

DATED 21 JULY 2009

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**PENNANT INTERNATIONAL GROUP PLC  
2009 SHARE OPTION SCHEME**

**as amended pursuant to rule 9 by ordinary resolution duly  
passed on \_\_\_\_\_ 2019**

## PENNANT INTERNATIONAL GROUP PLC

### 2009 SHARE OPTION SCHEME

#### THE RULES

1 These rules together with the model form of option agreement attached hereto and marked by the Chairman of the Company for the purposes of identification (“**the Agreement**”) (including the Conditions) constitute the Pennant International Group plc 2009 Share Option Scheme (“**the Scheme**”).

2 Words and expressions defined in the Agreement have the same meaning herein and the following words and expressions shall (except where the context otherwise requires) have the following meanings in these rules:

**“Amendment Date”**

1 May 2019.

**“Closed Period”**

a closed period prior to the announcement of financial results as prescribed under MAR.

**“Dealing Code”**

the Company’s share dealing code from time to time.

**“Expected Retirement Date”**

the date on which an Eligible Employee is expected to retire in accordance with the terms of his contract of employment with the relevant Group Member.

**“MAR”**

the Market Abuse Regulation (EC 596/2014) as may be amended from time to time (including, as the context permits, any successor legislation).

3 The Scheme was adopted by Pennant International Group plc (registered number 3187528) on 21 July 2009 for the grant of options to:

(a) Eligible Employees under the EMI Code;

(b) Eligible Employees otherwise than under the EMI Code,

in each case substantially in accordance with the Agreement.

4 The Agreement may be amended from time to time in its model form by the Board or specifically in relation to any grant of an Option pursuant to the Scheme.

5 The Scheme shall be administered by the Board subject, in relation to each specific Option, to the terms applicable to that Option. The Board’s decision on any matter concerning the Scheme or its interpretation shall be final and binding.

6 No Eligible Employee shall be entitled as of right to the grant of an Option under the Scheme.

7 No Option may be granted at an Exercise Price that is less than the higher of:

- 7.1 the nominal value of a Share; and
- 7.2 the Market Value of a Share on the Date of Grant save in exceptional circumstances determined by the Board in its absolute discretion.
- 8 Subject to the limitations and conditions of the Scheme and unless prohibited by law or the Dealing Code, the Board may, in its absolute discretion at any time outside a Closed Period, approve the grant without consideration of Options to any number of Eligible Employees provided that in any case:
  - 8.1 no Option may be granted to an Eligible Employee within 6 months preceding his Expected Retirement Date;
  - 8.2 an agreement for the grant of Options shall be executed by the Company and Option Holder as soon as reasonably practicable; and
  - 8.3 Options granted under the EMI Code shall only be granted to an Eligible Employee employed by a member of the Group which, save in the case of the Company, is also a qualifying subsidiary (as defined in paragraph 11 of Schedule 5).
- 9 The Board may from time to time make amendments to the Scheme provided that:
  - 9.1 no amendment may detrimentally affect an Option Holder as regards any subsisting Option held by him on the date of the amendment except where such amendment is made pursuant to Condition 18;
  - 9.2 no amendment may be made to the advantage of existing or new participants in the Scheme:
    - 9.2.1 except with the prior sanction of the Company in general meeting, unless the amendment is in the opinion of the Board minor and/or to benefit the administration of the Scheme or to take account of any change in legislation or to maintain favourable tax, exchange control or regulatory treatment for existing or new participants or any member of the Group; and
    - 9.2.2 unless such amendment is made in accordance with Condition 18 where such amendment is made in respect of a subsisting Option; and
  - 9.3 written notice of any amendment made in accordance with this rule 9 shall be given to all Option Holders to whom the amendment applies unless the amendment is made pursuant to Condition 18.
- 10 The Company in general meeting, or the Board, may at any time resolve to terminate the Scheme in which event no further Options shall be granted but such termination shall not in any way affect any subsisting Options under the Scheme granted before the date of termination.
- 11 Deleted.
- 12 The cost of establishing and operating the Scheme shall be borne by the Company and its Subsidiaries in such proportions as the Board shall determine.
- 13 The amendments to the Scheme approved pursuant to the ordinary resolution duly passed on the Amendment Date:
  - 13.1 take effect on and from the Amendment Date; and
  - 13.2 are without prejudice to any Options granted prior to the Amendment Date.

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*(for reference purposes only)*

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**MODEL FORM OF AGREEMENT**  
**FOR PENNANT INTERNATIONAL GROUP PLC**  
**2009 SHARE OPTION SCHEME**

**THIS AGREEMENT** is made 20[ ]

**BETWEEN:**

- (1) **PENNANT INTERNATIONAL GROUP PLC** (registered number 3187528) whose registered office is at Pennant Court, Staverton Technology Park, Cheltenham, Gloucestershire GL51 6TL (“**the Company**”); and
- (2) **[OPTION HOLDER]** of [ ] (“**the Option Holder**”).

**WHEREAS:**

The Company has agreed to grant an Option to the Option Holder to acquire the Shares (as hereinafter defined) under the Pennant International Group Plc 2009 Share Option Scheme adopted by the Company on 21 July 2009 (and amended on 1 May 2019) on the terms and conditions set out below and, save as otherwise specified below, in Schedule 1 (“**the Conditions**”). [The Option(s) [is/are] hereby granted for commercial reasons in order to [recruit/retain] the Option Holder as an employee of the relevant Group Member and not as part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax.]

