

Private Company Limited by Shares

Articles of Association

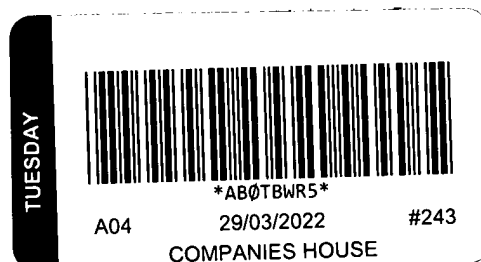
of

Hallmark Door Systems Group Limited

(adopted by Special Resolution passed on

22 March

2022)



**1. Definitions and Interpretation**

- 1.1 Subject as provided in paragraph 1.2, the regulations contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 as amended prior to the date of adoption of these Articles (**Model Articles**) shall, together with the following regulations, constitute the Articles of Association of the Company.
- 1.2 Model Articles 11, 13, 14 and 21 shall not apply to the Company.
- 1.3 In these Articles, unless the context otherwise requires:

<b>Acting in Concert</b>	has the meaning given to it by the City Code on Takeovers and Mergers as in force and construed on the date of adoption of these Articles
<b>A Director</b>	a director appointed by the holders of A Ordinary Shares in accordance with Article 19
<b>A Ordinary Majority</b>	means the holder(s) of more than 50% of the A Ordinary Shares for the time being in issue
<b>A Ordinary Shares</b>	means the A Ordinary Shares of £1 each in the capital of the Company
<b>A Preference Shares</b>	means the irredeemable A Preference Shares of £1 each in the capital of the Company
<b>Allocation Notice</b>	has the meaning given in Article 11.13 (Voluntary Transfers)
<b>Alternate Director</b>	has the meaning given in Article 20.1 (Alternate Directors)
<b>Available Profits</b>	means profits available for distribution within the meaning of part 23 of the CA 2008
<b>Bad Leaver</b>	means an Employee who holds B Ordinary Shares, C Ordinary Shares, D Ordinary Shares or E Ordinary Shares (and does not hold any A Ordinary Shares) who ceases to be an Employee in circumstances where he is not a Good Leaver

<b>B Ordinary Shares</b>	means the B Ordinary Shares of £1 each in the capital of the Company
<b>B Preference Shares</b>	means the irredeemable B Preference Shares of £1 each in the capital of the Company
<b>Board</b>	means the board of directors of the Company from time to time
<b>Business Day</b>	means any day (other than a Saturday) on which clearing banks are open for business in London
<b>CA 2006</b>	means the Companies Act 2006, as amended, re-enacted or replaced from time to time
<b>Called Members</b>	has the meaning given in Article 13.2 (Drag Along)
<b>Called Shares</b>	has the meaning given in Article 13.2 (Drag Along)
<b>Cash Equivalent Value</b>	<p>means the value of the relevant Non-Cash Amount as determined by the Board (acting reasonably), provided that:</p> <ul style="list-style-type: none"> <li>(a) in the case of a Sale by private treaty where the sale agreement attributes a value to such Non-Cash Amount, the Cash Equivalent Value will be such value attributed to it in the sale agreement; and</li> <li>(b) in the case of a Sale following a public offer where the Non-Cash Amount includes the issue of securities (not accompanied by a cash alternative), which will rank pari passu with a class of securities already admitted to trading on a Recognised Investment Exchange, the Cash Equivalent Value of such Non-Cash Amount will be determined by reference to the average middle market quotation of such securities over the period of five Business Days ending three days prior to the day on which the Sale is completed</li> </ul>
<b>Change of Control</b>	means the acquisition whether by purchase, transfer, renunciation or otherwise by any person ( <b>Third Party Purchaser</b> ) of any interest in any Shares if, upon completion of that acquisition, the Third Party Purchaser, together with persons Acting in Concert or Connected with him, would gain Control of the Company
<b>Cohabitee</b>	means a person who cohabits (or cohabited up to the point of death) with a Member in an enduring family relationship
<b>C Ordinary Shares</b>	means the C Ordinary Shares of £1 each in the capital of the Company
<b>Connected with</b>	has the meaning given in sections 993 and 994 of the

Income Tax Act 2007

<b>Control</b>	has the meaning given in section 995 of the Income Tax Act 2007
<b>Deemed Transfer Notice</b>	has the meaning given in Article 12.2 (Compulsory Transfers)
<b>Deferred Consideration</b>	shall have the meaning given in the Share Purchase Agreement
<b>D Ordinary Shares</b>	means the D Ordinary Shares of £1 each in the capital of the Company
<b>Drag Along Notice</b>	has the meaning given in Article 13.2 (Drag Along)
<b>Drag Along Option</b>	has the meaning given in Article 13.1 (Drag Along)
<b>eligible director</b>	means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of that particular matter)
<b>Employee</b>	means an individual who is or has been an employee of any Group Company
<b>E Ordinary Shares</b>	means the E Ordinary Shares of £1 each in the capital of the Company
<b>Family Trust</b>	means as regards any particular individual Member (or deceased or former individual Member) trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the particular Member and/or any of the Privileged Relations of that Member (and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of any such person or any voting or other rights attaching thereto are exercisable by or as directed by any such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons)
<b>FCA</b>	means the Financial Conduct Authority or its successors as the competent authority for listing in the United Kingdom under Part 6 of the Financial Services and Markets Act 2000
<b>Financial Year</b>	means an accounting reference period (as defined in

section 391 of the CA 2006) of the Company

**Good Leaver**

means an Employee who holds B Ordinary Shares, C Ordinary Shares, D Ordinary Shares or E Ordinary Shares who does not hold any A Ordinary Shares who ceases to be an Employee by reason of:

- (a) death;
- (b) permanent disability or permanent incapacity through ill-health;
- (c) retirement at normal retirement age;
- (d) dismissal by the Company (or other Group Company) which is determined, by an employment tribunal or at a court of competent jurisdiction from which there is no right to appeal, to be unfair; or
- (e) The Board in their absolute discretion nominating the Leaver to be a Good Leaver

**Group**

means the Company and all its subsidiaries and subsidiary undertakings for the time being (each a **Group Company**) and **member of the Group** shall be construed accordingly

**Issue Price**

means the amount paid up, payable or credited as paid up in respect of the nominal value of the Shares concerned (including any premium on issue of the Share in question)

**Leaver**

means a Good Leaver or Bad Leaver

**Listing**

means any of:

- (a) the admission by the FCA to listing, together with admission by the London Stock Exchange to trading, on the Official List of any of the Shares, and such admission becoming effective or
- (b) the admission by the London Stock Exchange of any of the Shares to trading on the AIM Market of the London Stock Exchange, and such admission becoming effective or
- (c) any equivalent admission to any other Recognised Investment Exchange becoming unconditionally effective in relation to any of the Shares

**Market Value**

has the meaning given in Article 11.5.2 (Voluntary Transfers)

