Sale then the consideration shall be distributed amongst such selling Members in such proportions as would be applicable on a return of capital pursuant to Article 5.10 (after the redesignation of B Shares into Deferred Shares has taken place in accordance with Article 5.1).

6 SHARE RIGHTS - VOTING

6.1 Shares will carry votes as follows:

- (a) the A Shares will confer on each A Shareholder the right to receive notice of and to attend, speak and vote at all general meetings of the Company, and each A Share will carry 2.7 votes per Share;
- (b) the B Shares will confer on each B Shareholder the right to receive notice of and to attend, speak and vote at all general meetings of the Company, and each B Share will carry one vote per Share; and
- (c) the Deferred Shares (if any) will not entitle the Deferred Shareholders to receive notice of or to attend, speak or to vote at any general meeting of the Company.

6.2 The voting rights of Members set out in Article 6.1 are subject to:

- (a) Article 11.7; and
- (b) Article 22.10.

7 VARIATION OF SHARE RIGHTS

7.1 The rights attaching to the Shares may, in each case, be altered, varied or abrogated (whether or not the Company is being wound up) only with the prior consent of the holders of the issued Shares of that class given in accordance with Article 7.2.

7.2 The consent of the holders of a class of Shares may be given by:

- (a) a special resolution passed at a separate general meeting of the holders of that class; or
- (b) a written resolution in any form signed by or on behalf of the holders of not less than 75% in nominal value of the issued Shares of that class.

7.3 If the Company creates, allots and/or issues any new class of Shares, or securities convertible into any new class of Shares the rights attaching to the A Shares and the B Shares shall not be deemed to be altered, varied, or abrogated by:

- (a) the creation, allotment or issue of such new class of Shares, or securities convertible into such Shares, in each case ranking *pari passu* (on a numerical basis or otherwise) with, or in priority to, the A Shares and/or B Shares in any respect; or
- (b) any alteration or variation to these Articles to incorporate the rights attaching to such new class of Shares (including, without limitation, in respect of the waterfall set out in Article 5),

and the prior consent of the holders of A Shares and/or B Shares shall not be required pursuant to this Article 7 (*Variation of share rights*) in respect of the creation, allotment or issue of such new class of Shares, including in respect of the matters set out in Article 7.3(b).

8 ALLOTMENT AND ISSUE OF NEW SHARES

8.1 Unless the Company by special resolution directs otherwise and save for any Shares to be allotted and issued to any Nominated Persons in accordance with the Shareholders' Agreement, any new Shares or other securities of the Company will be offered by the Directors for subscription to the holders of the Shares as nearly as possible, on the same terms (and, without prejudice to the generality of the foregoing, including any obligation to subscribe for other securities or provide debt to the Group which can reasonably be considered as a term of the offer to subscribe for new Shares) in such proportions as equal (as nearly as possible) the proportion of Shares held by them respectively at that time (the "**Existing Shares**"). For the purpose of this Article 8 (*Allotment and issue of new Shares*), the Shares will be treated as one class of Shares. A Shares shall (except with Investor Consent) be allotted and issued only to the A Shareholders and B Shares shall be allotted and issued only to the B Shareholders (and any new Shares to be allotted and issued pursuant to this Article 8 (*Allotment and issue of new Shares*) shall immediately and without resolution of the Directors or the Members be deemed to have been reclassified accordingly).

8.2 The offer will be made by notice specifying the number and class of Shares or securities offered, the price per Share or security, and a time (being not less than 14 days) within which the offer, if not accepted, will be deemed to be declined. At the end of that period or, if earlier, on the receipt of an indication from the persons to whom such notice is given that they decline to accept some or all of the Shares or securities so offered, the Directors will offer the declined Shares or securities in the same proportions to the holders of Existing Shares who have accepted all the Shares or securities initially offered to them. This further offer will be made in the same manner as the original offer but may, at the discretion of the Directors, be limited to a period of seven days after which it will (to the extent that any Shares or securities remain unaccepted) be deemed to have been withdrawn.

8.3 Any Shares or securities not taken up at the end of the procedure set out in Article 8.1 and Article 8.2 may be offered by the Directors to a third party (to be

approved by Investor Consent) and, subject to these Articles, the provisions of the Statutes and Investor Consent, such Shares or securities will be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms as they think fit. However:

- (a) no Shares will be issued at a discount;
- (b) no Shares or securities will be issued more than three months after the end of the period for acceptance of the last offer of such Shares or securities under Article 8.1 and Article 8.2 unless the procedure set out in those Articles is repeated in respect of such Shares or securities;
- (c) no Shares or securities will be issued on terms which are more favourable than those on which they were offered to the Members; and
- (d) no Shares or securities will be issued to any person who, in the opinion of the Board is carrying on business directly or indirectly in competition with the Company or any member of the Group.

8.4 The provisions of sections 561 and 562 CA2006 do not apply to the Company.

8.5 If, due to any inequality between the number of new Shares or securities to be issued and the number of Shares held by Members entitled to have the offer of new Shares or securities made to them, any difficulty arises in the apportionment of any such new Shares amongst the Members, such difficulties will be determined by the Board, acting reasonably.