**IT IS HEREBY AGREED:**

- 1 Words and expressions used in this Agreement have the meanings ascribed thereto in Condition 1 of Schedule 1 or in Rule 2.
- 2 The Schedules to this Agreement form part of the Agreement and references to any Schedules (unless the context otherwise requires) are references to Schedules to this Agreement.
- 3 **OPTION GRANT**
  - 3.1 The Company hereby grants to the Option Holder:
    - 3.1.1 [an/[number]] Option[s] over [ ] Shares [each] under the provisions of the EMI Code [; and
    - 3.1.2 [an/[number]] Option[s] over [ ] Shares [each] as Unapproved Options (“**the Unapproved Option[s]**”)

in each case] at the Exercise Price of [ ] per Share subject to the Conditions.

**4 SPECIAL CONDITIONS**

- 4.1 [The Option may be exercised at any time on or after the [[ ] anniversary of the] date of grant subject to the Conditions.]
- 4.2 [“Tax Liability” shall not include Employers’ NIC.]
- 4.3 [Conditions 11.1, 11.2, the opening paragraph of Condition 11.3 and the provisions referred to in Conditions 11.3.1 to 11.3.8 (other than Condition 11.3.7) shall not apply and Conditions 11.3.7 shall apply to [this Agreement]/[the Unapproved Option[s]].]

- 4.4 [Save as specified in these Special Conditions or the context otherwise requires, all references to “Option” shall include references to the EMI Option and the Unapproved Option except in Conditions 4 and 5.1 where all references to “Option” shall be construed as references to the EMI Option.]
- 4.5 The Option(s) [is/are] subject to the Performance Conditions.
- 4.6 [Conditions [ ] shall not apply to the Option.]
- 4.7 [Conditions [ ] shall apply to the Option as varied as follows:[ ]]

**THIS DEED** has been duly executed by the parties or their duly authorised representatives

**EXECUTED** (but not delivered until )  
 the date hereof) as a deed by )  
**PENNANT INTERNATIONAL GROUP PLC** )  
 acting by )

Director  
 Director/Secretary

**EXECUTED** (but not delivered until )  
 the date hereof) as a deed by the said )  
**[OPTION HOLDER]** )  
 in the presence of: )

Name:  
 Address:  
 Occupation:

## SCHEDULE 1

### The Conditions

#### 1 DEFINITIONS AND INTERPRETATION

1.1 The following words and expressions shall (except where the context otherwise requires) have the following meanings in the Agreement of which this Schedule 1 forms part and words and expressions defined in the Agreement shall have the same meaning herein:

**“2006 Act”**

the Companies Act 2006;

**“AIM”**

the market provided by the London Stock Exchange for transactions in securities admitted to trading on that market and known as “AIM Securities”;

**“Appropriate Period”**

- (a) if the circumstances in Condition 7.1 apply the period of 90 days beginning with the date on which the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has been satisfied;
- (b) if the circumstances in Condition 7.2 apply the period of 90 days beginning with the date on which the Reconstruction Scheme is sanctioned by the Court;
- (c) if the circumstances in Condition 7.3 apply the period during which the person remains bound or entitled to acquire any shares in the Company to the extent that it does not exceed 90 days after the date on which there was a change of Control of the Company which is connected with the circumstances mentioned in Condition 7.3

in each case as may be varied pursuant to Condition 7.8;

**“Articles”**

the Articles of Association of the Company as may be amended from time to time;

**“Board”**

the Board of directors for the time being of the Company or a duly appointed committee thereof in each case at which a quorum is present;

**“Control”**

the same meaning as in Section 1124 of the Taxes Act and the expression “controlled” shall be construed accordingly;

**“Date of Grant”**

the date of the Agreement;

**“Dealing Day”**

a day on which the London Stock Exchange is open for business;

**“Disqualifying Event”**

any event within Sections 534 to 536 ITEPA as supplemented by Sections 537 to 539 ITEPA;

**“Eligible Employee”**

- (a) an employee of any member of the Group; but
- (b) for the purposes of the provisions of the Rules, the Agreement and the Conditions relating to an EMI Option, only an employee of any member of the Group who at all material times satisfies the requirements of paragraphs 26 and 27 of Schedule 5 and the “no material interest” requirement of paragraph 28 of Schedule 5;

**“EMI Code”**

has the same meaning as in Section 527(3) of ITEPA;

**“EMI Option”**

any option over Shares that is a qualifying option for the purposes of the EMI Code;

**“Employees’ Share Scheme”**

an employees’ share scheme (as defined in Section 1166 of the 2006 Act) constituted formally as such or consisting of one or more agreements granting rights to acquire shares in the share capital of the Company, as appropriate, adopted or entered into by the Company or any Subsidiary;

**“Employer”**

the Group Member that is or at any relevant time was the employer in relation to the Option Holder;

**“Employers’ NIC”**

secondary Class 1 contributions payable by virtue of Section 6(1)(b) of the Social Security Contributions and Benefits Act 1992 (as amended from time to time) or any substitute thereof;

**“Exercise Date”**

the date on which an Exercise Notice together with the payment (in cleared funds unless the Board otherwise determines) referred to in Condition 9.3 in relation to an Option is received by the Company;

**“Exercise Notice”**

the notice of exercise of an Option substantially in the form set out in Schedule 3;

**“Exercise Price”**

the price per Share stated in the Agreement;

**“Group”**

the Company and every company that is a 51% subsidiary (as defined in Section 1154 of the Taxes Act) and “Group Member” or any similar expression shall be construed accordingly;



**“HMRC”**

Her Majesty’s Revenue and Customs;

**“Investment Exchange”**

the UK Listing Authority, the London Stock Exchange, the New York Stock Exchange, the National Association of Securities Dealers Automated Quotation, AIM and any other recognised investment exchange (as defined in the Financial Services and Markets Act 2000) or recognised stock exchange (as defined in Section 1137 of the Taxes Act);