<b>Member</b>	means any registered holder of a Share for the time being
<b>Model Articles</b>	has the meaning given in Article 1.1 (Definitions and Interpretation)
<b>New Holding Company</b>	means a holding company of the Company in which the share capital structure of the Company is replicated in all material respects
<b>New Member</b>	has the meaning given in Article 13.7 (Drag Along)
<b>Non-Cash Amount</b>	means any amount which is payable otherwise than in cash
<b>Offer Notice</b>	has the meaning given in Article 11.9 (Voluntary Transfers)
<b>Ordinary Shares</b>	means the A Ordinary Shares, B Ordinary Shares, C Ordinary Shares, D Ordinary Shares and/or E Ordinary Shares
<b>Original Member</b>	has the meaning given in Article 10 (Permitted Transfers)
<b>Permitted Transfer</b>	means a transfer of Shares made in accordance with Article 10 (Permitted Transfers)
<b>Permitted Transferee</b>	means in relation to a Member any person who holds Shares pursuant to a Permitted Transfer
<b>Preference Shares</b>	the irredeemable Preference Shares of £1 each in issue the Company from time to time
<b>Privileged Relation</b>	means in relation to a Member who is an individual Member (or a deceased or former individual Member) a spouse, widow, widower, Cohabitee, civil partner (as defined in the Civil Partnerships Act 2004), or child or grandchild (including step or adopted or illegitimate child) of any of the foregoing and their remoter issue
<b>Proceeds</b>	has the meaning given in Article 3.8
<b>Proposed Sale Price</b>	has the meaning given in Article 11.2.3 (Voluntary Transfers)
<b>Purchaser</b>	has the meaning given in Article 11.13 (Voluntary Transfers)
<b>Realisation</b>	means a Sale, a Listing or a Winding Up
<b>Realisation Date</b>	means the date on which a Realisation occurs, being: <ul style="list-style-type: none"> <li>(a) where the Realisation is by way of a Listing, the date the Listing occurs;</li> <li>(b) where the Realisation is by way of a Sale, the date</li> </ul>

of receipt from the buyer or buyers of the consideration first payable on completion of the Sale; and

- (c) where the Realisation is by way of a Winding Up, the date of the first distribution of assets pursuant to the Winding Up

**Realisation Proceeds**

means:

- (a) in the event of a Listing, the aggregate value of all of the Shares (expressed in pounds sterling) as conclusively determined by the sponsoring broker, calculated on the basis of the issue price referred to in the prospectus, admission document or listing particulars published in connection with the Listing, but excluding the gross amount of any new money raised by the Company from the subscription for new shares issued by the Company at the time of, and in connection with, the Listing and less the costs and expenses of the Listing to the extent borne by any Group Company;
- (b) in the event of a Sale, the aggregate consideration payable to the Members for all the Shares (and not, for the avoidance of doubt, any amount to be provided by a purchaser to procure the repayment by any Group Company of any bank debt or other borrowings, including any loan notes issued by the Group, and any and all other liabilities of the Group) including the Cash Equivalent Value of any Non-Cash Amount;
- (c) in the event of a Winding Up, the amount to be distributed (including the Cash Equivalent Value of any Non-Cash Amount) in the Winding Up to the Members in respect of their Shares (and not, for the avoidance of doubt, any amount to be repaid by any Group Company in respect of any bank debt or other borrowings, including any loan notes issued by the Group, and any and all other liabilities of the Group) on completion of such Winding Up

**Recognised Investment Exchange**

has the meaning given in section 285(1)(a) of the Financial Services and Markets Act 2000

**Relevant Member**

has the meaning given in Article 12.2 (Compulsory Transfers)

**Relevant Shares**

means in relation to a Member all Shares held by:

- (a) him; and

	(b) any Permitted Transferee of that member,
	and including any Shares acquired by any such person after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice
<b>Sale</b>	means the making of one or more agreements (whether conditional or not but which agreement(s) become(s) unconditional) for the disposal, transfer, purchase, subscription or renunciation of the entire issued share capital of the Company and for the purposes of this definition <b>disposal</b> means a sale, transfer, assignment or other disposition whereby a person ceases to be the absolute beneficial owner of the Shares in question or of voting rights attached to them or an agreement to enter into such disposal or the grant of a right to compel entry into such an agreement
<b>Sale Price</b>	has the meaning given in Article 11.4 (Voluntary Transfers)
<b>Sale Shares</b>	has the meaning given in Article 11.2.1 (Voluntary Transfers)
<b>Shareholders</b>	means the holders of any Shares
<b>Share Purchase Agreement</b>	means the agreement entered into or to be entered into on or around the date these Articles are adopted for the purchase of the entire issued share capital of Hallmark Group Holdings Limited
<b>Shares</b>	means Shares of any class in the capital of the Company and <b>Share</b> means any one Share of any such class
<b>Specified Shares</b>	has the meaning given in Article 14.1 (Tag Along)
<b>Third Party Purchaser</b>	has the meaning ascribed to it in the definition of <b>Change of Control</b> and, where the relevant acquisition was effected by the renunciation of a renounceable letter of allotment, shall include the relevant renouncee
<b>Total Transfer Condition</b>	has the meaning given in Article 11.2.5 (Voluntary Transfers)
<b>Transfer Event</b>	has the meaning given in Article 12.1 (Compulsory Transfers)
<b>Transfer Notice</b>	has the meaning given in Article 11.1 (Voluntary Transfers)
<b>Valuers</b>	means a firm of chartered accountants agreed between the Vendor (as defined in Article 11.1 (Voluntary Transfers) or the personal representatives of the deceased

Member (as appropriate) and the Board or, in default of agreement within 10 Business Days of the first name being proposed by either of them, as appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of the Vendor or the Board

**Vendor** has the meaning given to it in Article 11.1 (Voluntary Transfers)

**Winding Up** means any winding up, dissolution or liquidation of the Company

- 1.4 These Articles and the regulations of the Model Articles (subject to any modifications set out in these Articles) shall constitute all the Articles of Association of the Company.
- 1.5 In these Articles, words importing a gender include every gender and references to persons shall include bodies corporate, unincorporated associations and partnerships.
- 1.6 Words and expressions defined in or for the purposes of CA 2006 or the Model Articles shall, unless the context otherwise requires, have the same meaning in these Articles.
- 1.7 The headings in these Articles shall not affect their construction or interpretation.
- 1.8 Whenever under these Articles it is desired or necessary for any two or more persons to give any notice, consent or approval in writing, the same may be done by them executing two or more documents either in identical form or adapted only for execution.
- 1.9 The Contracts (Rights of Third Parties) Act 1999 shall not apply to any rights under these Articles.
- 1.10 If there is any conflict between these Articles and the Model Articles, these Articles shall prevail.

## **2. Share Capital**

There is no maximum nominal amount of share capital of the Company that may be issued.

## **3. Classes of Shares and Rights Attaching to the Shares**

- 3.1 The share capital of the Company is divided into A Ordinary Shares, B Ordinary Shares, C Ordinary Shares, D Ordinary Shares, E Ordinary Shares, A Preference Shares and B Preference Shares.
- 3.2 The A Ordinary Shares, B Ordinary Shares, C Ordinary Shares, D Ordinary Shares and E Ordinary Shares shall constitute different classes of shares for the purposes of the Act but (save as specified in these Articles) shall rank *pari passu* as regards voting, rights to dividends and other distributions and on a Realisation.

