

**THE COMPANIES ACT 2006**

**COPY WRITTEN RESOLUTION**

of

**LINCOLN IP LIMITED**

Registered in Scotland under company number SC323716

**("the Company")**

Passed on 28 June, 2017

In accordance with the written resolution procedure in Chapter 2 of Part 13 of the Companies Act 2006, the following resolution was passed on 28 June, 2017 as a special resolution:

**SPECIAL RESOLUTION**

THAT, notwithstanding any interest of any director of the Company therein, that the Articles of Association annexed hereto and signed by a director of the Company for identification purposes are hereby adopted as the Articles of Association of the Company in substitution for the existing Articles of Association

  
.....  
Matthew Lincoln

WEDNESDAY



\*S6JACW13\*

SCT

15/11/2017

#338

COMPANIES HOUSE

*Lincoln*  
28/06/2017

**ARTICLES OF ASSOCIATION**

**of**

**LINCOLN IP LIMITED**

(Adopted on 28 June 2017)

Raeburn  
Christie  
Clark  
Wallace

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**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**LINCOLN IP LIMITED**

**(Adopted by special resolution passed on 28 June 2017)**

## **INTRODUCTION**

### **1. INTERPRETATION**

#### **1.1 In these Articles, the following words have the following meanings:**

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

**B Ordinary Share:** an ordinary share of £0.10 in the capital of the Company designated as a B Ordinary Share;

**Bad Leaver:** a Departing Employee Shareholder who becomes a Departing Employee Shareholder in circumstances where he is not a Good Leaver;

**Business Day:** a day other than a Saturday, Sunday or public holiday in Scotland when banks in Aberdeen and Glasgow are open for business;

**CA 2006:** the Companies Act 2006;

**Conflict:** a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

**Deemed Transfer Notice:** a Transfer Notice that is deemed to have been served under any provision of these Articles;

**Departing Employee Shareholder:** an Employee Shareholder who ceases to be a director or employee of the Company (other than by reason of death);

**Eligible Director:** any director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter);

**Employee Shareholder:** a shareholder who is, or has been, a director and/or an employee of the Company;

**Fair Value:** in relation to shares, as determined in accordance with article 17;

**Good Leaver:** an Employee Shareholder who becomes a Departing Employee Shareholder by reason of:

- (a) retirement, permanent disability or permanent incapacity through ill-health; or
- (b) redundancy (as defined in the Employment Rights Act 1996); or
- (c) dismissal by the 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 wrongful or constructive;
- (d) death;

or a Departing Employee Shareholder who the directors resolve should be treated as a Good Leaver.

**Interested Director:** has the meaning given in article 9.1;

**Management Shareholder:** Matthew Lincoln and/or David Fulton, the two directors of the Company as at the date of adoption of these Articles.

**Model Articles:** the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles and reference to a numbered Model Article is a reference to that article of the Model Articles;

**Ordinary Share:** an ordinary share of £0.10 in the capital of the Company designated as an Ordinary Share;

**Original Shareholder:** the person holding the majority of the shares in the Company on 1<sup>st</sup> June 2016;

**Permitted Transfer:** a transfer of Shares in accordance with article 16.

**Permitted Transferee:** a Management Shareholder's Privileged Relation;

**Privileged Relation:** the spouse of a Management Shareholder;

**Proposed Sale Price:** has the meaning given in article 14.1;

**Sale Shares:** has the meaning given in article 14.1;

**Seller:** has the meaning given in article 14.1;

**Termination Date:** (a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;

(b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;

(c) where the Employee Shareholder concerned is a director but not an employee, the date on which his service agreement (or other terms of appointment) with the Company is terminated; or

(d) in any other case, the date on which the employment or holding of office is terminated;

**Transfer Notice:** has the meaning given in article 14.1;

**Transfer Price:** has the meaning given in article 14.4;

**Valuers:** the auditors for the time being of the Company;

**Writing or written:** the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, for the purposes of article 14, article 15 and article 18 "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form;

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the CA 2006 shall have those meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an article is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as it is in force on the date when these Articles become binding on the Company.
- 1.6 A reference to one gender shall include a reference to the other genders.

## **2. ADOPTION OF THE MODEL ARTICLES**

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Model Articles 6(2), 7, 8, 9(1), 11 to 14 (inclusive), 16, 17, 22(2), 26(5), 36, 38, 39, 43, 44(2), 49 and 50 to 53 (inclusive) shall not apply to the Company.
- 2.3 Model Article 20 shall be amended by the insertion of the words "(including alternate directors and the secretary)" before the words "properly incur".

