

SURREY AQUATECHNOLOGY LIMITED

(the Company)

WRITTEN RESOLUTIONS

(Pursuant to section 381(A),
Companies Act 1985)

(Passed *30 November* 2006)

THURSDAY



A26 *A3V2GL5G* 07/12/2006 218
COMPANIES HOUSE

We, being all the members of the Company who at the date of these resolutions are entitled to attend and vote at general meetings of the Company, **RESOLVE AS FOLLOWS:**

"That:

SPECIAL RESOLUTION


1. the draft regulations contained in the printed document signed by the Chairman of the Company be and they are approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company;

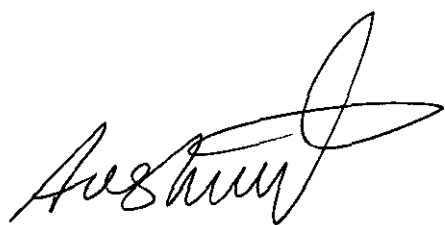
ORDINARY RESOLUTION

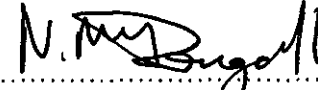
2. subject to the passing of resolution 1, in substitution for all previous authorities which are hereby revoked to the extent not previously utilised, the directors of the Company be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the Act) to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £30.03 provided that this authority is for a period expiring five years from the date of the passing of this resolution 1 but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution 2 has expired;

SPECIAL RESOLUTION

3. subject to the passing of resolution 2, the directors of the Company be and they are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) wholly for cash pursuant to the authority conferred on them to allot relevant securities (as defined in section 80 of the Act) by resolution 2 up to an aggregate nominal value of £30.03 as if section 89(1) of the Act did not apply to any such allotment, provided that this authority shall, unless renewed, varied or revoked, expire on the date falling five years from the date of the passing of this resolution 3, but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 3 has expired."


.....
University of Surrey


.....
Adel Obaid Sharif


.....
Neil McDougall

ARTICLES OF ASSOCIATION

adopted by special resolution on 30 November 2006

SURREY AQUATECHNOLOGY LIMITED

(company number: 05698169)

Speechly Bircham
6 St Andrew Street
London
EC4A 3LX

Ref: DS/POT/3264950-4

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THE COMPANIES ACTS 1985 to 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

SURREY AQUATECHNOLOGY LIMITED

(the Company)

(Adopted by special resolution of the Company
passed on 30 November 2006)

1. **Table A**

The Regulations in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended at the date of adoption of these Articles (**Table A**), shall except where the same are excluded or varied by or inconsistent with these Articles apply to the Company. No other regulations set out in any statute or statutory instrument concerning companies shall apply as regulations of the Company.

2. **Interpretation**

2.1 In these Articles unless the context otherwise requires:

Accountants: the accountants of the Company for the time being;

Articles: these Articles of Association in their present form or as from time to time altered;

Board: the board of Directors for the time being;

Companies Acts: every statute from time to time in force concerning companies insofar as the same applies to the Company;

Director: a director of the Company;

Family Member: in relation to a Member, any one or more of that Member's spouse, former spouse and any child (including step-child) and any grandchild or foster child of that Member;

Family Trust: a trust which permits the settled property or the income from it to be applied

for the benefit only of:

- (a) the settlor and/or his Privileged Relations; or
- (b) any charity or charities as default beneficiaries (meaning that the charity or charities have no immediate beneficial interest in any of the settled property or the income from it when the trust is created but may become interested if there are no other beneficiaries from time to time except another such charity or charities),

and under which no power of control is capable of being exercised over the votes of any Shares which are the subject of the trust by any person other than the trustees, the settlor or the Privileged Relations of the settlor. For the purposes of this definition, *settlor* includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member;

Founder Director: the person appointed as a Director pursuant to Article 18.4;

Further Fundraising: the first bona fide fundraising by the Company for its working capital purposes after the date of adoption of these Articles pursuant to which the Company issues Shares to a third party investor or third party investors who are not connected with any Member who is a Member prior to such fundraising (other than any issue of Shares on or about the date of adoption of these Articles);

Group: a company and its subsidiaries and the holding company of a company and the subsidiaries of a company's holding company and its subsidiary undertakings;

Investment Fund: any company, trust, limited partnership or fund holding Shares for investment purposes;

Member: a holder of any Shares from time to time;

Modern Water: Modern Water Limited (company number 05963927) whose registered office is at Warwick Court, 5 Paternoster Square, London, EC4M 7BP;

Modern Water Director: the person appointed as a Director by Modern Water in accordance with Article 18.1;

NM: Neil McDougall;

NM Director: the person appointed as a Director by NM pursuant to Article 18.3;

Original Price: in relation to a Share, the amount paid or credited as paid up (or deemed to be paid up or credited as paid up) on that Share, including sums paid or credited as paid (or deemed to be paid or credited as paid) by way of premium;