## **Dividend Rights**

- 3.3 In respect of any Financial Year, the Available Profits of the Company shall be used to pay dividends as set out in this article 3.3.
  - 3.3.1 The Company shall, without need for a resolution of the Directors or the Company in general meeting and before application of any Available Profits to reserves or for any other purpose, pay:



- (a) in respect of each A Preference Share a fixed, cumulative, preferential dividend (**A Preferred Dividend**) at an annual rate of £0.025 per A Preference Share to the person registered as its holder on the due date (such date determined in accordance with this article 3.3); and
  - (b) in respect of each B Preference Share a fixed, cumulative, preferential dividend (**B Preferred Dividend**) at an annual rate of £0.001 per B Preference Share to the person registered as its holder on the due date (such date determined in accordance with this article 3.3);
- 3.3.2 The A Preferred Dividend and B Preferred Dividend shall be paid in cash in equal monthly instalments on the last working day of each calendar month.
- 3.3.3 The Company shall not declare or pay any further dividend unless and until all arrears and accruals of the A Preferred Dividend and B Preferred Dividend have been paid.
- 3.3.4 Each A Preferred Dividend and B Preferred Dividend shall be distributed to the appropriate holder respectively of A Preference Shares and B Preference Shares according to the number of A Preference Shares and B Preference Shares held by them respectively and shall accrue daily as well after as before the commencement of a Winding Up.
- 3.3.5 Unless the Company has insufficient Available Profits, the A Preferred Dividend and B Preferred Dividend shall, notwithstanding that such dividends are expressed to be cumulative, be paid immediately on the due date.
- 3.3.6 If, as a result of not having sufficient Available Profits, the Company is not lawfully permitted to pay the A Preferred Dividend and B Preferred Dividend in full on the due date, it shall pay them to the extent it is lawfully able to do so in proportion to the entitlement to the amount of dividend. The unpaid amount shall:
  - (a) be a debt due from the Company; and
  - (b) not accrue any interest for late payment.
- 3.3.7 If the Company is in arrears in paying the A Preferred Dividend and B Preferred Dividend, the first Available Profits arising shall be applied in or towards paying off any arrears of A Preferred Dividend and B Preferred Dividend.
- 3.3.8 The Company shall procure that the profits of any other Group Company available for distribution shall from time to time (and to the extent lawful), be paid by way of dividend to the Company (or, as the case may be, the relevant Group Company that is its immediate holding company) to the extent necessary to permit lawful and prompt payment by the Company of the A Preferred Dividend and B Preferred Dividend.
- 3.3.9 Subject to article 3.3.10, any dividend declared on the Ordinary Shares will be distributed amongst the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held irrespective of class of Ordinary Shares held.
- 3.3.10 The Company or (as the case may be) the directors have the right to recommend, declare and pay dividends or make any other distribution in respect of one or more class of Ordinary Share(s) but not the other(s) provided that the holders of all Ordinary Shares give their prior written approval.

### **Allocation of Realisation Proceeds: Sale or Winding Up**

- 3.4 On a Sale or Winding Up, the Realisation Proceeds shall be allocated and distributed amongst the holders of the Shares on the Realisation Date in the following descending order of priority:
- 3.4.1 Firstly, in paying to the holders of the A Preference Shares in respect of each A Preference Share held the sum of £1.00 together with a sum equal to any arrears and accruals of the A Preferred Dividend in respect of that A Preference Share calculated down to (and including) the Realisation Date. If the Realisation Value is not sufficient to enable each relevant holder of the A Preference Shares to be paid in full pursuant to this article 3.4.1, the shortfall shall be borne by the holders of the A Preference Shares in proportion to the number of A Preference Share held;
  - 3.4.2 secondly, in paying to the holders of the B Preference Shares in respect of each B Preference Share held the sum of £1.00 together with a sum equal to any arrears and accruals of the B Preferred Dividend in respect of that B Preference Share calculated down to (and including) the Realisation Date. If the Realisation Value is not sufficient to enable each relevant holder of the B Preference Shares to be paid in full pursuant to this article 3.4.2, the shortfall shall be borne by the holders of the B Preference Shares in proportion to the number of B Preference Share held;
  - 3.4.3 thirdly, in paying to the holders of the Ordinary Shares (regardless of class) in respect of each Ordinary Share held the sum of £1.00 and, if there is a shortfall of the remaining Realisation Value to satisfy such payments in full, the shortfall shall be borne by the holders of the Ordinary Shares pro rata to the number of Ordinary Share held; and
  - 3.4.4 fourthly, in distributing the balance among the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held (regardless of class).

### **Allocation of Realisation Proceeds: Listing**

- 3.5 Immediately prior to and conditionally upon a Listing, the Members will enter into such reorganisation of the share capital of the Company as may be determined by the Board (acting reasonably) to ensure that the Realisation Proceeds are allocated between the Members in the same proportions as provided for in article 3.4.
- 3.6 Upon any Realisation, the Members will enter into such agreements or arrangements as are reasonably determined by the Board to be necessary to give effect to the provisions set out in article 3.4 or 3.5.

### **Voting Rights**

- 3.7 Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with these Articles, Shares will carry votes as follows:
- 3.7.1 on a show of hands, every Member holding one or more Ordinary Share who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by proxy, will have one vote;
  - 3.7.2 on a poll, every Member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by proxy will have one vote for every Ordinary Share (regardless of class of Ordinary Share) of which he is the holder; and

3.7.3 on a written resolution, every Member holding one or more Ordinary Share as at the time on which the first copy of the resolution is sent or submitted to such Member in accordance with Chapter 2 of Part 13 of the CA 2006, will have one vote for every Ordinary Share (regardless of class of Ordinary Share) of which he is the holder.

3.8 Neither the A Preference Shares nor B Preference Shares shall confer upon their holders any voting rights nor shall their holders have any right to receive notice of or to attend general meetings.

#### **Consolidation, etc of Shares and Reduction of Share Capital**

3.9 The Company may by special resolution:

3.9.1 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

3.9.2 sub-divide its shares, or any of them, into shares of a smaller amount than its existing shares; and

3.9.3 reduce its share capital and any share premium in any way.

#### **Automatic Conversion of Ordinary Shares**

3.10 Any Ordinary Shares that are transferred to a Member holding Shares of a different class Ordinary Share automatically shall be re-designated as Ordinary Shares of the same class as the transferee held before such transfer.

#### **4. Variation of Class Rights**

Whenever the capital of the Company is divided into different classes of Shares, the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or in contemplation of a Winding Up, with the consent in writing of the holders of three quarters of the issued Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued Shares of that class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company shall apply (with amendments necessary to give efficacy).

#### **5. Issue of Shares**

5.1 Subject to CA 2006 and to Article 5.2, any new Shares in the Company to be issued shall be under the control of the directors and they may offer, allot, grant rights or warrants to subscribe for, grant options over, or otherwise deal with or dispose of such Shares to such persons and generally on such terms, in such manner and at such times as they may determine.

5.2 Save to the extent authorised from time to time by the Board, the Directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or convert any securities into Shares in the Company.