**“ITEPA”**

the Income Tax (Earnings and Pensions) Act 2003;

**“London Stock Exchange”**

the London Stock Exchange plc which trades as the “London Stock Exchange” or any successor thereof;

**“Market Value”**

in respect of any Share on any day means either:

- (c) (when on that day the shares of that class are admitted to trading on AIM) the closing price of such a Share on the Dealing Day immediately preceding the date of grant; or
- (d) in all other cases the market value of such a Share as determined in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed for the purposes of this Agreement with Shares Valuation, a division of HMRC;

**“Maximum Overall Statutory Limit”**

such limit as may be permitted from time to time by paragraph 7(1) of Part 2 of Schedule 5;

**“Maximum Personal Limit”**

such limit as may be permitted from time to time by paragraphs 5 and 6 of Part 2 of Schedule 5;

**“NICs”**

National Insurance Contributions;

**“Option”**

a right to acquire Shares granted under the Agreement and where the context so requires shall include New Options granted as consideration for the release of Old Options in accordance with Condition 7.4;

**“Performance Conditions”**

the conditions, if any, specified in Schedule 2;

**“Relevant Advisors”**

suitably qualified and experienced advisors selected by the Board in its absolute discretion including, without limitation, or in any event in the absence of any such

selection, the auditors for the time being of the Company appointed pursuant to Section 485 or 489 of the 2006 Act, in each case acting as experts and not as arbitrators;

**“Schedule 5”**

Schedule 5 to ITEPA;

**“Share”**

an ordinary share of 5 pence each in the capital of the Company which satisfies the conditions specified in paragraph 35 of Schedule 5 or any share replacing the same following any adjustment made pursuant to Condition 8.1 or the application of Condition 8.1.3;

**“Special Conditions”**

any conditions specified in Clause 4 of the Agreement;

**“Subsidiary”**

a subsidiary (as defined by Section 1159 of the 2006 Act) for the time being of the Company;

**“Subsisting Option”**

an Option to the extent that it has not been exercised, forfeited, lapsed, cancelled or otherwise ceased to have effect;

**“Tax Liability”**

any liability of the Employer or any company which Controls the Employer or is a Group Member to account for any income tax, NICs or other tax (including Employers' NIC unless the Special Conditions specify otherwise) arising in connection with the grant, exercise or other dealing with or in relation to the Option(s) or otherwise in connection with the Shares;

**“Taxes Act”**

the Corporation Tax Act 2010;

**“Unapproved Option”**

an Option granted otherwise than under the EMI Code.

- 1.2 Any reference in the Agreement to any provision of any Act of Parliament or any subordinate legislation made pursuant to any Act of Parliament shall be deemed to be a reference to such Act of Parliament or subordinate legislation as amended modified or re-enacted (whether before or after the date hereof).
- 1.3 In the Agreement words incorporating the masculine gender only include the feminine and neuter genders and words incorporating the singular number only include the plural and vice versa.
- 1.4 Clause, paragraph, schedule or Condition headings are for ease of reference only and do not affect the construction or interpretation of the Agreement.
- 1.5 References to writing shall include typewriting printing lithography photography and facsimile messages and other modes of reproducing words in a legible and non-transitory form.
- 1.6 The Board's decision on any matter with regard to the Agreement shall be final.

- 1.7 References to any specific body shall, unless the Board determines otherwise, be deemed to include any body replacing or succeeding the same.

## **2 PERFORMANCE AND NON-TRANSFERABILITY CONDITIONS**

- 2.1 The exercise of the Option(s) is subject to the Performance Conditions if so specified in the Special Conditions and the Performance Conditions may be waived or amended if an event (including, without limitation, an event within Condition 7) occurs which causes the Board to consider that such Performance Conditions could not fairly or reasonably be met, provided that any amended conditions shall not be more difficult to satisfy than the original Performance Conditions were intended to be at the time of their imposition.

- 2.2 Upon the occurrence of any of the events mentioned in Condition 7 or in any other circumstances which it considers relevant, the Board may:

2.2.1 waive the Performance Conditions (and any amended or additional conditions imposed by the Board pursuant to Condition 2.1); or

2.2.2 make such adjustments, including the imposition of entirely different conditions, to such conditions as it may decide;

provided that no such waiver or adjustment shall be made unless the Relevant Advisors shall have confirmed in writing to the Board that the adjustment is, in their opinion, fair and reasonable.

- 2.3 Each Option is personal to the Option Holder and may not be transferred, assigned, charged, pledged or otherwise disposed of or dealt with otherwise than in accordance with the Agreement. Any purported transfer, assignment, charge, pledge or other disposal or dealing (other than the exercise of an Option in accordance with the Agreement) with an Option otherwise than in accordance with the Agreement shall cause the Option to lapse forthwith.

- 2.4 The Shares are not subject to any restrictions on transfer, save for those prescribed by law and those set out in article 39 of the Articles which allow the Company to restrict transfers in respect of shares which are not fully paid up or where more than four transferees are named.

## **3 OPTION HOLDER'S WARRANTY AND UNDERTAKING**

- 3.1 The Option Holder hereby warrants that he satisfies the employment requirement and the requirement as to commitment of working time set out in paragraphs 26 and 27 of Schedule 5 respectively and will at all material times use all reasonable endeavours to continue to satisfy the said requirements.