Permitted Transfer: a transfer of Shares in accordance with Article 6;

Privileged Relations: the spouse, widow, widower or parent of a Member, a Member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of a Member's children;

Qualifying Party: means:

- (a) in respect of Modern Water for so long as Modern Water together with any person or persons to whom Modern Water has transferred Shares (whether directly or indirectly)

under Article 7 holds (whether legally or beneficially and whether individually or in aggregate) not less than 20% of the Company's issued share capital;

- (b) in respect of the University for so long as the University together with any person or persons to whom the University has transferred Shares (whether directly or indirectly) under Article 7 holds (whether legally or beneficially and whether individually or in aggregate) not less than 20% of the Company's issued share capital,

(as the context so admits);

Shares: the shares in the capital of the Company (of whatever class) each having the rights and being subject to the restrictions contained in these Articles and **Share** shall mean any of them (as the context so requires);

Transfer Notice: a notice given or deemed to have been given in accordance with these Articles and where such notice is deemed to have been served it shall also be referred to (without limitation) as a **deemed Transfer Notice** (or words having a similar meaning);

University: University of Surrey;

University Director: the person appointed as a Director by the University pursuant to Article 18.2.

- 2.2 Every reference in Table A to the Act shall be construed as if the reference were to the Companies Acts.
- 2.3 Any words or expressions defined in the Companies Acts in force at the date when these Articles or any part thereof are adopted shall bear the same meaning in these Articles or such other part (as the case may be).
- 2.4 Where for any purpose an ordinary resolution of the Company is required, a special or extraordinary resolution shall also be effective, and where an extraordinary resolution is required a special resolution shall also be effective.
- 2.5 Unless the context otherwise requires:
 - 2.5.1 references to subsidiary and holding company shall have the meaning given to them in the Companies Acts;
 - 2.5.2 references to the singular include the plural and vice versa;
 - 2.5.3 references to any gender include each other gender; and
 - 2.5.4 **connected** has the meaning in section 839 of Income and Corporation Taxes Act 1988 and **control** has the meaning in section 840 of Income and Corporation Taxes Act 1988.

3. Unissued Share Capital

- 3.1 Subject to the provisions of the Companies Acts and these Articles and to any direction to the contrary which may be given by ordinary or other resolution by the Company, any unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Directors who may offer, allot, grant options over or grant any right or rights to subscribe for such shares or any right or rights to convert any security into such shares or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Directors may determine.

- 3.2 Sub-section (1) of section 89 and sub-sections (1) to (6) (inclusive) of section 90 of the Companies Act 1985 shall not apply to the Company.

4. Authorised Capital

The authorised share capital of the Company is £100 divided into 100,000 ordinary shares of £0.001 each (**Ordinary Shares** and each an **Ordinary Share**).

5. Liquidation preference

- 5.1 On a return of assets on liquidation or capital reduction or otherwise which takes place prior to a Further Fundraising, the assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:

5.1.1 first in paying to Modern Water, NM and the University as holders of Ordinary Shares and to any other person or persons to whom Modern Water, NM and the University have respectively transferred Ordinary Shares (whether directly or indirectly) under Article 7;

(a) in the case of Modern Water and any other person or persons to whom Modern Water has transferred Ordinary Shares (whether directly or indirectly) under Article 7 the Original Price per Ordinary Share so held by each of them;

(b) in the case of NM and any other person or persons to whom NM has transferred Ordinary Shares (whether directly or indirectly) under Article 7 the Original Price per Ordinary Share so held by each of them;

(c) in the case of the University and any other person or persons to whom the University has transferred Ordinary Shares (whether directly or indirectly) Article 7 a sum equal to £100,000 in respect of all Ordinary Shares held by them in aggregate;

and if there is a shortfall the proceeds shall be distributed to those above mentioned holders of Ordinary Shares in proportion to the amounts due to them under the preceding provisions of this Article 5.1.1; and

5.1.2 the balance of such assets shall be distributed amongst the holders of the Shares in proportion to the numbers of Shares held by them respectively.

- 5.2 For the avoidance of doubt, the provisions of Article 5.1 shall cease to apply immediately following completion of a Further Fundraising.

6. Transfer of Shares

- 6.1 The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer (other than a Permitted Transfer) of any Share, whether or not it is a fully paid Share. Regulation 24 of Table A shall not apply.

- 6.2 No Member either alone or in conjunction with any member of that Member's Group may, prior to a Further Fundraising, hold more than 74.9% of the issued Shares.