#### **6. Share Certificates**

Model Article 24(2)(c) shall apply as if there were added after the word "paid" the words "(if that is the case) or (in any other case) the amount paid up on them".

## **7. Capitalisation of Profits**

### **7.1 Model Article 36(3) shall apply:**

- 7.1.1 as if the words "equal to the capitalised sum" were deleted and the words "determined by the directors" were inserted in their place; and
- 7.1.2 as if the words "or partly paid (as the directors may decide)" were inserted immediately after the word "paid".

### **7.2 Model Article 36(4) shall apply as if the words "in or towards paying up any amounts unpaid on existing Shares held by the persons entitled or" were inserted immediately after the word "applied".**

## **8. Purchase of Own Shares**

The Company is empowered to purchase its own Shares.

## **9. Transfer of Shares - General**

### **9.1 The Board shall not register the transfer of any Share or any interest in any Share unless the transfer:**

- 9.1.1 is permitted by Article 10 (Permitted Transfers); or
- 9.1.2 is made in accordance with Article 11 (Voluntary Transfers), Article 12 (Compulsory Transfers), Article 13 (Drag Along), or Article 14 (Tag Along);

and, in any such case, is not prohibited under Article 15 (Prohibited Transfers).

### **9.2**

- 9.2.1 For the purpose of ensuring that a transfer of Shares is in accordance with these Articles or that no circumstances have arisen whereby a Member may be bound to give or be deemed to have given a Transfer Notice the Board may from time to time require any Member or any person named as transferee in any transfer lodged for registration to furnish to the Board such information and evidence as they reasonably deem relevant for such purpose.
- 9.2.2 Failing such information or evidence being furnished to their reasonable satisfaction within a reasonable time after request under Article 9.2.1 the Board may in their absolute discretion direct the Company to refuse to register the transfer in question or require by notice in writing to the Member(s) concerned that a Transfer Notice be given in respect of the Shares concerned.
- 9.2.3 If such information or evidence requested under Article 9.2.1 discloses to the reasonable satisfaction of the Board that circumstances have arisen whereby a Member may be bound to give or be deemed to have given a Transfer Notice the Board may by notice in writing to the Member(s) concerned require that a Transfer Notice be given in respect of the Shares concerned.

Model Article 26 shall be interpreted accordingly.

- 9.3 An obligation to transfer a Share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any lien, charge or other encumbrance.

#### **Protection of Secured Institutions**

- 9.4 Notwithstanding anything contained in these Articles, whether expressly or impliedly contradictory to the provisions of this Article 9.4 (to the effect that any provision contained in this Article 9.4 shall override any other provision of these Articles) the Directors shall not decline to register any transfers of shares, nor may they suspend registration thereof, where such transfer:

- 9.4.1 is to any bank, institution or other person to whom such shares have been discharged by way of security, or to any nominee of such a bank, institution or other person (or a person acting as agent or security trustee for such person) (a **Secured Institution**); or
- 9.4.2 is delivered to the Company for registration by a Secured Institution or its nominee in order to perfect its security over the shares; or
- 9.4.3 is executed by a Secured Institution or its nominee pursuant to a power of sale or other power existing under such security

and the Directors shall forthwith register any such transfer of shares upon receipt and furthermore notwithstanding anything to the contrary contained in these Articles no transferor of any shares in the Company or proposed transferor of such shares to a Secured Institution or its nominee and no Secured Institution or its nominee shall (in either such case) be required to offer the shares which are or are able to be the subject of any transfer as aforesaid to the shareholders for the time being of the Company or any of them and no such shareholder shall have any right under the Articles or otherwise howsoever to require such shares to be transferred to them whether for any valuable consideration or otherwise. A certificate by any official of a transferor that they are a Secured Institution and the transfer was executed in the circumstances provided by this Article shall be conclusive evidence of such facts.

#### **10. Permitted Transfers**

- 10.1 Any holder of A Ordinary Shares or any other member (the **Original Member**) may transfer all or any of his Shares of any class to a Privileged Relation or to trustees to be held on that Original Member's Family Trust. A holder of Shares other than A Ordinary Shares may only transfer their Shares during their lifetime after repayment in full of the Deferred Consideration.
- 10.2 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:
- 10.2.1 the Original Member;
  - 10.2.2 any Privileged Relation(s) of the Original Member;
  - 10.2.3 the trustee(s) of another Family Trust of which the Original Member is the Settlor; or
  - 10.2.4 to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,
- without any price or other restriction.
- 10.3 If a Permitted Transfer has been made to a Privileged Relation of the Original Member, the Permitted Transferee (or the transmittee(s) of any such person), shall within 20 Business Days of

ceasing to be a Privileged Relation of the Original Member (whether by reason of death, divorce or otherwise) either:

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

10.3.2 give a Transfer Notice to the Company in accordance with Article 11 (Voluntary Transfers),

failing which a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this Article 10.3. This Article 10.3 shall not apply to a transmittee of a Permitted Transferee if that transmittee is also a Permitted Transferee of the Original Member, to the extent that such transmittee is legally or beneficially entitled to those Shares.

## 11. Voluntary Transfers

11.1 Except as permitted under Article 10 (Permitted Transfers) and subject always to Article 13 (Drag Along), Article 14 (Tag Along) and Article 15 (Prohibited Transfers), any Member who wishes to transfer any Share (a **Vendor**) shall before transferring or agreeing to transfer such Share or any interest in it, serve notice in writing (a **Transfer Notice**) on the Company of his wish to make that transfer.

11.2 In the Transfer Notice the Vendor shall specify:

11.2.1 the number of Shares (**Sale Shares**) which he wishes to transfer;

11.2.2 the identity of the person (if any) to whom the Vendor wishes to transfer the Sale Shares;

11.2.3 the price per Share at which the Vendor wishes to transfer the Sale Shares (the **Proposed Sale Price**);

11.2.4 any other terms relating to the transfer of the Sale Shares; and

11.2.5 whether the Transfer Notice is conditional upon all (and not part only) of the Sale Shares being sold pursuant to the following provisions of this Article 11.1 (a **Total Transfer Condition**).

11.3 Each Transfer Notice shall:

11.3.1 relate to one class of Shares only;

11.3.2 constitute the Company as the agent of the Vendor for the sale of the Sale Shares on the terms of this Article 11;

11.3.3 save as provided in Article 11.8, be irrevocable.

11.4 The Sale Shares shall be offered for purchase in accordance with this Article 11 at a price per Sale Share (the **Sale Price**) agreed between the Vendor and the Board or, in default of such agreement by the end of the 20th Business Day after the date of service of the Transfer Notice:

11.4.1 if the Vendor or the Board so elect within that 20 Business Day period after the date of service of the Transfer Notice, the Sale Price shall be the price per Share reported on by the Valuers as their written opinion of the open market value of each Sale Share (the

**Market Value**) as at the date of service of the Transfer Notice (in which case for the purposes of these Articles the Sale Price shall be deemed to have been determined on the date of the receipt by the Company of the Valuers' report); and

11.4.2 otherwise the Sale Price shall be the Proposed Sale Price, in which case for the purpose of these Articles the Sale Price shall be deemed to have been agreed at the end of that 20 Business Day period.