8.6 Shares may be issued as nil paid, partly paid or fully paid.

8.7 Article 24(2)(c) of the Model Articles shall be amended by the deletion of the words "that the shares are fully paid" and the insertion of the words "the extent to which the shares are paid up".

8.8 The Directors may require, as a pre-condition of the allotment of any shares, that the allottee provide such information as the Company may reasonably require in order to make any requisite entries on the PSC Register.

9 TRANSFERS OF SHARES - PROHIBITED TRANSFERS

General prohibitions

9.1 The Directors will not register any transfer of Shares to any of the following:

- (a) any person who, in the opinion of the Board with Investor Director Consent is carrying on business directly or indirectly in competition with the Company or any member of the Group, except this restriction will not apply to:
 - (i) any transfer of Shares pursuant to Articles 13 (Change of control - Tag along rights) and 14 (Change of control - Drag along rights); or
 - (ii) any transfer of Shares to any person with Investor Consent; or
- (b) any person who does not have legal capacity to transfer such Shares or otherwise to comply fully with the provisions of these Articles,

and Article 26(5) of the Model Articles shall not apply to the Company.

Prohibition unless in accordance with these Articles

- 9.2 Subject to Article 9.1, the Directors will not register a transfer of Shares unless:
- (a) the transfer is permitted by Article 10 (*Permitted transfers*), or has been validly made in accordance with Article 11 (Compulsory transfers), Article 13 (Change of control - Tag along rights) or Article 14 (Change of control - Drag along rights); and
 - (b) if not already a party to the Shareholders' Agreement, the proposed transferee has entered into a deed of adherence to, and in the form required by, the Shareholders' Agreement.
- 9.3 The Directors may require, as a pre-condition of registration of the transfer of any Shares, that the transferee provide such information as the Company may reasonably require in order to make any requisite entries on the PSC Register in connection with the Shares.

Lock-in

- 9.4 The Directors will not register a transfer of B Shares, unless:
- (a) the transfer is permitted by Article 10 (*Permitted transfers*), or has been validly made in accordance with Article 11 (Compulsory transfers), Article 13 (Change of control - Tag along rights) or Article 14 (Change of control - Drag along rights); or
 - (b) Investor Consent has been obtained for such transfer.
- 9.5 For the purpose of ensuring that a transfer of Shares is permitted under these Articles the Board may, and will if so requested by the Investor Directors, require any Member to procure that any person whom the Board or the Investor Directors reasonably believe to have information relevant to such purpose provides the Company with such information and evidence as the Board or the Investor Directors think fit. Pending the provision of such information the Board will be entitled to refuse to register any relevant transfer.

10 PERMITTED TRANSFERS

- 10.1 Any Share may be transferred:
- (a) when required by, and in accordance with, Article 11 (Compulsory transfers);
 - (b) to a Buyer in acceptance of an Approved Offer under Article 13 (Change of control - Tag along rights) or Article 14 (Change of control - Drag along rights);
 - (c) in respect of A Shares only, in the case of A Shares held by an undertaking, to a group undertaking of the transferor;
 - (d) in respect of A Shares only, in the case of A Shares held by or on behalf of a Fund;

- (i) to another nominee or trustee for, or general partner of, the Fund, and by any such nominee or trustee to another nominee or trustee for that Fund or to the Fund itself;
 - (ii) on a distribution in kind under the constitutive documents of the Fund, to the partners in or holders of units in, or to the shareholders of, participants in or the holders of other interests in the Fund (or to a nominee or trustee for any such partners, holders, members or investors), and by a nominee or trustee for such holders, partners, members or investors to such holders, partners, members or investors or to another nominee or trustee for such holders, partners, members or investors; or
 - (iii) subject to Article 13 (Change of control - Tag along rights), to another Fund which is managed or advised by the same manager or adviser as the transferor (or as the Fund on behalf of whom any such Share is held by the transferor as nominee or trustee) or by a group undertaking of such manager or adviser; or
- (e) with Investor Consent.

Provisions specific to B Shares

- 10.2 B Shares will, if so required by Investor Consent by notice served on the Company, immediately and without resolution of the Directors or the Members be converted into A Shares upon being held by an A Shareholder.

11 COMPULSORY TRANSFERS

Circumstances which trigger compulsory transfer

- 11.1 This Article 11 (*Compulsory transfers*) applies when a Relevant Individual is a B Shareholder and the Relevant Individual ceases for any reason (including death or bankruptcy) to be an employee and/or director or consultant (as the case may be) of any member of the Group.
- 11.2 For the purposes of this Article 11 (Compulsory transfers), the Relevant Individual will cease to be an employee and/or director or consultant (as the case may be) of a member of the Group on the Cessation Date.

Compulsory pre-emption procedure

- 11.3 The Board may:
- (a) if the Relevant Individual is a Good Leaver, within 18 months after the Cessation Date (or, if later, within 6 months after the date of his breach of the Protective Undertakings);
 - (b) if the Relevant Individual is an Intermediate Leaver, within 24 months after the Cessation Date (or, if later, within 6 months after the date of his breach of the Protective Undertakings); or
 - (c) if the Relevant Individual is a Bad Leaver, at any time,

serve notice ("**Compulsory Sale Notice**") on the Relevant Individual referred to in Article 11.1 (or the legal personal representatives of any deceased Member or the trustee in bankruptcy of any bankrupt Member) (each a "**Compulsory Seller**")

and together "**Compulsory Sellers**") requiring each such person to offer in accordance with the provisions of Article 11.4 such number as the Board may decide of the Shares registered in his/her or their name(s) or to which he/she is or they are or may become entitled whether as a result of his/her or their holding of Shares or otherwise.