7. Permitted Transfers

- 7.1 Any Member may by will bequeath or otherwise dispose of on death all or any Shares held by him to a Privileged Relation.
- 7.2 Any Member may bequeath or otherwise dispose of on death all or any Shares held by him to trustees to be held on a Family Trust of which he is the settlor.
- 7.3 Where any Shares are held under a Family Trust:
- 7.3.1 on any change of trustees, those Shares may be transferred to the new trustees of that Family Trust; and
- 7.3.2 those Shares may be transferred at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor.
- 7.4 The University of Surrey may transfer up to an aggregate of 520 Ordinary Shares to the Royal Society (without restriction to price or otherwise) and any such transfers shall be registered by the Board.
- 7.5 A Member being a company is free to transfer any or all of its Shares to a company within its Group without restriction as to price or otherwise, and any such transfer shall be registered by the directors. If the transferee in these circumstances ceases to be a member of the transferor's Group (whether directly or by a series of transfers), it must immediately notify the Board that such an event has taken place and transfer the relevant Shares to a member of the original transferor's Group unless the Board shall otherwise approve (such approval not to be unreasonably withheld or delayed) in which case the transferee may retain such relevant Shares upon the terms set out in these Articles.
- 7.6 Any Member who is an Investment Fund (or a trustee, custodian or nominee of an Investment Fund) may at any time transfer all or any Shares held by it:
- 7.6.1 to any trustee, nominee (including bare nominee) or custodian for such Investment Fund in circumstances where there is no change in the beneficial ownership of such shares;
- 7.6.2 to any other Investment Fund (or its trustee, nominee or custodian) managed or advised by the same manager or advisor as it is;
- 7.6.3 to any partner or participant in such Investment Fund (which shall include any unit holder in an unauthorised unit trust established for the purpose of investing funds in such Investment Fund),
- for the avoidance of doubt each of the parties detailed in Articles 7.6.1 to 7.6.3 inclusive may also transfer all or any Shares held by it by virtue of a transfer permitted by this Article 7.6 back to the Member who transferred the relevant Shares to it. If the transferee ceases to be a person to whom the Transferor could transfer Shares pursuant to this Article 6.5, it must immediately notify the Board that such an event has taken place and transfer the relevant Shares to the Transferor or such other person to whom the Transferor could transfer Shares pursuant to this Article 6.5 unless the Board shall otherwise approve (such approval not to be unreasonably withheld or delayed) in which case the transferee may retain such relevant Shares upon the terms set out in these Articles.
- 7.7 Notwithstanding any other provision in these Articles and if the consent of Members holding at least 75% of the issued Shares is obtained, then a transfer of any Share may be made

Shares (or, if the certificate is not available, such indemnity as the Company may reasonably require).

8.2.3 If any Shares are deemed to be the subject of a Transfer Notice in accordance with Article 8.2.2, the sale price per Share shall be either:

- (a) the price agreed between the Directors and the relevant Member's personal representative, trustee in bankruptcy, liquidator, receiver or administrator, as the case may be, within 14 days of the Transfer Notice; or
- (b) in the absence of agreement, the Fair Value (explained in Article 8.9) determined for the Shares.

8.2.4 Any deemed Transfer Notice is irrevocable.

8.3 Family Trusts

8.3.1 If any Shares held under Family Trusts cease to be so held (except as a result of a transfer permitted pursuant to Articles 7.3.1 and/or 7.3.2) or if there are no longer any beneficiaries of the Family Trust other than a charity or charities, a deemed Transfer Notice is deemed to have been given in respect of the Relevant Shares (as defined in Article 8.3.2) by the holder of those Relevant Shares.

8.3.2 **Relevant Shares:** and includes the Shares originally transferred to the trustees of the Family Trust and any additional Shares issued or transferred to the trustees of the Family Trust as a result of their holding the Relevant Shares or any of them.

8.4 Pre-emption

Subject to the Sale Price being agreed or determined (as the case may be) in accordance with Article 8.8, the Company must, as soon as reasonably practicable following actual receipt of a Transfer Notice or in the case of any deemed Transfer Notice when deemed to be given, give notice in writing to each of the Members (other than the Transferor) (the **Offerees**). The notice must inform them that the Shares specified or deemed to be specified for sale in a Transfer Notice or deemed Transfer Notice (the **Sale Shares**) are available for transfer and of the Sale Price. It shall invite each of the recipients to state in writing within 30 days from the date of the notice whether he is willing to purchase any and, if so, how many of the Sale Shares.