11.5 If instructed to report on their opinion of Market Value under Article 11.4.1 the Valuers shall:

11.5.1 act as expert and not as arbitrator and their written determination shall be final and binding on the Members (in the absence of manifest error); and

11.5.2 proceed on the basis that the Market Value of each Sale Share shall be the sum which a willing purchaser would agree with a willing vendor to be the fair value for all the class (or respective classes) of Shares of which the Sale Shares form part, divided by the number of issued Shares then comprised in that class but taking no account of any premium or any discount by reference to the size of the holding the subject of the Transfer Notice and assuming that the Sale Shares are freely transferrable.

11.6 The Company will use its reasonable endeavours to procure that the Valuers deliver their written opinion of the Market Value to the Board and to the Vendor within 20 Business Days of being requested to do so.

11.7 The Valuers' fees for reporting on their opinion of the Market Value shall be borne as the Valuers shall specify in their valuation or otherwise (in the absence of any specification by the Valuers) as to one half by the Vendor and as to the other half by the Company unless the Vendor revokes the Transfer Notice pursuant to Article 11.8 when the Vendor shall pay all the Valuers' fees.

11.8 If the Market Value is reported on by the Valuers under Article 11.4.1 to be less than the Proposed Sale Price, the Vendor may revoke the Transfer Notice by written notice given to the Board within the period of five Business Days after the date the Board serves on the Vendor the Valuers' written opinion of the Market Value.

11.9 Subject to Article 11.8 the Board shall no more than 10 Business Days after the Sale Price has been agreed or determined give notice to all Members (**the Offer Notice**) to whom the Sale Shares are to be offered in accordance with these Articles (whether first or second level offerees).

11.10 An Offer Notice shall:

11.10.1 specify the Sale Price;

11.10.2 contain the other details included in the Transfer Notice; and

11.10.3 invite the relevant offerees to respond in writing, before expiry of the Offer Notice, to purchase the numbers of Sale Shares specified by them in their application,

and shall expire 15 Business Days after its service.

11.11 Subject to article 12.3.3 Sale Shares shall be treated as offered to Members holding B Ordinary Shares, C Ordinary Shares, D Ordinary Shares and E Ordinary Shares in proportion to the number of Ordinary Shares held, but no Shares shall be treated as offered to the Vendor or any other Member who is then bound to give, has given or is deemed to have given a Transfer Notice in respect of any Shares registered in his name.

- 11.12 After the expiry date of the Offer Notice the Board shall, in the priorities and in respect of each class of persons set out in Article 11.11, allocate the Sale Shares in accordance with the applications received, save that:
- 11.12.1 if there are applications from any class of offerees for more than the number of Sale Shares available for that class of offerees, they shall be allocated to those applicants in proportion (as nearly as possible but without allocating to any Member more Sale Shares than the maximum number applied for by him) to the number of Shares which entitles them to receive such offer then held by them respectively;
  - 11.12.2 if it is not possible to allocate any of the Sale Shares without involving fractions, they shall be allocated amongst the applicants of each class in such manner as the Board shall think fit; and
  - 11.12.3 if the Transfer Notice contained a valid Total Transfer Condition, no allocation of Sale Shares shall be made unless all the Sale Shares are allocated.
- 11.13 The Board shall, within 10 Business Days of the expiry date of the Offer Notice, give notice in writing (an **Allocation Notice**) to the Vendor and to each person to whom Sale Shares have been allocated (each a **Purchaser**) specifying the name and address of each Purchaser, the number and class of Sale Shares agreed to be purchased by him and the aggregate price payable for them.
- 11.14 Completion of a sale and purchase of Sale Shares pursuant to an Allocation Notice shall take place at the registered office of the Company at the time specified in the Allocation Notice when the Vendor shall, upon payment to him by a Purchaser of the Sale Price in respect of the Sale Shares allocated to that Purchaser, transfer those Sale Shares and deliver the relative Share certificate(s) to that Purchaser.
- 11.15 The Vendor may, during the period of 40 Business Days commencing 10 Business Days after the expiry date of the Offer Notice, sell all or any of those Sale Shares for which an Allocation Notice has not been given by way of bona fide sale to the proposed transferee (if any) named in the Transfer Notice or, if none was so named, to any transferee at any price per Sale Share which is not less than the Sale Price, without any deduction, rebate or allowance to the proposed transferee, provided that:
- 11.15.1 the Vendor may not transfer such Share and the Board shall not register any transfer to a transferee who is not at that date a Member unless such transferee is first approved in writing by the Board; and
  - 11.15.2 if the Transfer Notice contained a Total Transfer Condition, the Vendor shall not be entitled, save with the written consent of the Board, to sell only some of the Sale Shares under this Article 11.15.
- 11.16 If a Vendor fails for any reason (including death) to transfer any Sale Shares when required pursuant to this Article 11, the Board may authorise any person (who shall be deemed to be irrevocably appointed as the attorney of the Vendor for the purpose) to execute each necessary transfer of such Sale Shares and deliver it on the Vendor's behalf. The Company may receive the purchase money for such Sale Shares from the Purchaser and shall upon receipt (subject, if necessary, to the transfer being duly stamped) register the Purchaser as the holder of such Sale Shares. The Company shall hold such purchase money on trust for the Vendor but shall not be bound to earn or pay interest on any money so held. The Company's receipt for such purchase money shall be a good discharge to the Purchaser who shall not be bound to see to the application of it, and after the name of the Purchaser has been entered in the register of Members in purported



exercise of the power conferred by this Article 11.16 the validity of the proceedings shall not be questioned by any person.

## **12. Compulsory Transfers**

12.1 In this Article 12, a “**Transfer Event**” occurs, in relation to any Member:

### **Bankruptcy, etc. of individual**

12.1.1 if that Member being an individual:

- (a) shall have a bankruptcy order made against him or shall be declared bankrupt by any court of competent jurisdiction;
- (b) shall make an offer to make any arrangement or composition with his creditors generally; or
- (c) there exists circumstances analogous to Article 12.1.1(a) and 12.1.1(b) in a jurisdiction outside England and Wales.

### **Corporate dissolution or insolvency etc.**

12.1.2 if that Member being a body corporate:

- (a) shall have a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets;
- (b) shall appoint or suffer the appointment of an administrator appointed in relation to it;
- (c) shall enter into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction); or
- (d) shall have any equivalent action in respect of it taken in any jurisdiction outside England and Wales.

### **Ceasing to be employee in Group**

12.1.3 if a Member holding B Ordinary Shares, C Ordinary Shares, D Ordinary Shares or E Ordinary Shares (but not A Ordinary Shares) who is at any time an employee of a member of the Group becomes a Leaver;

### **Unauthorised attempted transfer**

12.1.4 if a Member shall attempt to deal with or dispose of any Share or any interest in them otherwise than in accordance with these Articles and whether or not for value and the Board serves a notice on the Company that such event is a Transfer Event in relation to that Member for the purposes of this Article; or

### **Failure to serve transfer notice under specified provisions**

12.1.5 if a Member shall for any reason not give a Transfer Notice in respect of any Shares or transfer any Shares (as the case may be) as required by Articles 9.2.2 or 9.2.3 (Transfer of Shares - General) and the Board serves a notice on the Company that such event is a Transfer Event in relation to that Member for the purposes of this Article.

