

DATED

2020

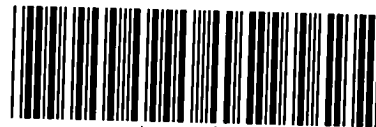
---

MERITYRE PROPERTIES LIMITED  
Company Number: 00604053

THE COMPANIES ACT 2006  
private company limited by shares  
articles of association

---

THURSDAY



A11

\*A9DSQ0AG\*

17/09/2020

#296

COMPANIES HOUSE

Allan Janes LLP  
21-23 Easton Street  
High Wycombe  
Buckinghamshire  
HP11 1NT

Tel: 01494 521301  
Fax: 01494 442315

DX 4402 High Wycombe

Ref: Z:\lwan\merityre\articles 07.04.20.doc

Allan Janes   
solicitors

## CONTENTS

Clause	Subject matter	Page
1.	INTERPRETATION .....	1
2.	UNANIMOUS DECISIONS .....	3
3.	CALLING A DIRECTORS' MEETING .....	3
4.	QUORUM FOR DIRECTORS' MEETINGS .....	4
5.	CASTING VOTE.....	4
6.	TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY.....	4
7.	DIRECTORS' CONFLICTS OF INTEREST .....	5
8.	RECORDS OF DECISIONS TO BE KEPT .....	5
9.	NUMBER OF DIRECTORS .....	5
10.	APPOINTMENT OF DIRECTORS .....	5
11.	APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS.....	6
12.	RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS .....	6
13.	TERMINATION OF ALTERNATE DIRECTORSHIP .....	7
14.	SECRETARY .....	7
15.	FURTHER ISSUES OF SHARES: AUTHORITY .....	7
16.	FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS .....	8
17.	PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES.....	9
18.	PURCHASE OF OWN SHARES .....	12
19.	DRAG ALONG .....	14
20.	TAG ALONG RIGHTS ON A CHANGE OF CONTROL .....	15
21.	POLL VOTES .....	16
22.	PROXIES .....	17
23.	MEANS OF COMMUNICATION TO BE USED .....	17
24.	INDEMNITY .....	18
25.	INSURANCE.....	18

**Company number 00604053**

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**MERITYRE PROPERTIES LIMITED**

**(Adopted by special resolution passed on [DATE])**

## **INTRODUCTION**

### **1. INTERPRETATION**

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

<b>“Act”</b>	means the Companies Act 2006;
<b>“appointor”</b>	has the meaning given in article 11.1;
<b>“Articles”</b>	means the company's articles of association for the time being in force;
<b>“Business Day”</b>	means any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business;
<b>“Conflict”</b>	has the meaning given in article 7.1;
<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 the particular matter);
<b>“Fair Value”</b>	in relation to shares, as determined in accordance with article 18

**“Model Articles”**

means 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.

**“Valuers”**

the accountants for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the shareholders or, in the absence of agreement between the shareholders on the identity of the expert within 10 Business Days of a shareholder serving details of a suggested expert on the other, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants in England and Wales (in each case acting as an expert and not as an arbitrator);

- 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 Act shall have the same 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 amended, extended or re-enacted from time to time.
- 1.6 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.7 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.9 The Model Articles shall apply to the company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.

- 1.10 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 1.11 Article 7 of the Model Articles shall be amended by:
  - 1.11.1 the insertion of the words "for the time being" at the end of article 7(2)(a); and
  - 1.11.2 the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.12 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".
- 1.13 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.14 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.15 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".
- 1.16 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"

## **DIRECTORS**

### **2. UNANIMOUS DECISIONS**

- 2.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 2.2 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.
- 2.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

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

- 3.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- 3.2 Notice of a directors' meeting shall be given to each director in writing.

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

- 4.1 Subject to article 4.2, the quorum for the transaction of business at a meeting of directors is any two eligible directors.
- 4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 4.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision to call a general meeting so as to enable the shareholders to appoint further directors.

#### **5. CASTING VOTE**

If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote.