- 11.4 The Shares which are the subject of the Compulsory Sale Notice (the "**Compulsory Sale Shares**") will be offered for sale at the sale price determined in accordance with Article 11.5 to such persons (including, without limitation, an Employee Benefit Trust) and in such proportions as nominated by Investor Consent by written notice to the Company.

Sale Price

- 11.5 The price for the Compulsory Sale Shares will be:

- (a) if the Relevant Individual is a Bad Leaver, the lower of:
 - (i) the Acquisition Price of the Compulsory Sale Shares; and
 - (ii) the Market Value of the Compulsory Sale Shares on the Cessation Date to be agreed or determined in accordance with Article 1.4 and Article 11.6; or
- (b) if the Relevant Individual is a Good Leaver, the price will be the higher of the Acquisition Price of the Compulsory Sale Shares and Market Value of the Compulsory Sale Shares on the Cessation Date, to be agreed or determined in accordance with Articles 1.4 and Article 11.6; or
- (c) if the Relevant Individual is an Intermediate Leaver, the price will be determined as follows:
 - (i) the Market Value in respect of the vested portion of such Compulsory Sale Shares as indicated in column (2) of the table below; and
 - (ii) the lower of the Acquisition Price and the Market Value in respect of the unvested portion of such Compulsory Sale Shares as indicated in column (3) of the table below,

dependent on the period of time which has elapsed between the Start Date and the Cessation Date as indicated in column (1) of the table below:

(1) Cessation Date	(2) Vested portion (%)	(3) Unvested portion (%)
Prior to the first anniversary of the Start Date	0	100
On or after the first anniversary after the Start Date up to but not including the second anniversary of the Start Date	25	75

(1) Cessation Date	(2) Vested portion (%)	(3) Unvested portion (%)
On or after the second anniversary of the Start Date up to but not including the third anniversary of the Start Date	50	50
On or after the third anniversary of the Start Date up to but not including the fourth anniversary of the Start Date	75	25
On or after the fourth anniversary of the Start Date	100	0

provided that where any Compulsory Seller holds Compulsory Sale Shares at different Acquisition Prices the sale price will be calculated separately in accordance with Article 11.6 in respect of each holding.

11.6 “**Market Value**” for the purposes of Article 11 (*Compulsory transfers*) will be:

- (a) the price agreed between the Compulsory Seller(s) and the Board (with Investor Consent); or
- (b) if they fail to agree a price within 15 Business Days after the date of service of the Compulsory Sale Notice (or within such other timetable as may be determined by the Board), the price determined by the Experts to be the Market Value of such Compulsory Sale Shares on the Cessation Date, according to the principles set out in Article 12 (Valuation). The costs and expenses of the Experts for determining the Market Value of the Compulsory Sale Shares concerned will be borne equally between the Compulsory Seller and the Company, unless the price determined by the Experts is more than 10% less than the price offered by the Board, in which case the costs and expenses of the Experts shall be borne solely by the Compulsory Seller.

Suspension of voting rights following the Cessation Date

11.7 Unless the Board directs otherwise in writing, any Shares held by a Member referred to in Article 11.1 (“**Relevant Member**”) on the Cessation Date (and any Shares issued to any Relevant Member after such date by virtue of the exercise of any right or option granted or arising by virtue of his holding of the Compulsory Sale Shares) will cease to confer the right to be entitled to receive notice of, attend and vote at any general meeting of the Company, or any meeting of the holders of any class of Shares with effect from the Cessation Date (or, where appropriate, the date of issue of such Shares, if later), and such Shares will not be counted in determining the total number of votes which may be cast at any such meeting, or for the purposes of a written resolution of any Members or class of Members. That right will be restored immediately upon the Company registering a transfer of the Shares held by the Relevant Member in accordance with this Article 11 (*Compulsory transfers*).

Completion of sale and purchase of Shares

11.8 Completion of the sale and purchase of Shares in accordance with this Article 11 (*Compulsory transfers*) will take place on a date nominated by Investor Consent by written notice to the Company that (save if the Relevant Individual is a Bad Leaver) is not more than three months following the date of the Compulsory Sale Notice and will take place at the registered office of the Company when the seller will, upon payment of the due price, transfer the relevant Shares with full title guarantee and deliver the relevant Share certificates to the relevant transferee(s).

11.9 If any person fails by the due date to execute and deliver any transfer(s) in respect of any Shares which he is due to transfer pursuant to this Article 11 (*Compulsory transfers*):

- (a) the Board may (and will if requested by the Investor Directors) authorise any Director to execute and deliver a transfer of the Shares concerned on the transferor's behalf; and
- (b) against receipt by the Company of the purchase price for the relevant Shares (to be held on trust for the relevant Member without interest, and the receipt being a good discharge to the purchaser who will not be bound to see to the application of it), deliver such transfer(s) to the relevant purchaser(s).