### **Consequences of transfer event determination**

- 12.2 Upon the occurrence of the circumstance in Articles 12.1.1, 12.1.2 or 12.1.3 or the making of a notification under Articles 12.1.4 or 12.1.5 that the same is a Transfer Event (as the case may be) the Member in respect of whom it is a Transfer Event (the **Relevant Member**) shall be deemed to have immediately given a Transfer Notice in respect of all the Shares then held by such Member and his Permitted Transferees (a **Deemed Transfer Notice**). A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice. For the purpose of this Article 12.2, any Shares received by way of issue or allotment by the Company following the date of service of a Deemed Transfer Notice, by a rights issue or on a capitalisation and whether received by such Member or by any person to whom Shares may have been transferred (directly or by means of a series of two or more permitted transfers) shall also be treated as included within the Deemed Transfer Notice.

### **Offer for sale**

- 12.3 The Relevant Shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with Article 11 (Voluntary Transfers) as if they were Sale Shares in respect of which a Transfer Notice had been given and treating as the Vendor the Member and/or Permitted Transferees who is or are deemed to have given the Deemed Transfer Notice save that:
- 12.3.1 subject to Article 12.4, the Sale Price shall be a price per Sale Share agreed between the Vendor and the Board or, in default of agreement within 10 Business Days after the making of the notification under Article 12.1 that the same is a Transfer Event, the Market Value;
  - 12.3.2 a Deemed Transfer Notice shall be deemed not to contain a Total Transfer Condition and shall not be irrevocable whether under Article 11.8 (Voluntary Transfers) or otherwise;
  - 12.3.3 any B Preference Shares offered for sale by a Bad Leaver on or before the third anniversary of the date of the Share Purchase Agreement shall be offered to the holders of A Preference Shares only for an aggregate price of £1;
  - 12.3.4 the Vendor may retain any Sale Shares for which Purchasers are not found; and
  - 12.3.5 Article 12.4 shall apply.

### **Special provisions for Leavers**

- 12.4 The Sale Price for:
- 12.4.1 Shares which are the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within Article 12.1.3 when the Leaver is a Bad Leaver on or before the third anniversary of the date of the Share Purchase Agreement shall be £1 in aggregate for all Ordinary Shares and £1 in aggregate for all B Preference Shares held and when the Leaver is a Bad Leaver after the third anniversary of the date of the Share Purchase Agreement it shall be the lower of:
    - (a) the Issue Price of the Sale Shares; and
    - (b) their Market Value,provided that the Board may nominate that the price be their Issue Price; or

- 12.4.2 each Sale Share which is the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within Article 12.1.3 when the Leaver is a Good Leaver shall be its Market Value

#### **Date of cessation of employment**

- 12.5 For the purpose of Article 12.1.3, the date upon which a Member holding B Ordinary Shares, C Ordinary Shares, D Ordinary Shares or E Ordinary Shares shall be deemed to cease to be an employee shall be:
- 12.5.1 where the employer terminates or purports to terminate a contract of employment by giving notice to the employee of the termination of the employment, whether or not the same constitutes a wrongful or unfair dismissal, be the later of the date of that notice and the date (if any) for the termination expressly stated in such notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of such termination);
- 12.5.2 where the employee terminates or purports to terminate a contract of employment by giving notice to the employer of the termination of the employment (whether or not he is lawfully able so to do), be the later of the date of that notice and the date (if any) for the termination expressly stated in such notice;
- 12.5.3 where an employer or employee wrongfully repudiates the contract of employment and the other respectively accepts that the contract of employment has been terminated, be the date of such acceptance by the employee or employer respectively;
- 12.5.4 where a contract of employment is terminated under the doctrine of frustration, be the date of the frustrating event; and
- 12.5.5 where a contract of employment is terminated for any reason other than in the circumstances set out in Articles 12.5.1 to 12.5.4, be the date on which the person actually ceases to be employed by the employer.
- 12.6 Once a Deemed Transfer Notice shall under these Articles be given in respect of any Share then no Permitted Transfer under Article 10 (Permitted Transfers) may be made in respect of such Share unless and until an Offer Notice shall have been served in respect of such Share and the period of allocation permitted under Article 11 (Voluntary Transfers) shall have expired without such allocation.

#### **Disenfranchisement**

- 12.7 Notwithstanding any other provision of these Articles, if the Board so resolves, any Member:
- 12.7.1 holding Shares in respect of which a Deemed Transfer Notice is deemed given; or
- 12.7.2 who becomes a Leaver,
- shall not be entitled to:
- (a) exercise any voting rights at general meetings of the Company in respect of those Shares;
- (b) exercise any voting rights at meetings of any class of Members in respect of those Shares;

- (c) exercise any rights to consent to general meetings of the Company on short notice or class meetings of Members on short notice,

(**Disenfranchised Rights**), on and from the date of the relevant Deemed Transfer Notice or if earlier, the date such Member becomes a Leaver, until the entry in the register of Members of the Company of another person as the holder of those Shares.

The Disenfranchised Rights shall not apply where a resolution is proposed to change the rights attached to a particular class of Share.

No resolution or meeting shall require the exercise of any Disenfranchised Rights and no resolution or meeting shall be invalid because of failure to exercise the Disenfranchised Rights.

### 13. Drag Along

13.1 If the holders of at least 90% of the Ordinary Shares (**Selling Shareholders**) wish to transfer bona fide and on arm's length terms all their Ordinary Shares to a Third Party Purchaser they shall have the option (the **Drag Along Option**) to require all the other holders of Shares to transfer all their Shares with full title guarantee to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with this Article 13.

13.2 The Selling Shareholders may exercise the Drag Along Option by giving notice to that effect (a **Drag Along Notice**) to all other Members (the **Called Members**) at any time before the registration of the transfer of the Ordinary Shares held by the Selling Shareholders. A Drag Along Notice shall specify that the Called Members are required to transfer all their Shares (the **Called Shares**) pursuant to Article 13.1 with full title guarantee and giving the same warranties, indemnities and covenants as the Selling Shareholders (provided that the total liability of a Called Shareholder in respect of such warranties, indemnities and covenants shall not exceed the consideration he will receive for his Shares) to the Third Party Purchaser, the price (in cash or otherwise) at which the Called Shares are to be transferred (determined in accordance with Article 13.4) the proposed date of transfer (if known) and the identity of the Third Party Purchaser. A Drag Along Notice shall be deemed served upon the envelope containing it being placed in the post and Article 22 (Delivery of Documents and Information) shall in the context of a Drag Along Notice be amended accordingly.

13.3 A Drag Along Notice may be revoked by the Selling Shareholders at any time prior to completion of the sale of the Called Shares and any such revocation notice shall be served as in Article 13.2. Any number of Drag Along Notices may be served.