8.5 Proportionate Entitlements

8.5.1 The Sale Shares will be offered to the Offerees on terms that, in the event of competition or if the total number of Sale Shares applied for is more than the available number of Sale Shares, the Sale Shares shall be allocated to the Offerees accepting the offer in the same proportion (as nearly as may be) which the number of Shares held by each such Offeree bears to the total number of Shares held by all Offerees accepting the offer (the **Proportionate Entitlement**) or such lesser number of Sale Shares for which he may have applied;

8.5.2 Each Offeree may specify whether he is willing to purchase more than his Proportionate Entitlement (**Excess Shares**) and if so, how many. After the expiry of the offers made under this Article or sooner if all the Sale Shares

offered shall have been accepted, the Board must allocate the Sale Shares within 7 days as follows:

- (a) if the total number of Sale Shares applied for is equal to or less than the available number of Sale Shares, the Company shall allocate the number applied for in accordance with the applications duly received from Offerees; or
- (b) if in the case of competition or if the total number of Sale Shares applied for is more than the available number of Sale Shares, the Sale Shares shall be allocated to the Offerees accepting the offer in his Proportionate Entitlement or such lesser number of Sale Shares for which he may have applied;
- (c) if an Offeree is willing to purchase Excess Shares, such Excess Shares shall be allocated in accordance with such applications or, in the event of competition, to each Offeree applying for Excess Shares (as nearly as may be) in the same proportion which the number of Shares held by such Offeree bears to the total number of Shares held by all such Offerees applying for Excess Shares.

8.5.3 The provisions of Article 8.5.2(c) shall apply mutatis mutandis repeatedly until such time as there are no Sale Shares remaining to be allocated to the Offerees applying for the Sale Shares, provided always that no Offeree shall be allocated more Sale Shares than he shall have stated himself willing to take.

8.5.4 The Company must give notice of each of the allocations (an **Allocation Notice**) to the Transferor and each Offeree to whom Sale Shares have been allocated (an **Applicant**) and must specify in the Allocation Notice the place and time (being not later than 14 days after the date of the Allocation Notice) at which the sale of the Sale Shares must be completed.

8.6 **Allocations**

The Transferor is then bound, on payment of the Sale Price by the Applicant, to transfer the Sale Shares comprised in the Allocation Notice to the Applicant. If the Transferor fails to do so, the Transferor irrevocably appoints jointly and severally the Directors to be the duly appointed attorney of the Transferor with full power to execute, complete and deliver in the name and on behalf of the Transferor a transfer or transfers of the relevant Sale Shares to the Applicant(s) and any Director may receive and give a good discharge for the purchase money on behalf of the Transferor and (subject to the transfer(s) being duly stamped) enter the name of the Applicant(s) in the register of members as the holder(s) of the Sale Shares so purchased. The Company must pay any purchase money received by it into a separate bank account in the Company's name. It must keep such money on trust (without interest) for the Transferor until the Transferor delivers to the Company his certificate(s) (or such indemnity as the Company may reasonably require) for the relevant Sale Shares, when the Transferor must be paid the purchase money.

8.7 **Exhaustion of Pre-emption Provisions**

8.7.1 If any of the Shares subject to the Transfer Notice are not sold under Articles 8.1 to 8.6 (the **Residual Shares**) within 3 calendar months of the actual or deemed service of the Transfer Notice (the **Prescribed Period**), then the Company shall, as soon as practicable following the expiry of the Prescribed

without restriction as to price or otherwise and any such transfer shall be registered by the Directors.

8. Pre-Emption Rights

8.1 Transfer Notice

Any Member (a **Transferor**) who wants to transfer any of his Shares or transfer any beneficial interest in those Shares otherwise than by way of a Permitted Transfer must give a Transfer Notice to the Company that he wishes to dispose of one or more of his Shares. Every Transfer Notice must:

- 8.1.1 state that the Company is agent for the Transferor for the sale of the Shares in accordance with this Article 8 at the Sale Price (defined in Article 8.8 below);
- 8.1.2 specify the number of Shares to be transferred;
- 8.1.3 if the Transferor has reached an agreement or an arrangement with a third party acting in good faith for the sale or transfer of the Shares, state the name of that third party and the price per Share at which Shares are proposed to be sold or transferred to that third party; and
- 8.1.4 be accompanied by the certificate for the Shares (or, if the certificate is not available, such indemnity as the Company may reasonably require).

8.2 Deemed Transfers

8.2.1 If a Transferor purports to transfer any interest in any Shares (other than pursuant to a Permitted Transfer) without following the procedure in Articles 8.1 and 8.3 to 10 (as appropriate), then a Transfer Notice will also be deemed to have been served by him and, in those circumstances, the deemed Transfer Notice will:

- (a) make the Company the agent of the Transferor, in accordance with Article 8.1.1;
- (b) be deemed to apply to the number of Shares purporting to be (or to have been) transferred;
- (c) entitle the Company to require the details referred to in Article 8.1.2 and 8.1.3 from the Transferor; and
- (d) entitle the Company to require delivery to it of the certificate for the Shares (or, if the certificate is not available, such indemnity as the Company may reasonably require) by the Transferor.