The Board will authorise registration of the transfer(s), and of the purchaser(s) as the holder(s) of the Shares so transferred, once appropriate stamp duty has been paid. After registration, the title of such purchaser(s) as registered holder(s) of such Shares will not be affected by any irregularity in, or invalidity of such proceedings, which will not be questioned by any person.

12 VALUATION

Determination of Market Value

If the Experts are required to determine Market Value for the purposes of Article 11 (*Compulsory transfers*), the provisions set out below will apply.

12.1 Market Value will be determined by the Experts first valuing the Company as a whole:

- (a) assuming, if the Company is then carrying on business as a going concern, that it will continue to do so;
- (b) assuming that the entire issued share capital of the Company is being sold as between a willing buyer and a willing seller by arm's-length private treaty for cash payable in full on completion;
- (c) taking account of any Shares which may be allotted pursuant to options which have been issued by the Company and which are still outstanding; and
- (d) taking account of any bona fide offer for the Company received from an unconnected third party within six months prior to the Cessation Date.

12.2 Having valued the Company as a whole, the Experts will determine the Market Value of the Shares concerned:

- (a) having deducted from the value of the Company as a whole (if not already taken into account when so valuing the Company) any amounts due to the holders of the Loan Notes (whether in respect of redemptions or arrears or accruals of interest);
- (b) having deducted any amounts due to the holders of the Loan Notes in accordance with Article 12.2(a), to determine the value that is attributable to the Shares concerned, calculating the number of B Shares that the Relevant Individual would have held had the redesignation of the B Shares held by the Relevant Individual into Deferred Shares been applied in accordance with Article 5.1 (and as if references to "Exit Proceeds" in Article 5.1 were references to the value of the Company as a whole, determined in accordance with Article 12.1) and allocating the value of the Company as a whole to such B Shares pro rata to the aggregate number of A Shares and B Shares;
- (c) disregarding whether the Shares concerned represent a majority or a minority interest; and
- (d) disregarding the rights and restrictions attaching to the Shares concerned in respect of income, capital and transfer.

13 **CHANGE OF CONTROL - TAG ALONG RIGHTS**

- 13.1 With the exception of any transfers of Shares in accordance with Article 10 (*Permitted transfers*), no transfer of Shares which would result, if made and registered, in a person or persons (not being the Vaalon Investor) Acting in Concert obtaining a Controlling Interest, will be made or registered unless:
- (a) an Approved Offer is made by the proposed transferee(s) ("**Buyer**") or, at the Buyer's written request, by the Company as agent for the Buyer; and
 - (b) the Buyer complies in all respects with the terms of the Approved Offer at the time of completion of the sale and purchase of Shares.
- 13.2 Without prejudice to Article 13.1 and with the exception of any transfers of Shares in accordance with Article 10 (*Permitted transfers*), no transfer of Shares will be made by any person (the "**Co-Sale Seller**") to a third party that does not hold Shares unless:
- (a) a written offer is made by the proposed transferee(s) (the "**Co-Sale Buyer**") to all Members other than the Co-Sale Seller (the "**Co-Sale Shareholders**") offering to purchase the same proportion of the Shares held by each Co-Sale Shareholder as the proportion that the number of Shares to be transferred by the Co-Sale Seller to the Co-Sale Buyer bears to the total number of Shares held by the Co-Sale Seller, such offer to comply with paragraphs (i) to (v) (inclusive) of the definition of Approved Offer in Article 13.3 below save that references to "Member" shall be replaced by reference to "Co-Sale Shareholder" and references to "Buyer" shall be replaced by references to "Co-Sale Buyer"; and
 - (b) the Co-Sale Buyer complies in all respects with the terms of such offer at the time of completion of the sale and purchase of the relevant Shares.
- 13.3 For the purposes of this Article 13 (*Change of control - Tag along rights*), and Article 14 (*Change of control - Drag along rights*) "**Approved Offer**" means an offer in writing served on all Members holding Shares (including the proposing

transferor), offering to purchase all the Shares held by such Members (including any Shares which may be allotted as a result of the exercise or conversion of options, rights to subscribe for or securities convertible into Shares in existence at the date of such offer) which:

- (a) is stipulated to be open for acceptance for at least 15 Business Days;
- (b) makes provision for the redemption of the Loan Notes in accordance with the Loan Note Instrument;
- (c) offers the same or equivalent consideration for each Share of the same class (whether in cash, securities or otherwise in any combination) by calculating the number of B Shares that the relevant Member(s) would have held had the redesignation of the B Shares into Deferred Shares been applied in accordance with Article 5.1 (and as if references to "Exit Proceeds" in Article 5.1 were references to the consideration for the Shares as a whole) and allocating the consideration for the Shares as a whole to the holders of A Shares and B Shares as if the same constituted one class of Shares pro rata according to the aggregate number of A Shares and B Shares held by them respectively and/or including provision for the payment of any Arrears and having deducted any amounts due to the holders of the Loan Notes in accordance with Article 13.3(b), withholding or retention of consideration to take account of tax payable, or which might be payable, by a Member or by his employing company in relation to the conversion of securities, the exercise of an option over Shares and/or the disposal of Shares will not prejudice the application of this Article; and
- (d) is on terms that the sale and purchase of Shares in respect of which the offer is accepted will be completed at the same time.