13.4 The Called Members shall be obliged to sell the Called Shares:

13.4.1 that are Ordinary Shares at the price specified in the Drag Along Notice which shall be the same price per Ordinary Share (in cash or otherwise) that the Selling Shareholders will receive from the Third Party Purchaser; and

13.4.2 that are Preference Shares at the price of £1.00 per Preference Shares together with a sum equal to any arrears and accruals of the Preferred Dividend in respect of that Preference Share calculated down to (and including) the completion of their sale.

13.5 Completion of the sale of the Called Shares shall take place on the same date as the date of actual completion of the sale of the Selling Shareholders' Shares unless all of the Called Members and the Selling Shareholders agree otherwise.

13.6 Each Called Member shall on service of the Drag Along Notice be deemed to have irrevocably appointed each of the Selling Shareholders severally to be his attorney to execute any stock transfer

and covenant for full title guarantee and give the warranties, indemnities and covenants referred to in article 13.2 in respect of the Called Shares registered in the name of such Called Members and to do such other things as may be necessary or desirable to accept, transfer and complete the sale of the Called Shares pursuant to this Article 13. The rights of pre-emption and other restrictions contained in these Articles shall not apply on any sale and transfer of Shares by the Selling Shareholders or the Called Members to the Third Party Purchaser named in a Drag Along Notice in connection with the transfer contemplated by Article 13.1 and the Drag Along Notice.

- 13.7 Upon any person, following the issue of a Drag Along Notice, becoming a Member of the Company pursuant to the exercise of a pre-existing option to acquire Shares in the Company (a **New Member**), a Drag Along Notice, on the same terms as the previous Drag Along Notice, shall be deemed to have been served upon the New Member who shall thereupon be bound to sell and transfer all such Shares acquired by him to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this Article 13 shall apply with appropriate amendments to the New Member save that completion of the sale of such Shares shall take place forthwith upon the Drag Along Notice being deemed served on the New Member or, if later, upon the date of completion under the previous Drag Along Notice.
- 13.8 The provisions of this Article 13 may be enforced in relation to a transfer to a New Holding Company as if that New Holding Company was the proposed transferee.

#### **14. Tag Along**

- 14.1 Notwithstanding any other provision in these Articles no sale or other disposition of any Ordinary Share (the **Specified Shares**) shall have any effect if it would result in a Change of Control unless before the transfer is lodged for registration the Third Party Purchaser has made a bona fide offer in accordance with these Articles to purchase at the specified price (defined in Article 14.3.2) all the Shares held by Members who are not Acting in Concert or otherwise Connected with the Third Party Purchaser. Such Members who are not Acting in Concert or otherwise Connected with a Third Party Purchaser shall give the same warranties, indemnities and covenants as the other sellers of Shares (provided that the total liability under them shall not exceed the consideration each such Member will receive for his Shares).
- 14.2 An offer made under Article 14.1 shall be in writing, given in accordance with Article 22 (Delivery of Documents and Information), open for acceptance for at least five Business Days, and shall be deemed to be rejected by any Member who has not accepted it in accordance with its terms within the time period prescribed for acceptance.
- 14.3 For the purposes of Article 14.1:
- 14.3.1 the expressions "transfer", "transferor" and "transferee" include respectively the renunciation of a renounceable letter of allotment, and any renouncer and renounee of such letter of allotment; and
- 14.3.2 the expression "specified price" means:
- (a) that are Ordinary Shares at the price specified in the Drag Along Notice which shall be the same price per Ordinary Share (in cash or otherwise) that the Selling Shareholders will receive from the Third Party Purchaser; and
  - (b) that are Preference Shares at the price of £1.00 per Preference Shares together with a sum equal to any arrears and accruals of the Preferred Dividend in respect of that Preference Share calculated down to (and including) the completion of their sale.

**15. Prohibited Transfers**

- 15.1 Notwithstanding any other provision of these Articles, no transfer of any Share shall be registered if it is to any minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind and Model Article 26 shall be interpreted accordingly.
- 15.2 Until the Deferred Consideration has been paid in full, Shares may only be transferred with the prior written approval of an A Ordinary Majority.

**16. Death**

- 16.1 Upon the death of any holder of A Ordinary Shares, the deceased's Shares of any class may be transferred by will or under the rules of intestacy to any person.
- 16.2 Upon the death of any holder of B Ordinary Shares, C Ordinary Shares, D Ordinary Shares or E Ordinary Shares the deceased will be treated as a "**Leaver**" under Article 12.1.3 (Compulsory Transfers) and the personal representatives of the deceased will be required to offer for sale the Shares of the deceased in accordance with Article 12 (Compulsory Transfers).

**17. Proceedings at General Meetings**

- 17.1 Any Member having the right to vote at the meeting may demand a poll at a general meeting and Model Article 44(2) shall be modified accordingly.
- 17.2 Model Article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the results of a show of hands declared before the demand was made" as a new paragraph at the end of that Article.
- 17.3 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 17.4 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that Article.

**18. Number of Directors and Appointment of Chairman**

The number of directors shall not be less than one and there shall be no maximum number. Model Article 7(2) shall not apply.

**19. Appointment of Directors**

Without prejudice to any other rights under CA 2006, holders of a majority of each of the A Ordinary Shares, B Ordinary Shares, C Ordinary Shares, D Ordinary Shares and E Ordinary Shares shall each as a class be entitled by notice in writing to the Company and the other Members to appoint one Director and by like notice to remove such Director and at any time and from time to time by like notice to appoint any other person to be a Director in the place of a Director so removed.

## **20. Alternate Directors**

- 20.1 Any Director (other than an Alternate Director) may at any time by notice in writing to the Company appoint any person to be his Alternate Director and may in like manner at any time terminate such appointment. If such Alternate Director is not another Director, such appointment, unless previously approved by the Directors, shall have effect only upon and subject to being so approved.
- 20.2 The appointment of Alternate Director shall determine on the happening of any event which, if he were a Director, would cause him to vacate such office, or if his appointer ceases to be a Director.
- 20.3 An Alternate Director shall be entitled to receive notice of all meetings of the Directors and of all meetings of committees of the Directors of which his appointer is a Member and shall be entitled to attend and vote as a Director at any such meeting to perform all the functions of his appointer as a Director in his absence and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director. If his appointer is for the time being absent from the United Kingdom or temporarily unable to act through ill-health or disability, an Alternate Director's signature to any resolution in writing of the Directors shall be as effective as the signature of the appointer. 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). An Alternate Director shall (save as aforesaid) have power to act as a Director or be deemed to be a Director for the purposes of these Articles.
- 20.4 An Alternate Director may be repaid expenses and shall be entitled to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled by virtue of such appointment to receive from the Company any remuneration save for such proportion (if any) of the remuneration otherwise payable to his appointer as such appointer may by notice in writing to the Company from time to time direct.