- 2.4 In Model Article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5 Model Articles 27(2)(a) and (b) shall be amended by the insertion, in each case, of the words "and to any other agreement to which the holder was party at the time of his death" after the words "subject to the articles".
- 2.6 Model Article 28(2) shall be amended by the deletion of the word "If" and the insertion of the words "Subject to the articles and to any other agreement to which the holder was party at the time of his death, if" in its place.
- 2.7 Model Articles 31(1)(a) to (c) (inclusive) shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Model Article 31(d) shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

## **DIRECTORS**

### **3. DIRECTORS' MEETINGS**

- 3.1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles or must be a decision taken in accordance with article 4.
- 3.2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The directors will endeavour to meet at least quarterly.
- 3.3 All decisions made at any meeting of the directors shall be made only by resolution, and no such resolution shall be passed unless more votes are cast for it than against it.
- 3.4 Except as otherwise provided in these Articles, each director has one vote at a meeting of directors.

### **4. UNANIMOUS DECISIONS OF DIRECTORS**

- 4.1 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

4.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.

4.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at a directors' meeting to vote on the matter.

## **5. NUMBER OF DIRECTORS**

The number of directors shall not be less than two and no more than three unless otherwise agreed by an ordinary resolution of the shareholders. No shareholding qualification for directors shall be required.

## **6. CALLING A DIRECTORS' MEETING**

6.1 Any director may call a meeting of directors by giving not less than seven Business Days' notice of the meeting (or such shorter period of notice as agreed in writing by the directors) to each director or by authorising the Company secretary (if any) to give such notice.

6.2 Notice of any directors' meeting must be accompanied by:

- (a) an agenda specifying in reasonable detail the matters to be raised at the meeting; and
- (b) copies of any papers to be discussed at the meeting.

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

## **7. QUORUM FOR DIRECTORS' MEETINGS**

7.1 The quorum at any meeting of the directors (including adjourned meetings) shall be two directors who together hold more than 75% of the voting shares in the Company.

7.2 No business shall be conducted at any meeting of the directors unless a quorum is present at the beginning of the meeting and also when that business is voted on.

## **8. CHAIRING OF DIRECTORS' MEETINGS**

The post of chairman of the directors will be held by the director who alone or with his Permitted Transferee holds the majority of the Ordinary Shares. The chairman shall have a casting vote. If the chairman for the time being is unable to attend any meeting of the board of directors, the shareholder who appointed him shall be entitled to appoint another of its nominated directors to act as chairman at the meeting.



**9. DIRECTORS' INTERESTS**

- 9.1** For the purposes of section 175 of the CA 2006, the shareholders (and not the directors) shall have the power to authorise, by resolution and in accordance with the provisions of these Articles, any Conflict proposed to them by any director which would, if not so authorised, involve a director (the **Interested Director**) breaching his duty under section 175 of the CA 2006 to avoid conflicts of interest.
- 9.2** The Interested Director must provide the shareholders with such details as are necessary for the shareholders to decide whether or not to authorise the Conflict, together with such additional information as may be requested by the shareholders.
- 9.3** Any authorisation by the shareholders of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
  - (c) provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
  - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the shareholders think fit;
  - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
  - (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 9.4** Where the shareholders authorise a Conflict:
- (a) the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the shareholders in relation to the Conflict; and
  - (b) the Interested Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the CA 2006, provided he acts in

accordance with such terms and conditions (if any) as the shareholders impose in respect of their authorisation.

- 9.5 The shareholders may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 9.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the shareholders in accordance with these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 9.7 Subject to sections 177(5) and 177(6) of the CA 2006, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the CA 2006.
- 9.8 Subject to sections 182(5) and 182(6) of the CA 2006, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the CA 2006, unless the interest has already been declared under article 9.7.
- 9.9 Subject, where applicable, to any terms, limits or conditions imposed by the shareholders in accordance with article 9.3, and provided a director has declared the nature and extent of his interest in accordance with the requirements of the CA 2006, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- (a) may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
  - (b) shall be an Eligible Director for the purposes of any proposed decision of the directors in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
  - (c) shall be entitled to vote at a meeting of directors or participate in any unanimous decision in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;

- (d) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the CA 2006)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the CA 2006.

#### **10. RECORDS OF DECISIONS TO BE KEPT**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the Company to retain a copy of such decisions.