## **4 PERSONAL LIMITS**

- 4.1 The number of Shares in respect of which the Option(s) is/are granted to the Option Holder is limited, and the Option(s) shall take effect as an EMI Option(s) so and to the extent that the aggregate Market Value of the Shares at the Date of Grant the Option Holder may acquire pursuant to such Option(s) when added to the aggregate Market Value of Shares comprised in:

4.1.1 existing unexercised rights (which for the purposes of this Condition 4 shall not include cancelled Options or rights) previously granted to him under Schedule 5 by virtue of being an employee of any Group Member; and

4.1.2 any other existing unexercised rights obtained by him under any other option scheme approved under Schedule 4 to ITEPA

does not exceed or further exceed the Maximum Personal Limit (being £250,000 at the Date of Grant) provided that, where appropriate, in relation to each Option granted to the Option Holder under this Agreement this Condition 4 shall apply (so as to scale down the number of Shares comprised in each Option, rounded to whole number of Shares as determined by the Board) to all such Options on a pro rata basis.

- 4.2 The number of Shares deemed to be excluded from any Option by virtue of Condition 4.1 shall be deemed to be comprised in a separate option which shall be deemed to have been granted on the Date of Grant and shall have effect as an Unapproved Option and Condition 11.1, 11.2 the opening paragraph of Condition 11.3 and the provisions referred to in Conditions 11.3.1 to 11.3.8 (other than Condition 11.3.7) shall not apply and Condition 11.3.7 shall apply to the Unapproved Option.

## 5 OVERALL LIMITS

- 5.1 The number of Shares in respect of which the Option(s) is/are granted under the Agreement is limited and the Option(s) shall take effect so and to the extent that immediately following any such grant of the Option(s) the aggregate of the number of Shares which have been, remain to be, or were capable of being issued (including any Options which have lapsed) pursuant to rights granted under the Scheme and any other Employees' Share Scheme in the preceding 10 years will not exceed such number of Shares as represents 12.5 per cent of the issued ordinary share capital of the Company immediately prior to the Date of Grant.
- 5.2 The number of Shares in respect of which the Option(s) is/are granted to the Option Holder is limited and the Option(s) shall take effect so and to the extent that immediately following such grant the aggregate Market Value of the Shares that Option Holder may acquire pursuant to the Option when added to the aggregate Market Value of Shares comprised in every other Subsisting Option that is an EMI Option granted on or before the Date of Grant shall not exceed or further exceed the Maximum Overall Statutory Limit (being £3 million at the Date of Grant).
- 5.3 For the avoidance of doubt, where:
- 5.3.1 an Option or right lapses or has been renounced or cancelled, the number of Shares comprised in the Option or the subject of the right immediately before the same lapses or is renounced or cancelled shall be disregarded for the purposes of this Condition 5; and
  - 5.3.2 a right is granted pursuant to any provision similar to Condition 7.4, the number of Shares comprised in such right shall be disregarded for the purposes of Condition 5.1.
- 5.4 Where more than one Option or right granted on the same date causes the limits, or any of them in Conditions 5.1 or as appropriate 5.1 to be exceeded (the aggregate number of Shares (rounded up to the nearest whole number) causing the said limit(s) to be exceeded being the "**Excess**") then for determining which part of the Excess relates to each relevant Option or right, the Excess shall be divided pro rata among the Options and rights concerned according to the number of Shares comprised in each Option or right such division to be rounded down to the nearest whole number of Shares in respect of each Option or right concerned.

## 6 EXERCISE AND LAPSE OF OPTION

- 6.1 Subject to this Condition 6 and Conditions 7 and 9 the Option(s) may be exercised at any time on or after the date specified in the Special Conditions and if no such date is specified, the earliest date upon which it becomes exercisable in accordance with Condition 7.

- 6.2 No Option shall in any event be exercisable on or after the tenth anniversary of its Date of Grant under any circumstances whatsoever and every Option shall, unless an earlier lapse occurs in accordance with the Agreement, lapse on the tenth anniversary of the Date of Grant.
- 6.3 The right to exercise any and all of the Option(s) shall terminate immediately upon the Option Holder ceasing to be an Eligible Employee (except where Conditions 6.4 or 6.5 apply).
- 6.4 Where the Option Holder dies his personal representatives may within a period of 12 months after the date of death exercise any Option if it is unexercised on the date of death, whether or not any applicable Performance Conditions have been satisfied in whole or in part.
- 6.5 When an Option Holder ceases to be an Eligible Employee by reason of:
- 6.5.1 retirement on reaching the Expected Retirement Date;
  - 6.5.2 injury or disability (to the reasonable satisfaction of the Board) in each case, as a result of which the Option Holder is certified as being unable to work;
  - 6.5.3 any other circumstances determined in the absolute discretion of the Board within three months of the date on which he so ceases to be an Eligible Employee
- the Option may be exercised at any time within 90 days of the date on which he so ceases to be an Eligible Employee.
- 6.6 Where a Disqualifying Event occurs (other than a Disqualifying Event consisting of the Option Holder ceasing to be an Eligible Employee, in which case Conditions 6.4 or 6.5 will apply), any Subsisting Option that is an EMI Option may be exercised in whole or in part with the prior written consent of the Board (such consent not be unreasonably withheld or delayed) to the extent permitted by the Board in writing within 90 days of the relevant Disqualifying Event occurring and to the extent that the Option in question is not so exercised, it shall continue as an Unapproved Option subject to and in accordance with the terms of the Agreement.
- 6.7 Where an Option is subject to Performance Conditions and Condition 6.5.2 applies, it shall be exercisable whether or not the Performance Conditions have been satisfied in whole or in part.
- 6.8 Each Option shall lapse upon the earliest occurrence of any of the following events insofar as it has not been exercised:
- 6.8.1 the tenth anniversary of the Date of Grant;
  - 6.8.2 the expiry of 12 months from the date of the Option Holder's death;
  - 6.8.3 upon the Option Holder ceasing to be an Eligible Employee except where Conditions 6.5 applies;
  - 6.8.4 on the expiry of the period of 12 months specified in Condition 6.5, where the Option is exercisable pursuant to that Condition;
  - 6.8.5 the earliest date upon which the Option is expressed to lapse under Condition 7;
  - 6.8.6 the date of an event specified in Condition 2.3;
  - 6.8.7 the date on which a bankruptcy order is made in respect of the Option Holder;

6.8.8 the date on which a resolution is passed or an order is made by the Court, for the compulsory winding up of the Company; or

6.8.9 the date of lapse specified in the second notice referred to in Condition 7.9.