14 **CHANGE OF CONTROL - DRAG ALONG RIGHTS**

- 14.1 Whenever an Approved Offer is made by a bona fide third party offeror (not being a Connected Person of a Member) on arm's length terms, A Shareholders holding 75% or more of the A Shares will have the right ("**Drag Along Right**") to require (in the manner set out in Article 14.2) all of the other holders of Shares ("**Other Shareholders**"), including persons who acquire Shares following the making of the Approved Offer as a result of the exercise of options or conversion of securities, to accept the Approved Offer in full.
- 14.2 The Drag Along Right may be exercised by the service of notice to that effect on the Other Shareholders at the same time as, or within five Business Days following, the making of the Approved Offer (or, if later, within five Business Days following the acquisition by the relevant Other Shareholder of any Shares).
- 14.3 On the exercise of the Drag Along Right, each of the Other Shareholders will be bound to accept the Approved Offer in respect of his entire holding of Shares and to comply with the obligations assumed by virtue of such acceptance.
- 14.4 If any of the Other Shareholders fails to accept the Approved Offer or, having accepted such offer, fails to complete the sale of any of his Shares pursuant to the Approved Offer, or otherwise fails to take any action required of him under the terms of the Approved Offer, any A Shareholder or any persons so authorised by the Board (with Investor Consent) may accept the offer on behalf of the Other Shareholder in question, or undertake any action required under the terms of the Approved Offer on the part of the Other Shareholder in question. In particular,

such person may execute the necessary transfer(s) on that Other Shareholder's behalf and:

- (a) against receipt by the Company (to be held on trust for such Other Shareholder without interest) of the consideration payable for the relevant Shares (the receipt being a good discharge to the Buyer, who will not be bound to see to the application of it); and
- (b) on compliance by the Buyer and, where relevant, the Company with all other terms of the Approved Offer,

may deliver such transfer(s) to the Buyer (or its nominee). The Board will then authorise registration of the transfer(s) and of the Buyer (or its nominee) as the holder of the Shares so transferred. After registration, the title of the Buyer (or its nominee) as the registered holder of such Shares will not be affected by any irregularity in, or invalidity of such proceedings, which will not be questioned by any person. The Other Shareholder will in such a case be bound to deliver up its certificate for its Shares to the Company, or a statutory declaration of loss (as appropriate) upon which the Other Shareholder will be entitled to receive the purchase price for such Shares.

15 **APPOINTMENT AND REMOVAL OF DIRECTORS**

- 15.1 The Board may appoint a person who is willing to act to be a director of the Company, either to fill a vacancy or as an additional director of the Company.
- 15.2 In any case where, as a result of death or bankruptcy, the Company has no Members and no Directors, the transmittee(s) of the last Member to have died or to have a bankruptcy order made against him (as the case may be) shall have the right, by notice in writing, to appoint a person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a Director.
- 15.3 The Company shall not, save where otherwise required by Investor Consent from time to time, be required to have a company secretary.

16 **MEETINGS OF DIRECTORS**

Notice of every meeting of the Board (and every committee of the Board) shall be given to each director for the time being of the Company (including all alternate directors) at any address supplied by him to the Company for that purpose whether or not he is present in the United Kingdom provided that any director for the time being of the Company may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him. Meetings of the Board may be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the Directors had met in person.

17 **INVESTOR DIRECTORS AND MANAGERS**

- 17.1 The A Shareholders have the right to appoint and maintain in office such number of persons as the A Shareholders may from time to time nominate, with the approval of a simple majority of the A Shareholders, as Directors of the Company ("**Investor Directors**") and:
 - (a) any such appointment must be effected by notice in writing to the Company by a simple majority of the A Shareholders and shall take effect

on delivery at the Company's registered office or at any meeting of the Board or committee thereof and the A Shareholders may in a similar manner remove from office any Investor Director or chairperson appointed under this Article 17.1, and appoint any person in place of any Investor Director or chairperson so removed or who had died or otherwise vacated office as such; and

- (b) subject to section 168 CA2006, on any resolution to remove an Investor Director or chairperson, the Shares held by the A Shareholders will (if they would otherwise carry fewer votes) together carry one vote in excess of 50% of all the other votes exercisable at the general meeting at which such resolution is to be proposed, and if any such Investor Director or chairperson is removed under section 168 CA2006 or otherwise, the A Shareholders may, with the approval of a simple majority of the A Shareholders, reappoint him or any other person as an Investor Director or chairperson.

17.2 The Investor Directors and the chairperson will be entitled to be appointed to the board of directors of each member of the Group and to each committee of the board of each member of the Group.

17.3 Each Manager shall, for so long as he holds any Shares and is an employee of the Group, be entitled to be a Director (each a **"Manager Director"**).

18 **PROCEEDINGS OF DIRECTORS**

18.1 The Board shall, at all times, have a minimum of two members.

18.2 Subject to Articles 18.3 and 18.4, the quorum for meetings of the Board shall be two, and shall include at least one Investor Director and one Manager Director. A person who holds office only as an alternate director shall, if he is present but his appointor is not, be counted in the quorum for the transaction of the business of the Directors.

18.3 Notwithstanding Article 18.2, where there is only a sole Director in office such sole Director may act for all purposes and exercise all the powers of the Company.