#### **11. APPOINTMENT AND REMOVAL OF DIRECTORS**

- 11.1 Any shareholder who alone or together with his Privileged Relation holds at least 50% of the Ordinary Shares for the time being shall be entitled to appoint at least two persons to be directors of the Company or such other number that will allow him to appoint the majority of directors of the Company and to remove any director so appointed and, upon his removal to appoint another person to act as a director in his place.
- 11.2 Any shareholder who alone or together with his Privileged Relation holds at least 15% of the Ordinary Shares for the time being shall be entitled to appoint one person to be a director of the Company.
- 11.3 Any director who is an employee of the Company and who ceases to be an employee shall be removed from office from the date his employment ceases.
- 11.4 The right to appoint and to remove Directors under this article shall be a class right attaching to the Ordinary Shares.
- 11.5 Any appointment or removal of a director pursuant to this article shall be in writing and signed by or on behalf of the holder of a majority of the Ordinary Shares and

served on each of the other shareholders and the Company at its registered office, or delivered to a duly constituted meeting of the directors of the Company and also served on the director, in the case of his removal. Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.

## **SHARES**

### **12. SHARE CAPITAL**

12.1 Except as otherwise provided in these Articles, the Ordinary Shares and the B Ordinary Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.

12.2 On the transfer of any share as permitted by these Articles a share transferred shall remain of the same class as before the transfer.

12.3 No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum for each class of share shall be two shareholders.

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

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

12.5 The Company shall immediately cancel any shares acquired under Chapter 4 of Part 18 of the CA 2006.

### **13. SHARE TRANSFERS: GENERAL**

13.1 In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.

- 13.2 No shareholder shall transfer any share except:**
- (a) a shareholder may transfer all (but not some only) of his shares in the Company for cash in accordance with the procedure set out in article 14; or**
  - (b) in accordance with article 15 (Compulsory Transfers); or**
  - (c) in accordance with article 16 (Permitted Transfers); or**
  - (d) in accordance with article 18 (Drag Along); or**
  - (e) in accordance with article 19 (Tag Along).**
- 13.3 Subject to article 13.4, the directors must register any duly stamped or certified exempt transfer made in accordance with these Articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles.**
- 13.4 The directors may, as a condition to the registration of any transfer of shares in the Company require the transferee to execute and deliver to the Company an agreement under which the transferee agrees to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document). If any such condition is imposed in accordance with this article 13.4, the transfer may not be registered unless that agreement has been executed and delivered to the Company's registered office by the transferee.**
- 13.5 To enable the directors to determine whether or not there has been a transfer of shares in the Company in breach of these Articles, the directors of any class may from time to time require any shareholder to provide the Company with such information and evidence as they may reasonably require relevant to that purpose. If a shareholder fails to provide information or evidence in respect of any shares registered in his name to the reasonable satisfaction of such directors within 14 days of their request or, as a result of the information and evidence provided such directors are reasonably satisfied that a breach has occurred, then such directors may serve a notice on the shareholder stating that the shareholder shall not in relation to all shares held by that shareholder be entitled to be present or to vote in person or by proxy at any general meeting of the Company or any meeting of the holders of shares of that class, or to vote on a written resolution of the shareholders or to receive dividends on the shares. Such directors may reinstate these rights at any time.**
- 13.6 Any transfer of shares by way of a sale that is required to be made under these Articles shall be deemed to include a warranty that the transferor sells the shares with full title guarantee.**

**14. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES**

- 14.1 Except where the provisions of article 15 or article 18 apply, a shareholder (**Seller**) wishing to transfer his shares (**Sale Shares**) must give notice in writing (a **Transfer Notice**) to the Company giving details of the proposed transfer including:
- (a) if he wishes to sell the Sale Shares to a third party, the name of the proposed buyer; and
  - (b) the price (in cash) at which he wishes to sell the Sale Shares (**Proposed Sale Price**).
- 14.2 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares in accordance with the provisions of these Articles.
- 14.3 Once given, a Transfer Notice may only be withdrawn by the Seller where the Transfer Price of the Sale Shares comprised within a Transfer Notice is to be the Fair Value and such Fair Value is less than the Proposed Sale Price. In such case, the Seller may, within 10 Business Days of receipt of notification of the Fair Value, withdraw the Transfer Notice. Except as provided in this article, a Deemed Transfer Notice may not be withdrawn.
- 14.4 The transfer price (**Transfer Price**) for each Sale Share the subject of a Transfer Notice shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Seller and the Original Shareholder or, in default of agreement within 20 Business Days of the date of service of the Transfer Notice, the Fair Value of each Sale Share determined in accordance with article 17.
- 14.5 As soon as practicable following the determination of the Transfer Price, the directors shall (unless the Transfer Notice is withdrawn in accordance with article 14.3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 14 at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.
- 14.6 The directors shall offer the Sale Shares to the Company or, if the holder of the majority of the Ordinary Shares so requests, to the holder of the majority of the Ordinary Shares and/or to any other shareholders in such proportions as he decides.
- 14.7 The directors shall give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 10 Business Days, but not more than 20 Business Days, after the date of the Allocation Notice).