#### **6. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

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

- 6.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;
- 6.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- 6.1.3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- 6.1.4 may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- 6.1.5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and
- 6.1.6 shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of

any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## **7. DIRECTORS' CONFLICTS OF INTEREST**

- 7.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 7.2 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- 7.3 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 7.4 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 7.5 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (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.

## **8. 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 permanent form, so that they may be read with the naked eye.

## **9. NUMBER OF DIRECTORS**

Unless otherwise determined by special resolution, the number of directors (other than alternate directors) shall be subject to a maximum of two and shall not be less than two.

## **10. APPOINTMENT OF DIRECTORS**

In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

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

- 11.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:
  - 11.1.1 exercise that director's powers; and
  - 11.1.2 carry out that director's responsibilities,in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.
- 11.2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors.
- 11.3 The notice must:
  - 11.3.1 identify the proposed alternate; and
  - 11.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

## **12. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

- 12.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.
- 12.2 Except as the Articles specify otherwise, alternate directors:
  - 12.2.1 are deemed for all purposes to be directors;
  - 12.2.2 are liable for their own acts and omissions;
  - 12.2.3 are subject to the same restrictions as their appointors; and
  - 12.2.4 are not deemed to be agents of or for their appointorsand, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.
- 12.3 A person who is an alternate director but not a director:
  - 12.3.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
  - 12.3.2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and
  - 12.3.3 shall not be counted as more than one director for the purposes of article 12.3.1 and article 12.3.2.



- 12.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision).
- 12.5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

### **13. TERMINATION OF ALTERNATE DIRECTORSHIP**

An alternate director's appointment as an alternate terminates:

- 13.1.1 when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- 13.1.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- 13.1.3 on the death of the alternate's appointor; or
- 13.1.4 when the alternate's appointor's appointment as a director terminates.

### **14. SECRETARY**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

## **SHARES**

### **15. FURTHER ISSUES OF SHARES: AUTHORITY**

- 15.1 Save to the extent authorised by these Articles, or authorised from time to time by a special resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company.
- 15.2 Subject to the remaining provisions of this Article 15 and to Article 16, the directors are authorised for the purposes of section 551 of the 2006 Act and generally, to exercise any power of the Company to:
- (a) offer or allot;
  - (b) grant rights to subscribe for or to convert any security into;
  - (c) otherwise deal in, or dispose of,

any ordinary shares of £1 each in the company (**Ordinary Shares**) to any person, at any time and subject to any terms and conditions as the directors think proper.

15.3 The authority referred to in Article 15.2:

- (a) shall be limited to a maximum nominal amount of £100;
- (b) shall only apply insofar as the Directors of the Company have unanimously agreed to such allotment (a **Board Authority**) or, in the absence of Board Authority, to the extent that that shareholders of the Company have authorised such allotment, and its terms, by special resolution (an **Allotment Authorisation**) and have not amended, waived or revoked such Allotment Authorisation by special resolution; and
- (c) may only be exercised for the period specified in the Board Authority or Allotment Authorisation as appropriate.

## 16. FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS

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

16.2 Unless otherwise agreed by special resolution, if the company proposes to allot any equity securities, those equity securities shall not be allotted to any person unless the company has first offered them to all shareholders on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to other persons on a pari passu and pro rata basis to the number of shares held by those holders (as nearly as possible without involving fractions). The offer:

- (a) shall be in writing, shall be open for acceptance for a period of 15 business days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and
- (b) may stipulate that any shareholder who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (**Excess Securities**) for which he wishes to subscribe.

16.3 Any equity securities not accepted by shareholders pursuant to the offer made to them in accordance with Article 16.2 shall be used for satisfying any requests for Excess Securities made pursuant to Article 16.2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro rata to the number of shares held by the applicants immediately before the offer was made to shareholders in accordance with Article 16.2 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any shareholder beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the shareholders.

