

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
[] LIMITED
(the "Company")

(Adopted by special resolution passed on 2015)

Fleet Place House | 2 Fleet Place | Holborn Viaduct | London EC4M 7RF
T 0870 194 1000 F 0870 194 7800

Kings Orchard | 1 Queen Street | Bristol BS2 0HQ
T 0870 194 1000 F 0870 194 1001

Interchange Place | Edmund Street | Birmingham B3 2TA
T 0870 194 1000 F 0870 194 5001

www.bevanbrittan.com

INTRODUCTION

1. INTERPRETATION

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

Act: the Companies Act 2006.

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

Business Day: a day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.

Conflict: a situation in which a director has, or can have, a direct or indirect interest (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts, or possibly may conflict, with the interests of the Company.

Controlling Shareholder: a registered holder for the time being of not less than 75% in nominal value of the equity share capital of the Company from time to time.

Eligible Director: 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).

Group: the Company, any subsidiary or any holding company of the Company from time to time, and any subsidiary from time to time of a holding company and **member of the Group** shall mean any of them.

Holding Company: has the meaning given in Article 1.6.

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 and reference to a numbered "**Model Article**" is a reference to that article of the Model Articles.

Situational Conflict: has the meaning given in Article 6.1.

Subsidiary: has the meaning given in Article 1.6.

- 1.2 Unless expressly provided otherwise 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. The final paragraph of Model Article 1 shall not apply to the Company.
- 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 a numbered **Article** is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise in these Articles, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- (a) any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and

- (b) any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

This Article 1.5 shall not apply to the definition of **Model Articles** in Article 1.1.

- 1.6 A reference to a **holding company** or **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), by way of security or in connection with the taking of security, or (b) its nominee.
- 1.7 Any words following the terms **including**, **include**, **in particular** 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 Model Articles 8(3), 11(2) and (3), 12, 14(1), (2), (3) and (4), 16, 30(3), (4), (5), (6) and (7), 31, 32, 33, 34, 35, 38, 52 and 53 shall not apply to the Company.
- 1.11 Model Article 7 shall be amended by:
 - (a) the insertion of the words "for the time being" at the end of Model Article 7(2)(a); and
 - (b) the insertion in Model Article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.12 In Model Article 8(2), the words "copies of which have been signed by each eligible director" shall be deleted and replaced with the words "of which each Eligible Director has signed one or more copies".
- 1.13 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".
- 1.14 In Model Article 30(4), the words "the terms on which shares are issued" shall be deleted and replaced with "the rights attached to any shares".
- 1.15 In Model Article 32(a), the words "the terms on which the share was issued" shall be deleted and replaced with "the rights attached to the share".
- 1.16 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 Model Article.

DIRECTORS

2. DIRECTORS' GENERAL AUTHORITY

Any or all powers of the directors (or any of them) shall be restricted in such respects, to such extent and for such duration as a Controlling Shareholder may from time to time by notice in writing to the Company prescribe.

3. QUORUM FOR DIRECTORS' MEETINGS

- 3.1 Subject to Article 3.2, the quorum for the transaction of business at a meeting of directors is any 2 Eligible Directors.
- 3.2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 6 to authorise a Situational Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in Article 6.1), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

4. CHAIRING OF DIRECTORS' MEETINGS

- 4.1 The Controlling Shareholder shall appoint, from time to time, a director to chair the directors' meetings (such person so appointed being known as the chairman) and a director who will be the vice chairman for the purpose of Article 4.3 below.
- 4.2 The Controlling Shareholder may terminate the chairman's or vice chairman's appointment at any time.
- 4.3 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, then the vice chairman will chair it. If the vice chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, then the participating directors must appoint one of themselves to chair it.

5. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

- 5.1 Subject to section 177(5) and (6) and section 182(5) and (6) of the Act, and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act and subject to Article 7, 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 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 (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
 - (c) 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;
 - (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 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.

- 5.2 The provisions of Article 5.1(a) to Article 5.1(f) (inclusive) are subject, where applicable, to any terms and conditions imposed by the directors in accordance with Article 6.3.

6. DIRECTORS' CONFLICTS OF INTEREST

- 6.1 Subject to Article 7, the directors may, in accordance with the requirements set out in this Article 6, authorise any Conflict 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 (**Situational Conflict**).
- 6.2 Any authorisation under this Article 6 will be effective only if:
- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 6.3 Any authorisation of a Situational Conflict under this Article 6 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the directors may think fit for the purposes of dealing with the Situational Conflict and the Interested Director will be obliged to conduct himself in accordance with any such terms and conditions.
- 6.4 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.
- 6.5 A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, any member of the Group and no further authorisation under Article 6.1 shall be necessary in respect of any such interest.
- 6.6 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 that he derives from or in connection with a relationship involving a Situational Conflict which has been authorised by the directors in accordance with these Articles, by the Company or by 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.

7. INHERENT CONFLICTS OF INTEREST

7.1 An **Inherent Conflict of Interest** is a situation where a director has, or can have, a Conflict in circumstances where that Conflict arises as a result of the director's relationship with a member of the Group, including:

- (a) a Conflict arising where the member of the Group has or may have an existing or proposed transaction or arrangement with the company; or
- (b) a Conflict arising through his or her status as an elected councillor, officer or other employee of the member of the Group.