**14.8** On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, execute and deliver a transfer of the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice, together with the relevant share certificate(s) (or an indemnity in lieu thereof) and such other documents as the Applicant may reasonably require to show good title to the Sale Shares, or to enable him to be registered as the holder of the Sale Shares.

**14.9** If the Seller fails to comply with article 14.8:

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

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

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

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

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

**14.10** Where an Allocation Notice does not relate to all the Sale Shares, then the Seller may, at any time during the 20 Business Days following the date of service of the Allocation Notice, transfer the surplus shares to the buyer identified in the Transfer Notice (if any) at a price at least equal to the Transfer Price provided that the directors approve of the buyer identified in the Transfer Notice. The Seller shall not be permitted to transfer any such surplus shares to a third party buyer if that buyer was not identified in the Transfer Notice.

**14.11** If a shareholder has transferred shares to a Privileged Relation, he cannot transfer his shares to any other party unless the transfer also includes all the shares held by his Privileged Relation. Accordingly for the purpose of this article:

(a) the definition for "Seller" shall be deemed to also include the Privileged Relation;

- (b) the definition for "Sale Shares" shall be deemed to also include the shares held by the Privileged Relation; and
- (c) the Chairman's powers under article 14.9 shall also apply to any shares held by the Privileged Relation.

## **15. COMPULSORY TRANSFERS**

**15.1** A shareholder is deemed to have served a Transfer Notice under article 14.1 immediately before any of the following events:

- (a) a bankruptcy petition being presented an order being made for the shareholder's bankruptcy; or
- (b) an arrangement or composition with any of the shareholder's creditors being proposed; or
- (c) the shareholder being unable to pay his debts as they fall due within the meaning of section 268 of the Insolvency Act 1986; or
- (d) the shareholder lacking capacity (under section 2 of the Mental Capacity Act 2005) to make decisions in relation to the Company or his shareholding; or
- (e) the shareholder (being an Employee Shareholder) becoming a Departing Employee Shareholder (a **Compulsory Employee Transfer**) (unless the directors otherwise direct in writing within 20 Business Days of the relevant Termination Date that a Transfer Notice shall not be deemed to have been served). For the purpose of this article 15.1(e), the Transfer Notice is deemed to have been served on the relevant Termination Date; or
- (f) the shareholder committing a material or persistent breach of any shareholders' agreement to which he is a party in relation to the shares in the Company which if capable of remedy has not been so remedied within 20 Business Days of the holder(s) of a majority of the shares of the other class requiring such remedy.

**15.2** The Deemed Transfer Notice has the same effect as a Transfer Notice, except that:

- (a) the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the Sale Shares and, subject to article 15.2(b) and article 15.2(c), the Transfer Price for the Sale Shares shall be the aggregate Fair Value of those shares, determined by the Valuers in accordance with article 16;
- (b) the Transfer Price in respect of a Compulsory Employee Transfer shall, where the Departing Employee Shareholder is:
  - (i) a Bad Leaver, be restricted to a maximum of the lower of:
    - (A) the par value of the Sale Shares or the price that was paid for the Sale Shares by the Departing Employee Shareholder; and



(B) the aggregate Fair Value of such Sale Shares;

and

(ii) a Good Leaver, be the aggregate Fair Value of such Sale Shares;

(c) if the Seller is deemed to have given a Transfer Notice as a result of article 15.1(f), the Transfer Price shall be restricted to a maximum of the lower of the aggregate subscription price paid in respect of the Sale Shares, including any share premium, and the aggregate Fair Value of such Sale Shares;

15.3 Deemed Transfer Notice under article 15.1(e) or article 15.1(f) shall, save where the relevant shareholder is a Good Leaver immediately and automatically revoke a Deemed Transfer Notice deemed to be served by the relevant shareholder under any of the events set out in article 15.1(a) to article 15.1(d) (inclusive) (and any Transfer Notices deemed to have been served by any of his Permitted Transferees) before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under article 15.1(e) or article 15.1(f) (as the case may be).