## 17. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

- 17.1 In this Article, 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.
- 17.2 Except where the provisions of Article 19 or Article 20 apply, any transfer of shares by a shareholder shall be subject to the pre-emption rights in this Article.
- 17.3 A shareholder (**Seller**) wishing to transfer its shares (**Sale Shares**) must give notice in writing (a **Transfer Notice**) to the Company giving details of the proposed transfer including:
- (a) the number of Sale Shares;
  - (b) if the Seller wishes to sell the Sale Shares to a third party, the name of the proposed buyer;
  - (c) the price (in cash) at which the Seller wishes to sell the Sale Shares (which will be deemed to be Fair Value of the Sale Shares (determined in accordance with Article 18) if no cash price is agreed between the Seller and the Board (**Transfer Price**)); and
  - (d) whether the Transfer Notice is conditional on all, or a specific number of, the Sale Shares being sold to shareholders (**Minimum Transfer Condition**).
- 17.4 Once given (or deemed to have been given) under these Articles, a Transfer Notice may not be withdrawn.
- 17.5 A 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.
- 17.6 As soon as practicable following the receipt of a Transfer Notice, the Board shall offer the Sale Shares for sale in the manner set out in the remaining provisions of this Article at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.
- 17.7 The Board shall offer the Sale Shares to all shareholders other than the Seller (the **Continuing Shareholders**), inviting them to apply in writing within the period from the date of the offer to the date 28 Business Days after the offer (both dates inclusive) (the **First Offer Period**) for the maximum number of Sale Shares they wish to buy.
- 17.8 If the Sale Shares are subject to a Minimum Transfer Condition, any allocation made under article ~~17.9~~ to article ~~17.12~~ shall be conditional on the fulfilment of the Minimum Transfer Condition.
- 17.9 If:
- (a) at the end of the First Offer Period, the total number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion which the Continuing Shareholder's existing holding of shares bears to

the total number of shares held by those Continuing Shareholders who have applied for Sale Shares. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case the allocation of any such fractional entitlements among the Continuing Shareholders who have applied for Sale Shares shall be determined by the Board). No allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which it has stated it is willing to buy.

- (b) not all Sale Shares are allocated following allocations in accordance with article 17.9(a), but there are applications for Sale Shares that have not been satisfied, the Board shall allocate the remaining Sale Shares to such applicant(s) in accordance with the procedure set out in article 17.9(a). The procedure set out in this article 17.9(b) shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
- (c) at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with article ~~17.10~~.

- 17.10 At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares (if any) to all the Continuing Shareholders, inviting them to apply in writing within the period from the date of the offer to the date 28 Business Days after the offer (both dates inclusive) (the **Second Offer Period**) for the maximum number of Initial Surplus Shares they wish to buy.
- 17.11 If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to each Continuing Shareholder who has applied for Initial Surplus Shares in the proportion that the Continuing Shareholder's existing holding of shares (including any Sale Shares) bears to the total number of shares (including any Sale Shares) held by those Continuing Shareholders who have applied for Initial Surplus Shares during the Second Offer Period. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Initial Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements among the Continuing Shareholders shall be determined by the Board). No allocation shall be made to a Continuing Shareholder of more than the maximum number of Initial Surplus Shares which it has stated it is willing to buy.
- 17.12 If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications. The balance (the **Second Surplus Shares**) shall be dealt with in accordance with article 17.17.
- 17.13 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Sale Shares applied for is less than the number of Sale Shares specified in the Minimum Transfer Condition, the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under article ~~17.9~~ to article ~~17.12~~, stating that the Minimum Transfer

Condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

17.14 If:

- (a) the Transfer Notice includes a Minimum Transfer Condition and such Minimum Transfer Condition has been satisfied, or the Transfer Notice does not include a Minimum Transfer Condition; and
- (b) allocations under article 17.9 to article ~~17.12~~ have been made in respect of some or all of the Sale Shares,

the Board shall give written notice of allocation (an **Allocation Notice**) to the Seller and each Continuing Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant, the amount payable by each Applicant for the number of Sale Shares allocated to them (**Consideration**) and the place and time for completion of the transfer of the Sale Shares (which shall be at least 15 Business Days, but not more than 25 Business Days, after the date of the Allocation Notice).