Any reference in this article to a Conflict includes a conflict of interest and duty, and a conflict of duties.

7.2 A director who has an Inherent Conflict of Interest:

- (a) is not required to declare that Inherent Conflict of Interest;
- (b) is authorised to have that Inherent Conflict of Interest; and
- (c) may, subject to Articles 7.3 and 7.4 vote as a director (and be counted in the quorum) on a decision concerning that Inherent Conflict of Interest and attend a meeting, or participate in any discussion, relating to that Inherent Conflict of Interest and receive information or advice received by the company on that Inherent Conflict of Interest.

7.3 If a matter, or office, employment or position, is an Inherent Conflict of Interest, even if he or she has been authorised to remain at the meeting by the other directors, the director may absent himself or herself from meetings of the directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.

7.4 A director who has an Inherent Conflict of Interest:

- (a) shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, in connection with that conflict;
- (b) shall not be in breach of his or her duties to the company by withholding confidential information from the company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her; and
- (c) shall be permitted to share with the relevant member of the Group any confidential information received by him or her in his/her capacity as a director.

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 a form that enables the directors to retain a copy of such decisions.

9. NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of directors shall not be greater than 6 nor less than 2.

10. APPOINTMENT AND REMOVAL OF DIRECTORS

- 10.1 A Controlling Shareholder may at any time and from time to time by notice in writing to the Company appoint one or more persons to be a director or directors of the Company and to remove any director or directors from office (whether or not appointed pursuant to this Article 10.1).
- 10.2 Model Article 18 shall be amended by the inclusion of the words "notification of the director's removal is received by the Company from a Controlling Shareholder pursuant to Article 8.1" as a new paragraph (g) at the end of that Model Article.
- 10.3 Any removal of a director pursuant to Article 10.1 shall be without prejudice to any claim for breach of contract under any employment agreement between the Company and the director so removed.

SHARES AND SHAREHOLDERS

11. ISSUE OF NEW SHARES

- 11.1 The directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of the Controlling Shareholder. Without limitation, the powers of the directors under section 550 of the Act are limited accordingly.
- 11.2 The Company shall not issue shares which give or purport to give any shareholder a right to any distribution other than a distribution made in accordance with Article 13.

12. SHARE CAPITAL

- 12.1 Contrary to the relevant provisions of the Act, the following payments to shareholders are calculated pursuant to Article 13 and not by reference to the number of shares held:
- (a) dividend payments; or
 - (b) any other distribution, whether arising pursuant to a winding up of the company or otherwise; or
 - (c) a return of capital.

13. CALCULATION OF DISTRIBUTION

If the directors declare a dividend or resolve to make any other distribution, it shall be distributed between the shareholders in such proportion or amounts that reasonably reflect the shareholders' respective contributions to the Company over that period.

14. PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

- 14.1 Where a dividend or other distribution is payable, it must be paid by one or more of the following means:
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a current shareholder), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;

- (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
- (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

14.2 In these Articles, the **distribution recipient** means a shareholder to whom a dividend or other sum is payable.

15. NO INTEREST ON DISTRIBUTIONS

15.1 The Company may not pay interest on any dividend or other sum payable pursuant to Article 13.

16. NON-CASH DISTRIBUTIONS

16.1 The Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable pursuant to Article 13 by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

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

- (a) arranging for a valuation of any assets to establish their market value;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

17. AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

17.1 Subject to these Articles, the directors may, if the shareholders have previously given their unanimous consent in writing, decide to capitalise any profits of the Company (whether or not they are available for distribution).

17.2 Capitalised sums must be applied as follows:

- (a) on behalf of the persons entitled, and
- (b) in the same proportions as a dividend would have been distributed to them.

18. QUORUM FOR GENERAL MEETINGS

18.1 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

18.2 Where the Company has only one shareholder for the time being, one qualifying person (as defined in section 318 of the Act) present at the meeting shall be a quorum. In any other case, the quorum shall be:

- (a) a Controlling Shareholder present in person, by proxy or by authorised representative; or

- (b) if the Company does not have a Controlling Shareholder for the time being, any two shareholders present in person, by proxy or by authorised representative.

19. PROXIES

- 19.1 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 the general meeting (or adjourned meeting) to which they relate".
- 19.2 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, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that Model Article.

ADMINISTRATIVE ARRANGEMENTS

20. MEANS OF COMMUNICATION TO BE USED

- 20.1 Subject to Article 20.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
 - (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - (b) if sent by 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
 - (c) 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
 - (d) 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
 - (e) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
 - (f) 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
 - (g) if deemed receipt under the previous paragraphs of this Article 20.1 would occur outside business hours (meaning 9.00 am to 5.00 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.
- 20.2 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 or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- (c) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

21. INDEMNITY AND INSURANCE

21.1 Subject to Article 21.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:
 - (i) in the actual or purported execution and/or discharge of his duties, or in relation to them; and
 - (ii) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

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

- (b) subject to obtaining the prior written consent of the Controlling Shareholder, the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings, investigation, action or application referred to in Article 16.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

21.2 This Article 16 does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.

21.3 Subject to obtaining the prior written consent of the Controlling Shareholder, 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.

21.4 In this Article 21:

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

- (c) 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), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

DRAFT