8.2.2 Subject to Articles 7.1 and 7.2, in the event of the death, bankruptcy or insolvency of any Member a Transfer Notice will be deemed to have been served by that Member in respect of all that Member's Shares and, in those circumstances, the deemed Transfer Notice will:

- (a) make the Company the agent of the relevant Member in accordance with Article 8.1.1; and
- (b) entitle the Company to require delivery to it of the certificate(s) for the

Period give notice in writing to the Transferor and such Transferor (**Co-Sale Transferor**) shall be entitled to retain the Residual Shares or to sell the same at a price not less than the Sale Price (unless otherwise agreed by the Founder Director, Modern Water Director, the NM Director and the University Director) to a third party (**Co-Sale Transferee**) provided that the provisions of this following Article 8.7 are complied with. However, the Board can refuse registration of the transferee if:

- (a) it is not satisfied that the following provisions of this Article 8.7 have been complied with; or
- (b) the transferee is or is believed to be someone or a nominee for someone considered by the Board to be a competitor (or connected with a competitor) of the business of the Company (unless the provisions of Article 8.10 (tag along) or Article 10 (drag along) apply); or
- (c) it is not satisfied that the sale is in good faith; or
- (d) it is not satisfied that the Founder Director, the Modern Water Director, the NM Director and the University Director have consented.

8.7.2 The Co-Sale Transferor shall give not less than 10 days' written notice (the **Co-Sale Notice**) to the other Members (**Co-Sale Shareholders**) in advance of the intended sale to a Co-Sale Transferee. The Co-Sale Notice shall set out, to the extent not described in any accompanying documents:

- (a) the identity of the Co-Sale Transferee;
- (b) the purchase price and other terms and conditions of payment;
- (c) the proposed date of sale (the **Co-Sale Date**);
- (d) the number of Residual Shares proposed to be purchased by the Co-Sale Transferee (the **A-Sale Shares**); and
- (e) the total number of Shares held by the Co-Sale Transferor, his/her Privileged Relations and Family Trusts and any Member in relation to whom the Co-Sale Transferor is a Privileged Relation or Family Trust.

8.7.3 Any Co-Sale Shareholder shall be entitled, by written notice given to the Co-Sale Transferee within 5 days of receipt of the Co-Sale Notice, to sell to the Co-Sale Transferee, on the same terms and conditions as those set out in the Co-Sale Notice, the B-Sale Shares.

The **B-Sale Shares** are the number of Shares held by the Co-Sale Shareholder representing the same percentage of the total number of Shares held by the Co-Sale Shareholder as the A-Sale Shares represent of the total number of Shares held by the Co-Sale Transferor.

8.7.4 If any Co-Sale Shareholder is not given the rights accorded him by the provisions of this Article 8.7, the Co-Sale Transferor shall be required not to complete its sale of the A-Sale Shares and the Company shall be bound to refuse to register the transfer of A-Sale Shares intended to carry such a sale into effect.

8.8 **Sale Price for Transfers**

The sale price per Share (the **Sale Price**) the subject of a Transfer Notice must be:

- 8.8.1 the price agreed between the Transferor and the Board within 14 days of receiving the Transfer Notice (taking into account any price per Share agreed by a third party as described in Article 8.1.3); or
- 8.8.2 in the absence of agreement, the Fair Value.

8.9 **Fair Value**

- 8.9.1 **Fair Value:** the price per Share certified in writing by the Accountants or, if none or they are unwilling to do it, another firm of independent accountants qualified to act as an auditor) as the price which, in their opinion, represents a fair value for such Share as between a willing vendor and purchaser when the Transfer Notice is given or is deemed to have been given in respect of such Shares.
- 8.9.2 When giving such certificate, the Accountants shall not take into account whether the Shares concerned represent the majority or a minority interest in the share capital of the Company, nor the fact that the right to transfer such Shares is restricted by this Agreement and shall assume that the entire issued share capital of the Company is being sold. However, in so certifying the Accountants shall take into account such other facts as they think appropriate including, if they think it appropriate, the past and current performance of the Company, the apparent future prospects of the Company and the rights attaching to the class of Share which is the subject of the Transfer Notice. The Accountants shall act as experts and not as arbitrators. In the absence of manifest error, their decision is final and binding on the Company and the Members. The reasonable costs of the Accountants in certifying the Fair Value shall be met by the Company.

8.10 **Non-compliance**

Any purported transfer of Shares otherwise than in accordance with the provisions of these Articles shall be void and have no effect.

9. **Tag Along**

Subject to the provisions of these Articles:

- 9.1 Members proposing to transfer Shares to a third party, except by way of Permitted Transfers, (the **Selling Member**) may accept a good faith offer (the **Offer**) from such third party (the **Proposed Purchaser**) for the purchase of the entire legal and beneficial interest in any Shares owned by them in the Company for a consideration payable in cash without any deferred consideration terms and otherwise on arms' length terms, conditional upon the terms of this Article being complied with in all respects.
- 9.2 The Selling Member may complete a purchase under the Offer if:
 - 9.2.1 the Proposed Purchaser would, after completion of the purchase under the Offer hold in aggregate shares in the capital of the Company carrying more than 50% of the votes exercisable at meetings of Members; and