18.4 If within half an hour from the time appointed for a Board meeting, a quorum is not present pursuant to Article 18.2, the meeting shall be adjourned to such other date (being no less than five Business Days and no more than five Business Days after the original date appointed for the meeting), time and place determined by the Directors and within 24 hours of the original adjournment a notice shall be sent to all of the Directors notifying the Directors of the new date, time and place of the adjourned meeting. If at this adjourned meeting, a quorum is not present within half an hour the members of the Board present shall be deemed to constitute a quorum, provided that at least one Investor Director is present.

18.5 Decisions of the Board shall be decided by simple majority vote. Each Director shall have one vote, save for where there are present an equal or lower number of Investor Director(s) to Director(s) whom are not Investor Director(s), in which case the Investor Director(s) present shall always have one more vote than the Director(s) whom are not Investor Director(s).

18.6 A decision of the Directors may be taken either by a majority decision at a meeting of the Directors, or of a duly appointed committee of the Directors, or by a Directors' written resolution in accordance with Article 18.8.

- 18.7 In the case of an equality of votes, the chairman shall not have a second or casting vote.
- 18.8 A resolution in writing signed by all the Directors entitled to notice of a meeting of the Directors or (as the case may be) of a committee of Directors and who are entitled to attend such meeting and vote on such resolution shall be as valid and effective as if it had been passed at a meeting of the Directors or (as the case may be) of a committee of Directors duly called and constituted provided that the number of Directors signing the resolution is not less than the number of Directors required for a quorum necessary for the transaction of the business of the Board or (as the case may be) a committee of Directors. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the Directors concerned. For the purpose of this Article 18.8 a resolution:
- (a) may be constituted by means of an instrument in hard copy or electronic form sent to such address (if any) as may for the time being be notified by the Company for that purpose; and
 - (b) may consist of several instruments each executed by one or more Directors, each sent by one or more Directors, or a combination of both and a resolution that is executed by an alternate director need not also be executed by his appointor.

19 ALTERNATE DIRECTORS

- 19.1 Any Investor Director (other than an alternate director) may appoint any other Investor Director, or any other person approved by the Investor Consent and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him. Such an alternate director may exercise the powers and carry out the responsibilities of his appointor in relation to the taking of decisions by the Directors, in the absence of his appointor. No other Director (including any Manager that is a Director) may appoint an alternate director without Investor Consent.
- 19.2 Any appointment or removal of an alternate director shall be by notice in writing signed by the appointor or in any other manner approved by the Directors and shall be effective upon receipt by the secretary or the chairman or at the registered office of the Company.
- 19.3 An alternate director shall be entitled to receive notice of all meetings of the Board and of all meetings of committees of which the Director appointing him is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at the meeting the provisions of these Articles shall apply as if he were a Director.
- 19.4 Every person acting as an alternate director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these Articles relating to Directors and shall alone be responsible to the Company for his acts and defaults. The provisions of Article 24.1, Article 24.2 and Article 24.3 shall apply to an alternate director to the same extent as to a Director but an alternate director shall not be entitled to receive from the Company any remuneration for serving as an alternate director.

19.5 Every person acting as an alternate director shall have one vote for each Director for whom he acts as alternate, in addition to his own vote if he is also a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

19.6 Any person appointed as an alternate director shall vacate his office as alternate director if the Director by whom he has been appointed vacates his office as Director (otherwise than by retirement at a general meeting of the Company at which he is re-elected) or removes him by notice to the Company or on the happening of any event which, if he is or were a Director, causes or would cause him to vacate that office.

20 **DIRECTORS' CONFLICTS OF INTEREST**

A Director who declares his interest in the manner provided by CA2006 may vote as a Director in regard to any contract or arrangement in which he is interested (including, but without prejudice to the generality of the foregoing, any contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy in which he is in any way interested) or upon any matter arising in relation to it and, if he shall so vote, his vote shall be counted and he shall be counted in the quorum when any such contract or arrangement is under consideration.

21 **LIENS**

21.1 The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that Share and the Company shall also have a first and paramount lien on all Shares standing registered in the name of any Member whether solely or one of two or more joint holders for all monies presently payable by him or his estate to the Company. The Company's lien, if any, on a Share shall extend to all distributions and other monies or property attributable to it.

21.2 The Company may sell in such manner as the Directors determine any Shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been given to the holder of the Shares or to a transmittee, demanding payment and stating that if the notice is not complied with the Shares may be sold.

21.3 To give effect to a sale the Directors may authorise some person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase monies and the title of the transferee to the Shares shall not be affected by any irregularity in or invalidity of the proceedings connected with the sale.

21.4 The net proceeds of the sale, after payment of the costs, shall be applied in or towards satisfaction of the amount due and payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the Shares sold and subject to a like lien for any monies not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the shares at the date of the sale.

22 **CALLS AND FORFEITURE**

22.1 Subject to the terms of allotment, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of nominal value or premium) and each Member shall (subject to receiving at least 14 clear

days' notice specifying when and where the payment is to be made) pay to the Company as required by the notice the amount called on his Shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or in part.