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

17.16 If the Seller fails to comply with article ~~17.15~~:

- (a) the chairperson of the Company (or, failing the chairperson, one of the other directors, or some other person nominated by a resolution of the Board) may, as agent on behalf of the Seller:
  - (i) complete, execute and deliver in the Seller's name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - (ii) receive the Consideration and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Consideration); and
  - (iii) (subject to the transfers being duly stamped) enter the Applicants in the register of members as the holders of the Sale Shares purchased by them; and
- (b) the Company shall pay the Consideration into a separate bank account in the Company's name on trust (but without interest) for the Seller until the Seller has delivered its certificate(s) for the relevant Sale Shares or an indemnity, in a form reasonably satisfactory to the Board, 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.

17.17 If an Allocation Notice does not relate to all of the Sale Shares or the Transfer Notice lapses pursuant to article ~~17.13~~ then, subject to article ~~17.19~~ and within 8 weeks following service of the Allocation Notice or the date of the lapse of the Transfer Notice (as the case may be), the Directors of the Company may, by notice in writing to the Seller (a **Sale Deferral Notice**) require that the Seller's rights to sell the Sale Shares pursuant to article 17.18 be

suspended for a period of 12 months from the date of the Sale Deferral Notice and that upon expiry of such period, the Sale Shares shall (if the Seller still desires to sell such shares) be offered to the Continuing Shareholders pursuant to articles 17.6 to 17.14 (a **Resale Process**). If, following conclusion of the Resale Process, the Allocation Notice does not relate to all of the Sale Shares or the Transfer Notice lapses pursuant to article 17.13, no further Sale Deferral Notice may be served on the Seller and the provisions of article 17.18 shall apply.

- 17.18 If an Allocation Notice does not relate to all of the Sale Shares or the Transfer Notice lapses pursuant to article 17.13 and no Sale Deferral Notice has been served then, subject to article 17.19 and within 8 weeks following service of the Allocation Notice or the date of the lapse of the Transfer Notice (as the case may be) the Seller may transfer the Second Surplus Shares or the Sale Shares (in the case of a lapsed offer) (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article ~~17.17~~8 shall continue to be subject to any Minimum Transfer Condition.
- 17.19 The Seller's right to transfer Sale Shares under article ~~17.17~~8 does not apply if the Board reasonably considers that:
- (a) the transferee is a person (or a nominee for a person) who is a competitor with (or an Associate of a competitor with) the business of the Company or with a subsidiary of the Company or a company which is an associated company of the Company; or
  - (b) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
  - (c) the Seller has failed or refused to provide promptly information available to the Seller and reasonably requested by the Board to enable it to form the opinion mentioned above.
- 17.20 The restrictions imposed by this Article may be waived in relation to any proposed transfer of Sale Shares with the consent of shareholders who, but for the waiver, would or might have been entitled to have such Sale Shares offered to them in accordance with this Article.

## 18. VALUATION

- 18.1 As soon as practicable after failure to agree a sale price for the Sale Shares between the Seller and the Board pursuant to article 17.3(c), the shareholders shall appoint the Valuers to determine the Fair Value of the Sale Shares.
- 18.2 The Valuers shall be requested to determine the Fair Value within 30 Business Days of their appointment and to notify the shareholders in writing of their determination.
- 18.3 The Fair Value for any Sale Share shall be the price per share determined by the Valuers on the following bases and assumptions:
- 18.3.1 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;
- 18.3.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- 18.3.3 the sale is to be on arms' length terms between a willing seller and a willing buyer;
- 18.3.4 the Sale Shares are sold free of all encumbrances;
- 18.3.5 the sale is taking place on the date the Valuers were requested to determine the Fair Value; and
- 18.3.6 to take account of any other factors that the Valuers reasonably believe should be taken into account.
- 18.4 The shareholders are entitled to make submissions to the Valuers 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.
- 18.5 To the extent not provided for by this article 18, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate.
- 18.6 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.
- 18.7 Each shareholder shall bear its own costs in relation to the reference to the Valuers. The Valuers' fees and costs properly incurred by them in arriving at their valuation shall be borne by the shareholders in the proportion which the number of shares held by each shareholder in the Company bears to the total number of issued shares in the Company or in such other proportions as the Valuers shall direct.