## 7 TAKEOVERS AND LIQUIDATIONS

7.1 If any person obtains Control of the Company as a result of making an offer:

7.1.1 to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or

7.1.2 to acquire all the shares in the Company which are of the same class as the Shares,

then subject to the remaining provisions of this Condition 7 any Subsisting Option may be exercised within the Appropriate Period and to the extent that it has not been exercised by the end of the Appropriate Period the Option(s) shall lapse immediately upon the end of the Appropriate Period.

7.2 In the event that notice is given to the shareholders of the Company of a resolution to approve (subject to sanction by the Court) a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to part 26 of the 2006 Act (the "**Reconstruction Scheme**") then subject to the remaining provisions of this Condition 7 the Option Holder may exercise any Subsisting Option(s) at any time during the Appropriate Period and to the extent that an Option has not been exercised by the end of the Appropriate Period it shall lapse immediately upon the end of the Appropriate Period.

7.3 If any person becomes bound or entitled to acquire Shares in the Company under Part 28 Chapter 3 of the Act then subject to the remaining provisions of this Condition 7 any Subsisting Option may be exercised at any time during the Appropriate Period and to the extent that it has not been exercised by the end of the Appropriate Period the Option shall lapse immediately upon the end of the Appropriate Period.

7.4 If as a result of the events specified in Conditions 7.1 or 7.2 a company has obtained Control of the Company or if a company has become bound or entitled as mentioned in Condition 7.3 and the Board determines that and to the extent that this Condition 7.4 shall apply in respect of the Option ("**Old Option**") and that other company (the "**Acquiring Company**") or a company which has Control over the Acquiring Company agrees the Old Option may within the Appropriate Period (or such longer period permitted under paragraph 42 of Schedule 5) applicable to the relevant Condition be released in consideration of the grant of a new Option ("**New Option**") which satisfies the following conditions:

7.4.1 it is over shares in the Acquiring Company or a company which has Control over the Acquiring Company and which satisfy the conditions specified in paragraph 35 of Schedule 5;

7.4.2 it is a right to acquire such number of such shares as has on acquisition of the New Option an aggregate Market Value equal to the aggregate Market Value of the Shares subject to the Old Option on its disposal;

7.4.3 it has an exercise price per share such that the aggregate price payable on complete exercise equals the aggregate price which would have been payable on complete exercise of the Old Option;

7.4.4 it is otherwise identical in terms to the Old Option; and

- 7.4.5 to the extent applicable in relation to the New Option any other requirements of Part 6 of Schedule 5.

The New Option shall for all other purposes of the Agreement be treated as having been acquired at the same time as the Old Option in consideration of the release of which it is granted and where any New Option is granted pursuant to this Condition 7.4 Conditions 7, 8, and 9 and all definitions in Condition 1.1 as appropriate in those Conditions shall in relation to the New Option be construed as if references to the Company and to the Shares were references to the company whose share capital includes shares over which the New Option has been granted and to the shares in that company but references to the Company or a Group Member for the purpose of the definition of "Eligible Employee" shall continue to be construed as if it was a reference to Pennant International Group plc. Where in accordance with this Condition 7.4 Old Options are released and New Options granted the New Options shall not be exercisable in accordance with Conditions 7.1, 7.2 and 7.3 above by virtue of the event by reason of which the New Options were granted.

- 7.5 In the event that notice is given to the shareholders of the Company of a resolution to be proposed for the voluntary winding up of the Company the Option Holder may serve notice to exercise his Subsisting Option at any time up to the passing of the resolution provided that any such notice to exercise shall only be effective if the resolution is passed. If such resolution is duly passed the Option shall, to the extent that it has not been exercised, lapse.
- 7.6 Where the Option Holder exercises the Option in accordance with Condition 7.5 he shall be entitled to share in the assets of the Company with existing holders of Shares in the same manner as he would have been entitled had the Shares been registered in his name before the resolution was passed.
- 7.7 For the purposes of this Condition 7 other than Condition 7.4 a person shall be deemed to have obtained Control of a Company if he and others acting in concert with him have together obtained Control of it.
- 7.8 The Board may in its absolute discretion at any time before the event giving rise to the application of this Condition 7 invite the Option Holder to exercise any Option conditionally upon such event occurring and where the Board exercises such discretion the invitation to the Option Holder may:
- 7.8.1 set out the circumstances upon which the exercise of the Option is conditional ("**relevant event**") ;
  - 7.8.2 vary the Appropriate Period to a period specified in the invitation such that the Option will lapse to the extent it has not been exercised by the expiry of the Appropriate Period as varied; and
  - 7.8.3 to the extent the Option is exercised pursuant to such invitation, the exercise of the Option shall take effect immediately before the occurrence of the relevant event or at such other time as may be specified in the said invitation .
- 7.9 Where in any circumstances in which this Condition 7 may apply the Board serves notice requesting an indication with regard to any matter specified in such notice including without limitation whether or not the Option Holder intends to exercise the Option and where appropriate accept the relevant offer and the Board either does not receive a reply from the Option Holder within a time specified in such notice or the Option Holder's intentions indicate to the Board whose decision on that matter shall be final and binding on the Option Holder that such intentions and any related act or omission could jeopardise the relevant transaction or event referred to in this Condition 7, the Board shall be entitled to serve notice to the Option Holder that the Option shall lapse forthwith, whereupon the Option will lapse.