- 22.2 A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Share in respect of which the call was made.
- 22.3 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
- 22.4 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 22.5 If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call or, if no rate is fixed, at the rate not exceeding the appropriate rate as the Directors may determine, but the Directors may waive payment of such interest wholly or in part.
- 22.6 An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
- 22.7 Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares for a difference between the holders in the amounts and times of payment of calls on their Shares.
- 22.8 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than seven clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 22.9 If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors and the forfeiture shall include all distributions and other monies or property attributable to it and not paid before the forfeiture.
- 22.10 Unless the Directors otherwise decide, a Member shall not be entitled to vote, either in person or by proxy, at any general meeting or at any separate general meeting of the holders of any class of Shares in the Company in respect of any Share held by him unless all calls and other sums payable by him in respect of that Share have been paid.
- 22.11 The Directors may accept a surrender of any share liable to be forfeited.
- 22.12 A forfeited or surrendered Share shall become the property of the Company and, subject to CA2006, may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine either to the person who was before the forfeiture or surrender the holder or to any other person and whether

with or without all or any part of the amount previously paid up on the Share being credited as so paid up.

- 22.13 At any time before sale, re-allotment or other disposal, the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share to that person.
- 22.14 A statutory declaration by a Director or the secretary that a Share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the Share. The new holder of the Share shall not be bound to see to the application of the consideration for the disposal (if any); nor shall his title to the Share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the Share.
- 22.15 A person, any of whose Shares have been forfeited or surrendered, shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited or surrendered, but shall remain liable to pay to the Company all monies which at the date of forfeiture or surrender were payable by him to the Company in respect of those Shares with interest at the rate at which interest was payable on those monies before the forfeiture or surrender, or, if no interest was so payable, at the rate not exceeding the appropriate rate as the Directors may determine from the date of forfeiture or surrender until payment. The Directors may waive payment of such monies wholly or in part or enforce payment without any allowance for the value of the Shares at the time of forfeiture or surrender or for any consideration received on their disposal.

23 **NOTICES**

- 23.1 A notice or other document or information which is sent by the Company by post (whether in hard copy or electronic form) shall be deemed to have been given or sent on the Business Day after the day when it was put in the post (or, where second-class post is employed, on the second Business Day after the day when it was put in the post). Proof that an envelope containing the notice or other document or information was properly addressed, prepaid and posted shall be conclusive evidence that the notice or other document or information was given or sent.
- 23.2 Any notice or other document or information not sent by post but left at a registered address or address for service in the United Kingdom shall be deemed to have been served on the day on which it was left.
- 23.3 A notice or other document or information which is sent by the Company by electronic means and which the Company is able to show was properly addressed shall be deemed to have been given or sent on the day on which it was so sent. A notice or other document or information sent in electronic form to the Company shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.
- 23.4 If on two consecutive occasions the Company has attempted to send or supply notices or other documents or information by electronic means to an address for the time being notified to the Company by a Member for that purpose but the Company is aware that there has been a failure of delivery of such notice or other

document or information, then the Company shall thereafter send or supply the notice or other document or information through the post to such Member at his registered address. For this purpose a failure of delivery is when a notice or other document or information sent by electronic means is returned undelivered to the Company or its agent with a message stating that delivery was unsuccessful from the address to which it was sent.

- 23.5 A notice or other document or information which is supplied by the Company by means of a website shall be deemed to have been given or sent when it was first made available on the website or, if later, when the recipient was given or was deemed to have been given notice of the fact that the relevant notice, document or information was available on the website.

24 **INDEMNITY AND INSURANCE**

- 24.1 Subject to the provisions of, and so far as may be permitted by and consistent with CA2006, each Director or former Director or other officer (other than an auditor) of the Company or any Associated Company may be indemnified out of the assets of the Company against:

- (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company other than, in the case of a Director or former Director:
 - (i) any liability to the Company or any Associated Company; and
 - (ii) any liability of the kind referred to in section 234(3) CA2006;
- (b) any liability incurred by or attaching to him in connection with the activities of the Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) CA2006) other than a liability of the kind referred to in section 235(3) CA2006; and
- (c) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers. For the purpose of this Article, references to "liability" will include all costs and expenses incurred by the Director or former director or other officer (other than an auditor) in relation to such liability.