- 9.2.2 the Selling Member sends a notice within 7 days of accepting the Offer notifying all other Members (the **Remaining Members**) of the main terms of the Offer and that it has contracted to accept the Offer as permitted by this Article 9; and
 - 9.2.3 the Proposed Purchaser has made a binding written offer to the Remaining Members at the same price per Share and on terms that are not worse than those in the Offer and will keep the offer to Remaining Members open for at least twenty one days from delivery of the offer to Remaining Members; and
 - 9.2.4 either the period mentioned in 9.2.3 has elapsed or all Remaining Members have accepted or completed the offer made to them.
- 9.3 The rights of pre-emption set out in these Articles shall not arise on any transfer of Shares to the Proposed Purchaser provided the provisions of Articles 9.1 and 9.2 fully are observed.
- 10. Drag-Along**
- 10.1 If Members holding not less than 75% of the Shares in issue for the time being (the **Selling Shareholders**) wish to transfer all their interest in their holding of Shares (the **Sellers' Shares**) to a bona fide arms length purchaser (the **Third Party Purchaser**) the Selling Shareholders shall have the option (the **Drag Along Option**) to require all other Members (the **Called Shareholders**) to sell and transfer all their shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this Article.
 - 10.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (or by requesting in writing to the Company that the Company gives notice to that effect) (a **Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Shares (the **Called Shares**) pursuant to this Article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this Article) and the proposed date of transfer.
 - 10.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
 - 10.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be in the same manner as specified in Article 5, and if Article 5 no longer applies, the same as that attributable by the offer from the Third Party Purchaser to each Seller Share.
 - 10.5 No Drag Along Notice may require a Called Shareholder to agree to any terms save those specifically provided for in this Article.
 - 10.6 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless:
 - 10.6.1 all of the Called Shareholders and the Selling Shareholders agree otherwise; or
 - 10.6.2 that date is less than 3 days after the Drag Along Notice where it shall be deferred until the third day after the Drag Along Notice.
 - 10.7 If any Member does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by them the defaulting holder shall be deemed to have

irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent and attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Purchaser (or as they may direct) and the directors shall forthwith register the Third Party Purchaser (or as they may direct) as the holder thereof. After the Third Party Purchaser (or their nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of Shares under this Article that no share certificate has been produced.

- 10.8 Upon any person, following the issue of a Drag Along Notice, becoming a Member pursuant to the exercise of a pre-existing option to acquire Shares (a **New Member**), a Drag Along Notice shall be deemed to have been served upon the New Member on the same terms as the previous Drag Along Notice who shall thereupon be bound to sell and transfer all such shares acquired by them to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this Article shall apply mutatis mutandis to the New Member save that completion of the sale of such shares shall take place forthwith upon the Drag Along Notice being deemed served on the New Member.

11. Notice of General Meetings

- 11.1 Notice of every general meeting shall be given in any manner authorised by or under these Articles to all Members other than such as, under the provisions of these Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Company, provided that any Member may in writing or by electronic communication waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him but, if not so waived, any business transacted and resolutions passed at such meeting shall be void.
- 11.2 No business shall be transacted at any General Meeting unless a quorum is present. Subject to Article 11.3 below two persons entitled to vote upon the business to be transacted, each being a Member or a proxy for a Member or a proxy for a Member or duly authorised representative of a corporation, shall be a quorum.
- 11.3 If and for so long as the Company has only one Member, that Member present in person or by proxy or if that Member is a corporation by a duly authorised representative shall be a quorum. Regulation 40 of Table A shall not apply.
- 11.4 If and for so long as the Company has only one Member and that Member takes any decision which is required to be taken in General Meeting or by means of a written resolution, that decision shall be as valid and effectual as if agreed by the Company in General Meeting save that this Article shall not apply to resolutions passed pursuant to Sections 303 and 391 of the Companies Act 1985.
- 11.5 Any decision taken by a sole Member pursuant to Article 11.4 above shall be recorded in writing and delivered by that member to the Company for entry in the Company's Minute Book.

12. Proceeding at General Meetings

At any general meeting a poll may be demanded by the Chairman or by any Member present in person or by proxy and Regulation 46 of Table A shall be varied accordingly.

13. Votes of Members

13.1 Subject to any rights or restrictions for the time being attached to any class or classes of Shares, on a show of hands every Member present in person and every person present as a proxy for a Member or Members shall have one vote, and on a poll every Member shall have one vote for each Share of which he is the holder. Regulation 54 of Table A shall not apply.