15.4 If a shareholder has transferred shares to a Privileged Relation, the compulsory transfer provisions of this article shall also apply to any shares held by his Privileged Relation. Accordingly for the purpose of this article:

- (a) the definition for "Seller" shall be deemed to also include the Privileged Relation;
- (b) the definition for "Sale Shares" shall be deemed to also include the shares held by the Privileged Relation as well as the shares held by the Seller; and
- (c) the Chairman's powers under article 14.9 shall also apply to any shares held by the Privileged Relation.

## **16. PERMITTED TRANSFERS**

16.1 A Management Shareholder may transfer up to half of his Shares to his Permitted Transferee.

16.2 The Permitted Transferee shall within 10 Business Days of ceasing to be the spouse of the Management Shareholder (whether by reason of divorce or otherwise) execute and deliver to the Company a transfer of the Shares held by them to the Management Shareholder for such consideration as may be agreed between them. In the absence of agreement within the 10 Business Days period, the consideration shall be whatever cash consideration was given by the Permitted Transferee to the Management Shareholder at the time of the original transfer to the Permitted Transfer (being the price listed on the relevant Stock Transfer Form at the time).

- 16.3 On the death or bankruptcy of a Permitted Transferee, his personal representatives or trustee in bankruptcy shall execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee (without any price or other restriction) within 10 Business Days after the date of the grant of confirmation or the making of the bankruptcy order. The transfer shall be to the Management Shareholder that originally transferred the shares to the Permitted Transferee.

**17. VALUATION**

- 17.1 The Valuers shall be requested to determine the Fair Value within 40 Business Days of their appointment and to notify the Company and the Seller in writing of their determination.

- 17.2 The Fair Value for any Sale Share shall be the price per share determined in writing by the Valuers on the following bases and assumptions:

- (a) valuing each of the Sale Shares as a proportion of the total value of all the issued shares in the capital of the Company without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent or for the rights or restrictions applying to the Sale Shares;
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) the sale is to be on arms' length terms between a willing seller and a willing buyer;
- (d) the Sale Shares are sold free of all encumbrances;
- (e) the sale is taking place on the date the Valuers were requested to determine the Fair Value; and
- (f) to take account of any other factors that the Valuers reasonably believe should be taken into account;

and then:

- (g) applying any discounts and taking into account any other factors that were applied or taken into account in any valuations that were produced on or around the time that the Sale Shares were originally acquired.

If there are any conflicts between the provisions of (a) to (f) above with (g), then the bases and assumptions contained in item (g) shall take precedence.

- 17.3 The shareholders are entitled to make submissions to the Valuers including oral submissions and will provide (or procure that the Company provides) the Valuers with such assistance and documents as the Valuers reasonably require for the purpose of

reaching a decision, subject to the Valuers agreeing to give such confidentiality undertakings as the shareholders may reasonably require.

- 17.4 To the extent not provided for by this article 17, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary) instructing professional advisers to assist them in reaching their valuation.
- 17.5 The Valuers shall act as expert and not as arbitrator and their written determination shall be final and binding on the shareholders in the absence of manifest error or fraud.
- 17.6 The cost of obtaining the Valuers' valuation shall be borne by the Company and the Seller equally or in such other proportions as the Valuers direct.

## **18. DRAG ALONG**

- 18.1 If the Original Shareholder wishes to transfer all (but not some only) of his shares to a bona fide purchaser on arm's length terms (**Proposed Buyer**), the Original Shareholder may require all other holders of shares in the Company (**Called Shareholders**) to sell and transfer their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article (**Drag Along Option**).
- 18.2 The Original Shareholder may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**Drag Along Notice**) at any time before the transfer of the Original Shareholder's shares to the Proposed Buyer. The Drag Along Notice shall specify:
- (a) that the relevant Called Shareholder is required to transfer all of his Called Shares pursuant to this article 18;
  - (b) the person to whom the Called Shares are to be transferred;
  - (c) the purchase price payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Buyer for the Original Shareholder's shares; and
  - (d) the proposed date of the transfer.
- 18.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Original Shareholder has not sold his respective shares to the Proposed Buyer within 20 Business Days of serving the Drag Along Notice. The Original Shareholder may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