7.10 Where an Option becomes exercisable under Conditions 7.1 or 7.3, it may be exercised whether or not any applicable Performance Conditions have been satisfied in whole or in part.

## 8 VARIATION OF SHARE CAPITAL

8.1 In the event of any variation in the share capital of the Company by way of capitalisation or rights issue or any consolidation, sub-division or reduction of capital or otherwise by the Company the number of Shares subject to any Option and the Exercise Price for each of those Shares may be adjusted by the Board subject (except in the case of a capitalisation) to written confirmation by the Relevant Advisors that in their opinion such adjustment is fair and reasonable provided that:

8.1.1 subject to Condition 8.2 the aggregate amount payable on the exercise of the Option in full is not increased;

8.1.2 following the adjustment the Shares continue to satisfy the conditions specified in paragraph 35 of Schedule 5;

8.1.3 in the event of any variation of share capital of the Company that has the effect that the Shares cease to exist in the form for the time being ("**Original Shares**") and no adjustment is made pursuant to this Condition 8.1 each Option shall be deemed to be:

(a) over such shares that replace the Original Shares; and

(b) over such number of the shares referred to in Condition (a) above that fairly represent the Original Shares;

(c) at such Exercise Price as fairly represents the original Exercise Price, taking account of Condition 8.1.1;

8.1.4 notice of any adjustment made pursuant to this Condition 8.1 shall, where appropriate, be given to HMRC as soon as reasonably practicable.

8.2 The Option Holder shall be notified in writing of any such variation as soon as practicable thereafter and the Company shall be entitled to call in the option agreement for endorsement or replacement, as may appear appropriate.

8.3 Save as provided in this Condition 8.2, no adjustment under Condition 8 can have the effect of reducing the Exercise Price of a Share below its nominal value. Any adjustment made to the Exercise Price under Condition 8.1 that results in the Exercise Price of a Share being below its nominal value shall only be made if the Company is authorised to:

8.3.1 capitalise from reserves of the Company a sum equal to the aggregate of the amounts by which the nominal value of each Share comprised in each Subsisting Option exceeds the adjusted Exercise Price in respect of that Share (the "**deficit**"); and

8.3.2 apply the amount referred to in Condition 8.3.1 in paying up each such Share to the extent of the deficit by way of capitalisation on the exercise of each relevant Subsisting Option and to make provision in respect of such amount to enable the Board to give effect to the said capitalisation.

## 9 MANNER OF EXERCISE OF OPTION

9.1 The Option may not be exercised by the Option Holder at any time when the requirements of paragraph 28 of Schedule 5 cease to be met and subject to Condition 8 no Option may be exercised at any time when the shares which may be thereby acquired are not Shares as defined in Condition 1.1 unless the Board determines otherwise.



- 9.2 No Option shall be exercisable save in accordance with the Dealing Code.
- 9.3 Subject to the provisions of Condition 6 and this Condition 9 an Option may be exercised in whole or in part but not unless the Board otherwise permits in respect of less than 250 of the Shares the subject of the Option unless such smaller number represents all the remaining Shares under the Option held by the Option Holder or (as the case may be) the Option Holder's personal representatives giving an Exercise Notice to the Company, subject to Condition 9.4, accompanied by the appropriate payment and shall be effective on the Exercise Date provided that wherever relevant the Performance Conditions shall first have been fulfilled to the satisfaction of the Board or otherwise waived by the Board in its absolute discretion and written notice of such waiver has been given to the Option Holder.
- 9.4 The Board may in its absolute discretion offer the Option Holder the opportunity to adopt arrangements on such terms as it specifies in writing to enable the Option Holder to exercise the Option and satisfy the aggregate Exercise Price without having to make payment (the "**cashless exercise facility**") provided that such cashless exercise facility is not contrary to the provisions of the EMI Code, where necessary it is first approved by HMRC and where it constitutes or may constitute the provision of financial assistance Condition 9.8 shall apply
- 9.5 No Option can be quoted or dealt in on any Investment Exchange.
- 9.6 Subject to arrangements to the satisfaction of the Company being made for the discharge of any Tax Liability (including without limitation Employers' NIC where appropriate) as provided for in Condition 10 or otherwise Shares shall be allotted by the Company or, as appropriate, transferred pursuant to an Exercise Notice within 30 days of the Exercise Date. Save for any right granted or dividend declared in respect of the Shares on a record date that is before the Exercise Date unless any such dividend is expressly made or declared in respect of a period in which the Exercise Date falls in which event the Shares to be allotted pursuant to the Exercise Notice shall rank for a part of such dividend proportionate to the part of the period in respect of which it is made or declared which elapses after the date of allotment, such Shares shall rank pari passu with other Shares of the same class in issue at the date of such allotment and will be subject to all the provisions of the Articles relating to (including, without limitation) all and any restrictions and/or risk of forfeiture, voting, dividends, transfer or otherwise.
- 9.7 When an Option is exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole Option.
- 9.8 If the Board determines in its absolute discretion, the Company may provide financial assistance to the Option Holder in connection with the exercise of an Option by way of loan or in any other way to the extent that the same is not prohibited by law including, without limitation, under the 2006 Act.
- 9.9 Deleted.
- 9.10 It is a condition of the Agreement that in the event of the Option Holder ceasing to be an Eligible Employee (for whatever reason) he shall not claim and shall not be entitled to any compensation whatsoever by reason of any termination or alteration of rights or expectations under the Agreement whether such compensation is claimed by way of damages for wrongful dismissal or breach of contract or for loss of office or otherwise howsoever. The Option Holder's rights under the Agreement are entirely separate from any pension right or entitlement the Option Holder may have and from his terms or conditions of employment and nothing in the Agreement shall in any respect whatsoever affect in any way the Option Holder's pension rights or entitlement or terms or conditions of employment but the condition specified in this Condition 9.10 shall be deemed to be repeated in such contract of employment mutatis mutandis such that it is a term of both the Agreement and such employment contract each as a primary contract.