13.2 The appointment of a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall, in the case of an appointment in writing, be deposited at the registered office of the Company (or at such other place in the United Kingdom as is specified for that purpose in the notice of meeting or any instrument of proxy sent by the Company in relation to the meeting) not less than twenty-four hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote, or handed to the Chairman of the meeting or adjourned meeting before the commencement of such meeting or, in the case of an appointment contained in an electronic communication, where an address has been specified in:

13.2.1 the notice convening the meeting; or

13.2.2 in any instrument of proxy sent out by the Company in relation to the meeting; or

13.2.3 in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting

shall be received at such address not less than twenty-four hours before the time for holding the meeting or adjourned meeting. In default, the appointment shall not be treated as valid. Regulation 62 of Table A shall not apply.

14. Number of Directors

The maximum number and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of Directors shall be one a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Article 20.2 shall be read and construed accordingly. Regulation 64 of Table A shall not apply.

15. Alternate Directors

An alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent as if he were a Director but shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part (if any) of the remuneration otherwise payable to the Director appointing him as such Director may by notice in writing to the Company from time to time direct and Regulation 66 of Table A shall be varied accordingly.

16. The Seal

The Company may exercise all the powers conferred by the Companies Acts with regard to

having any official seal, or otherwise in relation to the execution of documents by the Company, and such powers shall be vested in the Directors. Any document to which an official seal is affixed shall be signed by such persons, if any, as the Directors may from time to time determine and unless otherwise so determined shall be signed by a Director and by the Company secretary or a second Director. Any document to which an official seal is affixed or which is otherwise executed by the Company shall be delivered at such time, and in such manner, as the Directors may from time to time determine, and shall not be deemed to be delivered by the Company solely as a result of having been executed by the Company. Regulation 101 of Table A shall not apply.

17. Delegation of Directors' Powers

The Directors may delegate any of their powers to committees consisting of such person or persons (whether Directors or not) as they think fit. The Directors may also entrust to and confer upon any Director any of the powers exercisable by them. Any such delegation may be made upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and the Directors may from time to time revoke, withdraw, alter or vary all or any of such powers. Subject to any such terms, conditions or restrictions, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of directors so far as they are capable of applying. Regulation 72 of Table A shall not apply.

18. Appointment and Retirement of Directors

- 18.1 While it remains a Qualifying Party, Modern Water shall have the right to appoint and maintain in office one Director and to remove and replace any such Director by serving written notice to that effect on the Company (which will take effect on the delivery at the registered office of the Company or at any meeting of the Board), signed by or for Modern Water. If it ceases to be a Qualifying Party, it shall, at the request of the Board, promptly procure the removal of any Director appointed by it pursuant to this Article 18.1.
- 18.2 While it remains a Qualifying Party, the University shall have the right to appoint and maintain in office one Director and to remove and replace any such Director by serving written notice to that effect on the Company (which will take effect in the delivery at the registered office of the Company or at any meeting of the Board), signed by or for the University. If it ceases to be a Qualifying Party, it shall, at the request of the Board, promptly procure the removal of any Director appointed by it pursuant to this Article 18.2.
- 18.3 For so long as NM holds not less than 10% of the Company's issued share capital he shall have the right to appoint and maintain in office one Director and to remove and replace any such Director by serving written notice to that effect on the Company (which will take effect in the delivery at the registered office of the Company or at any meeting of the Board). If he ceases to hold 10% or more of the Company's issued share capital, he shall, at the request of the Board, promptly procure the removal of any Director appointed by him pursuant to this Article 18.3.
- 18.4 For so long as Adel Sharif holds not less than 20% of the Company's issued share capital he shall have the right to appoint and maintain in office one Director (the **Founder Director**) and to remove and replace any such Director by serving written notice to that effect on the Company (which will take effect in the delivery at the registered office of the Company or at any meeting of the Board). If he ceases to hold 20% or more of the Company's issued share capital, he shall, at the request of the Board, promptly procure the removal of the Founder Director appointed by him pursuant to this Article 18.4.

- 18.5 Without prejudice to any other provisions of or incorporated in these Articles governing the appointment and removal of Directors, any Member or Members holding a majority in nominal value of such of the issued share capital for the time being of the Company as carries the right of attending and voting at general meetings of the Company may by memorandum in writing signed by or on behalf of him or them and delivered to the registered office of the Company or tendered at a meeting of the Board, or of the Company in general meeting, or sent by electronic communication, at any time and from time to time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors or remove any Director from office except the University Director, the Modern Water Director, the NM Director and the Founder Director.
- 18.6 The Directors and the Company by ordinary resolution shall each have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall (subject to Regulation 81 of Table A and to the provisions of the Companies Acts) hold office until he is removed pursuant to these Articles.
- 18.7 Regulations 73 to 80 (inclusive), Regulation 81(e) and the last sentence of Regulation 84 of Table A shall not apply.
- 18.8 A Director shall hold office until:
- 18.8.1 he is either removed in the manner provided by this Article 18 or vacates office pursuant to Regulation 81 (as modified by this Article 18);
 - 18.8.2 (save in the case of the Founder Director, the Modern Water Director, the NM Director and the University Director) he shall, for whatever reason, cease to be employed or engaged by or contracted to provide services to the Company or any of its group companies in any such capacity;
 - 18.8.3 (save in the case of the Founder Director, the Modern Water Director, the NM Director and the University Director) all the other Directors unanimously resolve that his office be vacated; or
 - 18.8.4 he is required to be removed in accordance with Article 18.1, 18.2, 18.3 or 18.4 (as applicable).
- 18.9 The word "*automatically*" shall be inserted before the word "*vacated*" in the first line of Regulation 81.