- 18.4 No Drag Along Notice shall require the Called Shareholder to agree to any terms except those specifically set out in this article 18.
- 18.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Original Shareholder's shares unless:
- (a) the Original Shareholder and the Called Shareholder agree otherwise in which case the Completion Date shall be the date agreed in writing by them; or
  - (b) that date is less than 20 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 20 Business Day after service of the Drag Along Notice.
- 18.6 Neither the proposed sale of the Original Shareholder's shares to the Proposed Buyer nor the sale of the Called Shares by the Called Shareholders shall be subject to the rights of pre-emption set out in article 14.
- 18.7 On or before the Completion Date, the Called Shareholders shall execute and deliver a stock transfer form(s) for the Called Shares, together with the relevant share certificate(s) (or a suitable indemnity for any lost share certificate(s)) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article 18.2 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.
- 18.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer form(s) and share certificate(s) (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article 18 in respect of their shares.
- 18.9 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 18.7) transfer(s) in respect of all of the Called Shares held by him, that Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Original Shareholder to be his agent to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as he may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be

questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article 18.9.

## **19. TAG ALONG RIGHTS**

19.1 Except in the case of transfers pursuant to article 15, the provisions of article 19.2 to article 18.5 shall apply if, in one or a series of related transactions, the Original Shareholder proposes to transfer all (but not some only) of his shares to a bona fide purchaser (**Buyer**) on arm's length terms (**Proposed Transfer**).

19.2 Before making a Proposed Transfer, the Original Shareholder shall procure that the Buyer makes an offer (**Offer**) to the other shareholders to purchase all of the Shares held by them for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer in the Proposed Transfer or in any related previous transactions (**Specified Price**).

19.3 The Offer shall be made by written notice (**Offer Notice**), at least 5 Business Days before the proposed sale date (**Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out:

- (a) the identity of the Buyer;
- (b) the Specified Price and other terms and conditions of payment;
- (c) the Sale Date; and
- (d) the number of Shares proposed to be purchased by the Buyer (**Offer Shares**).

19.4 If the Buyer fails to make the Offer to all of the holders of Shares in the Company in accordance with article 19.2 and article 19.3, the Original Shareholder shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.

19.5 If the Offer is accepted by any shareholder (**Accepting Shareholder**) in writing within 5 Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

## **DECISION MAKING BY SHAREHOLDERS**

## **20. QUORUM FOR GENERAL MEETINGS**

20.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy, each of whom shall be an Original Shareholder or his proxy.

- 20.2 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

**21. CHAIRING GENERAL MEETINGS**

The chairman of the board of directors shall chair general meetings.

**22. VOTING**

- 22.1 The Ordinary Shares and the B Ordinary Shares each carry a right to receive notice of and attend and vote at general meetings.

- 22.2 At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder, except that in the case of any resolution proposed, any Original Shareholder voting against such resolution (whether on a show of hands, a poll or on a written resolution) shall be entitled to cast such number of votes as is necessary to defeat the resolution.

**23. POLL VOTES**

- 23.1 A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the CA 2006) present and entitled to vote at the meeting.
- 23.2 Model Article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

**24. PROXIES**

- 24.1 Model Article 45(1)(d) 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 general meeting (or adjourned meeting) to which they relate".
- 24.2 Model Article 45(1) shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid" as a new paragraph at the end of that article.

**ADMINISTRATIVE ARRANGEMENTS**

**25. MEANS OF COMMUNICATION TO BE USED**

**25.1** Subject to article 25.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- (b) if sent by pre-paid United Kingdom first class post or another next working day delivery service providing proof of postage to an address in the United Kingdom, at 9.00 am on the second Business Day after posting or at the time recorded by the delivery service; or
- (c) if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- (d) if sent or supplied by email, at the time of transmission; or
- (e) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
- (f) if deemed receipt under the previous paragraphs of this article 25.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

**25.2** To prove service, it is sufficient to prove that:

- (a) if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
- (b) if sent by post, the envelope containing the notice was properly addressed, paid for and posted; or
- (c) if sent by email, the notice was properly addressed and sent to the e-mail address of the recipient.

**25.3** Any notice, document or other information served on, or delivered to, an intended recipient under article 14, or article 15 or article 18 (as the case may be) may not be served or delivered in electronic form, or by means of a website.

**26. INDEMNITY AND INSURANCE**

**26.1** Subject to article 26.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer of the Company shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and
- (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 26.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

26.2 This article does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the CA 2006 or by any other provision of law and any such indemnity is limited accordingly.

26.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

26.4 In this article:

- (a) a "relevant officer" means any director or other officer or former director or other officer of the Company, but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any pension fund or employees' share scheme of the Company.