## **19. PURCHASE OF OWN SHARES**

Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

- 19.1.1 £15,000; and
- 19.1.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

## 20. DRAG ALONG

- 20.1 After first giving a Transfer Notice and going through the procedure set out in article 17, if the holders of 75% of the Shares in issue for the time being (**Selling Shareholders**) wish to transfer all (but not some only) of their Shares (**Sellers' Shares**) to a bona fide purchaser on arm's length terms (**Proposed Buyer**), the Selling Shareholders may require all other Shareholders (**Called Shareholders**) to sell and transfer all their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article (**Drag Along Option**).
- 20.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Called Shares pursuant to this article 20;
  - (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 Sellers' Shares; and
  - (d) the proposed date of the transfer.
- 20.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 40 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 20.4 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 20.
- 20.5 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 Sellers' Shares unless:
- (a) all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Selling Shareholders; or
  - (b) that date is less than 5 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 6<sup>th</sup> Business Day after service of the Drag Along Notice.
- 20.6 The proposed sale of the Sellers' Shares by the Selling Shareholders to the Proposed Buyer is subject to the rights of pre-emption set out in Article 17, but the sale of the Called Shares by the Called Shareholders shall not be subject to those provisions.
- 20.7 On or before the Completion Date, the Called Shareholders shall execute and deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the Company. On the Completion Date,



the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article 20.2(c) to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.

- 20.8 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 forms and share certificates (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article 20 in respect of their Shares.
- 20.9 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 20.7) transfer(s) in respect of all of the Called Shares held by it, each defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this article 20.
- 20.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice. The New Shareholder shall then be bound to sell and transfer all Shares acquired by it to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 20 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares shall take place on the Completion Date or immediately upon the New Shareholder becoming a Shareholder of the Company, if later.

## **21. TAG ALONG RIGHTS ON A CHANGE OF CONTROL**

- 21.1 After going through the pre-emption procedure set out in Article 17, the provisions of article ~~21.2~~ to article ~~21.6~~ shall apply if, in one or a series of related transactions, one or more Sellers propose to transfer any of the Shares (**Proposed Transfer**) which would, if carried out, result in any person (**Buyer**), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company.
- 21.2 Before making a Proposed Transfer, a Seller 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, or any person Acting in Concert with the Buyer, in the Proposed Transfer

or in any related previous transaction in the 6 months preceding the date of the Proposed Transfer (**Specified Price**).

- 21.3 The Offer shall be made by written notice (**Offer Notice**), at least 10 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**).
- 21.4 If the Buyer fails to make the Offer to all of the holders of Shares in the Company the Seller 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.
- 21.5 If the Offer is accepted by any Shareholder (**Accepting Shareholder**) in writing within 10 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.
- 21.6 The Proposed Transfer is subject to the pre-emption provisions of Article 17, but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions.

## **DEFINITIONS**

**Acting in Concert:** has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time).

**Controlling Interest:** means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010.

## **DECISION MAKING BY SHAREHOLDERS**

### **22. POLL VOTES**

- 22.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 22.2 Article 44(3) of the Model Articles 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.

## **23. PROXIES**

- 23.1 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".
- 23.2 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.

## **ADMINISTRATIVE ARRANGEMENTS**

### **24. MEANS OF COMMUNICATION TO BE USED**

- 24.1 Subject to article 24.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
  - 24.1.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
  - 24.1.2 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
  - 24.1.3 if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
  - 24.1.4 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
  - 24.1.5 if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
  - 24.1.6 if deemed receipt under the previous paragraphs of this article 24.1 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.
- 24.2 To prove service, it is sufficient to prove that:
  - 24.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
  - 24.2.2 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or

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

## **25. INDEMNITY**

- 25.1 Subject to article 25.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:
- 25.1.1 each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them.
- including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs; and
- 25.1.2 the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 25.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.
- 25.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- 25.3 In this article:
- 25.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- 25.3.2 a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act).

## **26. INSURANCE**

- 26.1 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.
- 26.2 In this article:
- 26.2.1 a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act);
- 26.2.2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to

the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and

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