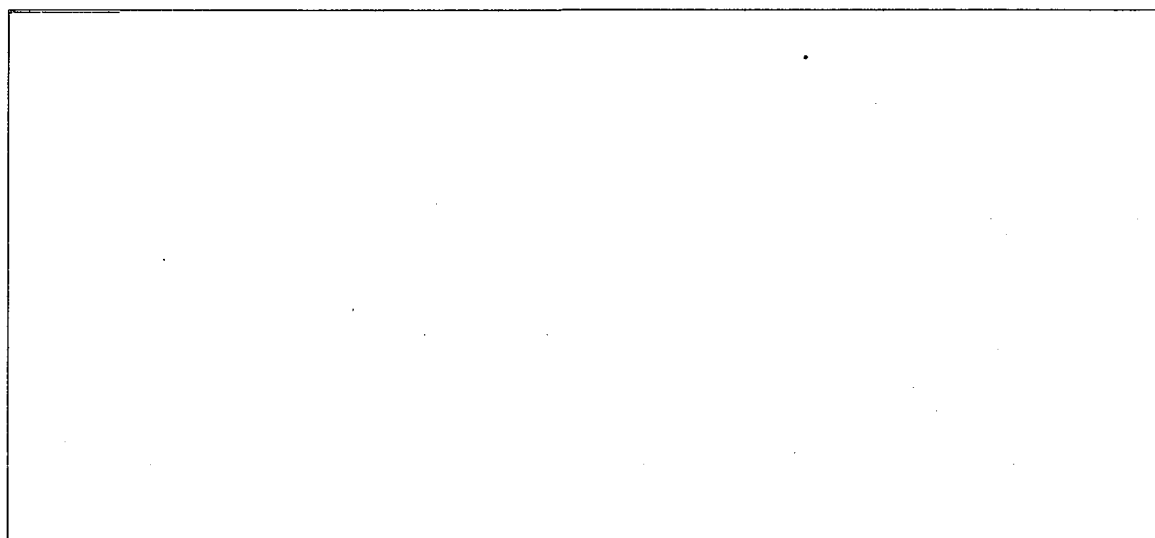
- 24.2 Subject to the provisions of and so far as may be permitted by the Statutes, the Directors may exercise all the powers of the Company to:

- (a) provide any Director, former Director or other officer (other than an auditor) of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company, or in connection with any application for relief under the provisions mentioned in section 205(5) CA2006; and
- (b) do anything to enable any such person to avoid incurring such expenditure,
- (c) but so that the terms set out in section 205(2) CA2006 will apply to any such provision of funds or other things so done. For the purpose of this Article references to "director" in section 205(2) CA2006 Act will be

deemed to include references to a former director or other officer (other than an auditor) of the Company.

- 24.3 Without prejudice to Article 24.2, the Directors may purchase and maintain for or for the benefit of any person who holds or has at any time held a relevant office insurance against any liability or expense incurred by him in relation to the Company or any Associated Company or any third party in respect of any act or omission in the actual or purported discharge of the duties of the relevant office concerned or otherwise in connection with the holding of that relevant office and for this purpose "**relevant office**" means that of Director or other officer (other than an auditor) of the Company or any company which is or was an Associated Company or any predecessor in business of the Company or of any Associated Company or that of trustee of any pension fund or retirement, death or disability scheme or other trust for the benefit of any officer or former officer (other than an auditor) of the Company or any Associated Company or of any such predecessor in business or their respective dependants.

Appendix
RETURN OF CAPITAL – WORKED EXAMPLES



Total equity proceeds	Maximum entitlement for B Shares	Reduction in equity proceeds for B Shares	Reduction in maximum entitlement percentage of B Shares		Adjusted B Shares % of Equity proceeds	Equity proceeds to B Shares	Equity proceeds to A Shares		Waterfall percentages in respect of B Shares per 5.6
A	B	C	(1-C)*B = D		B-D	(B-D)*A = E	A-E		
1,000	40%	50.0%	20%		20.0%	200.0	800.0		20%
3,000	40%	50.0%	20%		20.0%	600.0	2,400.0		20%
5,000	40%	55.0%	18%		22.0%	1,100.0	3,900.0		22%
7,000	40%	60.8%	16%		24.3%	1,701.0	5,299.0		24.30%
9,000	40%	65.3%	14%		26.1%	2,349.0	6,651.0		26.10%
11,000	40%	69.3%	12%		27.7%	3,047.0	7,953.0		27.70%
13,000	40%	72.0%	11%		28.8%	3,744.0	9,256.0		28.80%
15,000	40%	74.3%	10%		29.7%	4,455.0	10,545.0		29.70%
17,000	40%	75.8%	10%		30.3%	5,151.0	11,849.0		30.30%
19,000	40%	77.0%	9%		30.8%	5,852.0	13,148.0		30.80%
21,000	40%	78.0%	9%		31.2%	6,552.0	14,448.0		31.20%
23,000	40%	78.8%	9%		31.5%	7,245.0	15,755.0		31.50%
25,000	40%	79.5%	8%		31.8%	7,950.0	17,050.0		31.80%
27,000	40%	80.0%	8%		32.0%	8,640.0	18,360.0		32.00%
29,000	40%	80.5%	8%		32.2%	9,338.0	19,662.0		32.20%
31,000	40%	81.0%	8%		32.4%	10,044.0	20,956.0		32.40%
33,000	40%	81.5%	7%		32.6%	10,758.0	22,242.0		32.60%
35,000	40%	82.3%	7%		32.9%	11,515.0	23,485.0		32.90%
37,000	40%	83.0%	7%		33.2%	12,284.0	24,716.0		33.20%
39,000	40%	84.0%	6%		33.6%	13,104.0	25,896.0		33.60%
41,000	40%	84.8%	6%		33.9%	13,899.0	27,101.0		33.90%
43,000	40%	85.5%	6%		34.2%	14,706.0	28,294.0		34.20%
45,000	40%	86.0%	6%		34.4%	15,480.0	29,520.0		34.40%
47,000	40%	86.8%	5%		34.7%	16,309.0	30,691.0		34.70%
49,000	40%	87.3%	5%		34.9%	17,101.0	31,899.0		34.90%
51,000	40%	87.8%	5%		35.1%	17,901.0	33,099.0		35%