## 10 TAXATION

- 10.1 If a Tax Liability arises in respect of the exercise of an Option and the Option Holder undertakes in the Exercise Notice to pay an amount equal to the Tax Liability, the Employer shall notify the Option Holder of the Tax Liability within 14 days of the Exercise Date and the Option Holder shall pay to the Employer such amount(s) sufficient to discharge the Tax Liability in cleared funds not later than the twenty-fifth day after the Exercise Date.
- 10.2 If the Option Holder does not make payment or undertake to make payment in respect of the Tax Liability or fails to make the payment described in Condition 10.1:
- 10.2.1 the Employer shall be entitled to deduct, to the extent not prohibited by law, such amount(s) from any payment whatsoever due to be made by the Employer to or in respect of the Option Holder in order to satisfy and discharge the Tax Liability whether or not such payment is of an income or capital nature; and
  - 10.2.2 without prejudice to the Employer's rights under Condition 10.2.1 the Board may, by written notice to the Option Holder concerned nominate as his bare trustee any person (the "**Bare Trustee**") to sell such number of Shares to be transferred or, as appropriate, allotted upon the exercise of the Option as may be required in order to discharge the Tax Liability and any other liability (including costs) connected with the said sale and the Bare Trustee shall pay an amount equal to the Tax Liability to the Employer and otherwise discharge any other said liability to the extent that the net proceeds from the said sale permit; and
  - 10.2.3 if and to the extent the Tax Liability exceeds the amount or amounts recovered or recoverable by the Employer under Condition 10.2.1 and 10.2.2 above the Option Holder shall pay to the Employer in cleared funds the amount of the excess on demand or within such period as may be specified in any written notice given by the Company.
- 10.3 The Option Holder shall, upon the exercise of his Option, agree to make any election and shall take all such other action that may be required by the Company or the Employer for the purposes of this Condition 10 or otherwise in connection with a Tax Liability.

## 11 EMI CODE COMPLIANCE

- 11.1 This Condition 11 only applies in relation to the EMI Option(s).
- 11.2 It is intended by the parties to the Agreement hereto that the Agreement complies with the provisions of the EMI Code and the parties hereby agree that if and to the extent that any provision (including without limitation any Condition) is not so compliant or is inconsistent with the EMI Code, to that extent such provision shall not have effect (unless the Company and the Option Holder agree to allow the Option(s) to continue as Unapproved Option(s)) and the parties hereby agree to take all steps that are necessary to insert a provision that complies with the EMI Code and is as near as possible equivalent to the said provision that shall not have effect.
- 11.3 Where the Board resolves that the requirements of the EMI Code have not been satisfied, whether following any action taken pursuant to Condition 11.2/11.1 or otherwise the Company shall give written notice thereof to the Option Holder and with effect from the date of such notice any provision in this Agreement intended to make this Agreement compliant with the EMI Code shall cease to have effect, including without limitation:
- 11.3.1 the words "under the provisions of the EMI Code" in Condition 3;

- 11.3.2 Conditions 3, 4, 5.1, 6.6, 7.4.1, 7.4.5, 8.1.2, 9.1 and the proviso in Condition 18.1 and Condition 18.2.4;
- 11.3.3 the words in paragraph (b) in the definition of "Eligible Employee";
- 11.3.4 the definition of "Disqualifying Event";
- 11.3.5 the definitions of "Maximum Personal Limit" and "Maximum Overall Statutory Limit";
- 11.3.6 the words "which satisfies the conditions specified in paragraph 35 of Schedule 5 in the definition of "Share" and any similar expression in these Conditions;
- 11.3.7 the words ["six months"] shall be substituted for the words "90 days" in paragraphs (a) and (b) in the definition of "Appropriate Period" and in paragraph (c) of that definition, the words "to the extent that it does not exceed 90 days after the date on which there was a change of Control of the Company which is connected with the circumstances mentioned in Condition 7.3 " shall be disregarded; and
- 11.3.8 the words "and agreed for the purposes of the Agreement with the Shares and Assets Valuation division of HMRC" in the definition of "Market Value" shall be disregarded,

and the Option(s) hereby granted, if still subsisting, shall continue to subsist as Unapproved Option(s) and any provision made ineffective by Condition 11.2 shall, unless the Board otherwise states in the said notice, become effective again.

## 12 **COSTS**

- 12.1 Each of the parties to the Agreement shall bear and pay its own legal accountancy and other fees and expenses incurred in the preparation and implementation of the Agreement.

## 13 **ASSIGNMENT**

- 13.1 The Agreement shall be binding upon each party's personal representatives and successors in title but the benefit of the Agreement shall be personal to the Option Holder and shall not be assignable by the Option Holder.