## **21. Proceedings of Directors**

- 21.1 Subject to Article 21.2, the quorum for the transaction of business of the Board shall be one A Director.
- 21.2 No business shall be transacted at any meeting of the directors of a Group Company unless a quorum shall be present at the time when the meeting proceeds to business. If within 30 minutes from the time appointed for a meeting of the directors of a Group Company a quorum shall not be present the meeting shall stand adjourned for 14 days at the same time and place and if at such adjourned meeting such quorum shall not be present within 30 minutes from the time appointed for the adjourned meeting the director or directors or their respective alternates present shall constitute a quorum.
- 21.3 For the purposes of any meeting (or part of a meeting) held in accordance with this Article 21 to authorise a director's conflict pursuant to section 175(4)(b) CA 2006, if there is only one eligible director in office other than the conflicted director(s) the quorum for that meeting (or part of a meeting) is one eligible director.
- 21.4 The Chairman of meetings of the Directors and Members shall not be entitled at such meetings to a second or casting vote.
- 21.5 Any director or his alternate may validly participate in a meeting of the Board or a committee of the Board by conference telephone or other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Such a meeting shall be deemed to take place

where the largest group of those participating is assembled or, if there is no group which is larger than any other group, where the chairman of the meeting then is.

21.6 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 in any way directly or indirectly interested, that director shall be counted as participating in the decision making process for quorum and voting purposes provided that the relevant interest either:

21.6.1 has been duly declared in accordance with section 177 or section 182 CA 2006, as the case may require: or

21.6.2 is not required by the terms of either of those sections to be declared.

21.7 The provisions of this Article 21.7 and Articles 21.8 to 21.14 shall apply in relation to the exercise of the power of the directors to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under section 175(1) CA06 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

21.8 In this Article 21.7 and Articles 21.9 to 21.14:

**authorise** means to authorise in accordance with section 175(5)(a) CA 2006 and "authorisation", "authorised" and cognate expressions shall be construed accordingly

**conflicted director** means a director in relation to whom there is a conflicting matter

**conflicting matter** means a matter or situation which would or might (if not authorised) constitute or give rise to a breach of the duty of a director under section 175(1) CA 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company

section 252 of the CA 2006 shall determine whether a person is Connected with a director; and

a general notice to the Board that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified.

21.9 The provisions of Articles 21.7, 21.8, this Article and Articles 21.10 to 21.12 apply without prejudice (and subject) to the provisions of section 175(6) CA 2006. Nothing in these Articles shall invalidate an authorisation.

21.10 A conflicted director seeking authorisation of any conflicting matter shall disclose to the Board the nature and extent of the conflicting matter as soon as is reasonably practicable. The conflicted director shall provide the Board with such details of the conflicting matter as are necessary for the Board to decide how to address the conflicting matter, together with such additional information as may be requested by the Board.

21.11 The Board are hereby empowered for the purposes of section 175 CA 2006 to authorise any conflicting matter that may arise and to amend or vary any such authorisation so given. Any director



(including the conflicted director) may propose that a conflicted director's conflicting matter be authorised. Any such proposal and any authorisation given by the directors, shall be effected in the same way as any other matter may be proposed to and resolved on by the Board under the provisions of these Articles, except that:

21.11.1 the conflicted director and any other interested director shall not count towards the quorum nor vote on any resolution giving that authorisation; and

21.11.2 the conflicted director and any other interested director may, if the directors so decide, be excluded from any meeting of the directors while the conflicting matter and the giving of that authorisation are under consideration.

21.12 Where the directors authorise a conflicted director's conflicting matter:

21.12.1 the directors may (whether at the time of giving the authorisation or subsequently):

(a) require that the conflicted director is excluded from the receipt of information, the participation in discussions and/or the making of decisions (whether at meetings of the directors or otherwise) related to the conflicting matter; and

(b) impose on the conflicted director such other terms or conditions for the purpose of dealing with any actual or potential conflict of interest which may arise from the conflicting matter as they may determine;

21.12.2 the conflicted director shall conduct himself in accordance with any terms or conditions imposed by the directors in giving that authorisation;

21.12.3 the directors may provide that, where the conflicted director obtains (otherwise than through his position as a director) information that is confidential to a third party, the conflicted director will not be obliged to disclose the information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence;

21.12.4 the terms of the authorisation shall be recorded in writing (but the authorisation shall be effective whether or not the terms are so recorded); and

21.12.5 the directors may revoke or vary the authorisation at any time but no such action will affect anything done by the conflicted director prior to that action in accordance with the terms of the authorisation.

21.13 A conflicted director shall not, by reason of his office or of the resulting fiduciary relationship, be liable to account to the Company for any benefit which he (or a person Connected with him) derives from a conflicting matter authorised by the directors and no transaction or arrangement shall be liable to be avoided on the grounds of any such benefit.

21.14 A director who has directly or indirectly an interest or a duty in a matter which is material and which conflicts or may conflict with the interests of the Company may, notwithstanding his interest or duty, vote on the matter and be included for the purposes of a quorum at any meeting at which the matter is considered provided that:

21.14.1 he has disclosed the nature and extent of his interest or duty giving rise to his conflict of interest; and

- 21.14.2 where his conflict of interest is constituted by or arises from a conflicting matter of his, that conflicting matter has been authorised and the director has not been required to be excluded from participation in discussions and/or the making of decisions related to the matter.
- 21.15 If a question arises at a meeting of the directors about whether a director (other than the chairman of the meeting) has an interest which is likely to give rise to a conflict of interest or if he can vote or be counted in the quorum, and the director does not agree to abstain from voting on the issue or not to be counted in the quorum, the question must be referred to the chairman of the meeting. The ruling of the chairman of the meeting about any other director is final and conclusive, unless the nature or extent of the director's interest (so far as it is known to him) has not been fairly disclosed to the directors. If the question arises regarding the chairman of the meeting, the question shall be decided by a resolution of the directors. The chairman of the meeting cannot vote on the question but can be counted in the quorum. The directors' resolution about the chairman of the meeting is conclusive, unless the nature and extent of the chairman's interest (so far as it is known to him) has not been fairly disclosed to the directors.
- 21.16 The Company may by ordinary resolution ratify any transaction or arrangement which has not been properly authorised by reason of a contravention of these Articles.
- 21.17 For the purposes of these Articles:
- 21.17.1 an interest or duty is "material" unless it cannot reasonably be regarded as likely to give rise to a conflict of interest; and
- 21.17.2 a "conflict of interest" includes a conflict of interest and duty and a conflict of duties.

## **22. Delivery of Documents and Information**

- 22.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 22.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provided); and
- 22.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address.
- For the purposes of this Article, no account shall be taken of any part of a day that is not a working day.
- 22.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purposes by CA 2006.
- 22.3 For the purposes of section 1147(3) CA 2006, where a document or information is sent or supplied by the Company to any Member by electronic means, and the Company is able to show that it was properly addressed, it is deemed to have been received by the intended recipient one hour after it was sent (but subject to section 1147(5) CA 2006).

22.4 Article 22.3 does not apply where a document or information is in electronic form but is delivered by hand or by post or by other non-electronic means.

**23. Indemnity**

23.1 Subject to the provisions of the CA 2006, but without prejudice to any other indemnity to which the person concerned may otherwise be entitled, every director, alternate director or secretary of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation thereto. Model Article 52 shall be extended accordingly.

23.2 The Directors may exercise all the powers of the Company to purchase and maintain for every director or other officer insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may be lawfully insured against.

**End of Articles of Association**