19. Directors' Gratuities and Pensions

The Directors, on behalf of the Company, may exercise all the powers of the Company to grant pensions, annuities, gratuities and superannuation or other allowances and benefits in favour of any person including any Director or former Director or the relations, connections or dependants of any Director or former Director. A Director or former Director shall not be accountable to the Company or the Members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a Director.

20. Proceedings of Directors

- 20.1 The Directors may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meetings shall be determined by a majority of votes. In case of an equality of votes the chairman of the meeting shall have a

second or casting vote. A Director may, and the Company secretary at the request of a Director shall, at any time call a meeting of the Directors. Notice of any Board meeting may be given by any electronic communication. It shall not be necessary to give notice of a Board meeting to any Director for the time being absent from the United Kingdom unless:

- 20.1.1 he has given to the Company an address, whether within or outside the United Kingdom, at which notices can be served on him; or
- 20.1.2 in the opinion of the Company secretary or Director calling the meeting it is possible at the time notice is to be given to give him such notice by electronic communication and it will be possible for him to participate in the meeting by telephone or other communication equipment as referred to in Article 20.3 of these Articles.

Meetings may be held in any part of the world.

- 20.2 The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and, unless so fixed at any other number, shall subject to the provisions of Article 14 be three which must include three of the following four Directors:

- 20.2.1 the Founder Director (if a Founder Director is appointed);
- 20.2.2 the University Director (if a University Director is appointed);
- 20.2.3 the Modern Water Director (if a Modern Water Director is appointed);
- 20.2.4 the NM Director (if an NM Director is appointed).

An alternate Director shall, if his appointor is not present, be counted in the quorum. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. Any Director who ceases to be a Director at a meeting of the Directors may continue to be present and act as a Director, and be counted in the quorum, until termination of the meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

- 20.3 A Director shall be treated as present in person at a meeting of the Directors notwithstanding that he is not physically present at the place where the meeting is held if he is in communication with the meeting by conference telephone or other communication equipment permitting each person physically present at or so in communication with the meeting to hear and be heard by each other such person. Such a Director shall be counted in the quorum of the meeting and shall be entitled to vote thereat.
- 20.4 Subject to the provisions of these Articles and provided a Director shall have disclosed such interest in accordance with Regulation 85 of Table A, a Director shall be entitled to vote in respect of any transaction, contract, arrangement or agreement with the Company in which he is in any way, whether directly or indirectly, interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present. For the purpose of this Article, an interest of a person who is, for any purpose of the Act, connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.
- 20.5 Regulations 88-89 (inclusive) and 94-98 (inclusive) of Table A shall not apply.

21. Notices

Any notice or other document (including a share certificate or other document of title) may be served on or delivered to any Member by the Company either personally or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register of Members, or by delivering it to or leaving it at such registered address, addressed as aforesaid, or (except for a share certificate or other document of title) by giving it using electronic communications to an address notified to the Company for that purpose by the Member. In the case of joint holders of a Share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders. Any notice or other document served or delivered in accordance with these Articles shall be deemed duly served or delivered notwithstanding that the Member is then dead or bankrupt or otherwise under any legal disability or incapacity and whether or not the Company had notice thereof. Any such notice or other document sent by first-class post shall be deemed to have been served or delivered on the day after the day when the same was put in the post, and in proving such service or delivery it shall be sufficient to prove that the notice or document was properly addressed, prepaid and put in the post. Any such notice or other document sent by an electronic communication shall be deemed to have been served 48 hours after the same was sent and proof that the same was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. Regulations 112, 115 and 116 of Table A shall not apply.

22. Winding Up

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the Court) the liquidator may, with the authority of an extraordinary resolution and subject to any provision sanctioned in accordance with the provisions of the Companies Acts, divide among the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such values as he deems fair upon any assets to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The Liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any Shares or other property in respect of which there is a liability and the Liquidator may make any provision referred to in and sanctioned in accordance with the provisions of the Companies Acts. Regulation 117 of Table A shall not apply.

23. Indemnity

Subject to the Act but without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director or other officer of the Company (other than any person (whether or not an officer of the Company) engaged by the Company as auditor) shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him from time to time (whether in connection with any negligence, default, breach of duty or breach of trust by him or otherwise) in relation to the affairs of the Company provided that this Article 23 shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article 23, or any part of it, to be treated as void under the Act. Accordingly, Regulation 118 shall not apply.