## 14 **TIME FOR PERFORMANCE**

- 14.1 Any date or period mentioned in any provision (including without limitation the Conditions) of the Agreement (other than any reference to the tenth anniversary of the date hereof) may be extended by mutual agreement between the parties.

## 15 **NOTICES**

- 15.1 Any notice to be given pursuant to the terms of the Agreement shall be given in writing to the party due to receive such notice, in the case of the Company, at its registered office from time to time or, in the case of the Option Holder, at his address set out in the Agreement or such other address as may have been notified for the purpose to the Company in accordance with this Condition. Every Notice shall be delivered personally or sent by first class pre-paid post or by facsimile transmission and shall be deemed to be given in the case of delivery personally on delivery and in the case of posting (in the absence of evidence of earlier receipt) 48 hours after posting (6 days if sent by air mail) and in the case of facsimile transmission on completion of the transmission.

**16 GOVERNING LAW**

16.1 The Agreement shall be governed by and construed in accordance with English Law and the parties hereby submit for all purposes in connection with the Agreement to the exclusive jurisdiction of the English Courts.

**17 COUNTERPARTS**

17.1 The Agreement may be executed in any number of counterparts each of which when executed by one or more of the parties hereto shall constitute an original but all of which shall constitute one and the same instrument.

**18 VARIATIONS**

18.1 No variation of the Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties hereto provided that the Company and Option Holder hereby agree to co-operate to make any and all such changes as may be required to comply with the provisions of the EMI Code.

18.2 The Agreement may be varied by the Company provided that the Company shall give notice of such variation to the Option Holder within sixty days of the variation having been made and:

18.2.1 no variation shall be valid unless the variation is made with the consent in writing of Option Holders who hold Subsisting Options granted under the Pennant International Group plc 2009 Share Option Scheme over not less than three quarters of the number of all Shares which are the subject of such Subsisting Options; or

18.2.2 if such variation relates only to Subsisting EMI Options, no variation shall be valid unless the variation is made with the consent in writing of Option Holders who hold Subsisting EMI Options granted under the Pennant International Group plc 2009 Share Option Scheme over not less than three quarters of the number of all Shares which are the subject of such Subsisting EMI Options; or

18.2.3 if such variation relates only to Subsisting Unapproved Options, no variation shall be valid unless the variation is made with the consent in writing of Option Holders who hold Subsisting Unapproved Options granted under the Pennant International Group plc 2009 Share Option Scheme over not less than three quarters of the number of all Shares which are the subject of such Subsisting Unapproved Options; and

18.2.4 no such variation shall vary the rights or restrictions affecting the Shares or the terms of the Option so that there is an increase in the Market Value of the Shares subject to the Option or so that the requirements of the EMI Code are no longer met in respect of that Option.

## **SCHEDULE 2**

### Performance Conditions

**SCHEDULE 3**

**Exercise Notice**

**(Please read the notes below carefully before completing)**

The Secretary  
Pennant International Group plc

I, the undersigned, having become entitled so to do, hereby exercise the Option referred to in the Agreement dated [ ] and made between Pennant International Group plc (1) and me (2) (“**the Agreement**”) in respect of an aggregate of [ ] Shares comprised in the said Option(s) upon the terms of the Agreement and agree to accept the Shares to be transferred or issued pursuant to this Exercise Notice subject to and in accordance with the Memorandum and Articles of Association of the Company and hereby request you to [place/or procure that my name is placed] on the Register of Members in respect thereof.

I enclose a remittance for £[ ] being the aggregate Exercise Price payable for the Shares in respect of which the Option is now exercised.

\*I hereby undertake to pay to you the amount payable in respect of all tax and National Insurance Contributions liabilities (including Employer’s NICs [to the extent not excluded from my options]) arising on the exercise of my Option in cleared funds not later than the twenty-fifth day after the exercise date. Please advise me of the amount I should pay.

In the event I do not undertake to pay the amount of tax and National Insurance Contributions or I breach the undertaking given above, I hereby agree that Condition 10.2 of the Conditions may be applied by the Company and the Board in respect of the Option(s) hereby exercised so that any tax that is chargeable on the exercise of the Option is discharged.

I hereby undertake to make such elections or take such action as may be required pursuant to Condition 10.3.

**Signature** .....

**Surname** .....

**Forename(s)** .....

**Address** .....

.....

**NOTE:**

- 1 Although the Option referred to in the Agreement is personal to the Option Holder named in the Agreement it may be exercised by his personal representative(s) if he dies while it is still capable of exercise provided the personal representative(s) does/do so before the expiration of 12 months from the date of the Option Holder’s death or 10 years from the date of its grant (if sooner). If there is more than one, each of the personal representatives must sign this form.
- 2 Option(s) must be exercised in respect of whole numbers of Shares. Please indicate the number of Shares which you wish to acquire on this occasion (this must not exceed the number of Shares comprised in the Option). In any event you will be deemed to have exercised your rights in respect of that whole number of Shares which can be acquired with the moneys represented by your remittance.

\* Place a tick in this box if you wish to pay income tax [and National Insurance Contributions] due on the exercise of your Option(s). Otherwise paragraph 10 will apply.

- 3 The remittance should be for an amount equal to the aggregate Exercise Price, being the Exercise Price per Share shown in the Agreement, multiplied by the number of Shares applied for. If you are offered the cashless exercise facility pursuant to Condition 9.4 you are likely to be provided with an alternative exercise notice in place of this one.
- 4 Please note that before any Shares are transferred or issued to you any Tax Liability, [including the Employer's NIC] as defined in the Agreement that arises on the exercise of your Option will be required to be satisfied by the Board [and you will be required to enter into an election or to take such other action as the Board may require in connection with such Employer's NIC.]