

COMPANY NUMBER: 05987714

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS OF

FIBRE 7 UK LIMITED

(the "Company")

THURSDAY



The following resolutions were passed in writing pursuant to Chapter 2 of Part 13 of the Companies Act 2006 as ordinary and special resolutions on 5 December 2016

ORDINARY RESOLUTIONS

1 Authority to allot - Investment

That, subject to the passing of Resolution 3, the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "CA 2006") to exercise all powers of the Company to allot the following shares and grant the following rights to subscribe for or convert any security into ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares") up to a maximum of

- (a) 200,000,000 convertible preference shares of £0.01 each in the capital of the Company ("Convertible Preference Shares") (being up to a maximum aggregate nominal amount of £2,000,000), having the rights and being subject to the restrictions set out in the articles of association proposed to be adopted pursuant to Resolution 3;
- (b) 26,500,000 Ordinary Shares (being up to a maximum aggregate nominal amount of £265,000), having the rights and being subject to the restrictions set out in the articles of association proposed to be adopted pursuant to Resolution 3,
- (c) 2,616,182 Ordinary Shares pursuant to the terms of the warrant instruments entered into on or around 1 December 2016 (being up to a maximum aggregate nominal amount of £26,161.82), having the rights and being subject to the restrictions set out in the articles of association proposed to be adopted pursuant to Resolution 3,
- (d) 200,000,000 Ordinary Shares following conversion of the Convertible Preference Shares allotted pursuant to (a) above (being up to a maximum aggregate nominal amount of £2,000,000), having the rights and being subject to the restrictions set out in the articles of association proposed to be adopted pursuant to Resolution 3,
- (e) up to 210,000,000 Convertible Preference Shares, pursuant to the terms of an investment agreement entered into on or around 30 November 2016 (being up

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to a maximum aggregate nominal amount of £2,100,000 00), having the rights and being subject to the restrictions set out in the articles of association proposed to be adopted pursuant to Resolution 3,

- (f) up to 24,569,536 Ordinary Shares, pursuant to the terms of an investment agreement entered into on or around 30 November 2016 (being up to a maximum aggregate nominal amount of £245,695 36), having the rights and being subject to the restrictions set out in the articles of association proposed to be adopted pursuant to Resolution 3, and
- (g) up to 210,000,000 Ordinary Shares following conversion of the Convertible Preference Shares allotted pursuant to (e) above (being up to a maximum aggregate nominal amount of £2,100,000), having the rights and being subject to the restrictions set out in the articles of association proposed to be adopted pursuant to Resolution 3,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date falling five years from the date of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired

This authority revokes and replaces all unexercised authorities previously granted to the directors but without prejudice to any allotment of shares already made or offered or agreed to be made pursuant to such authorities

SPECIAL RESOLUTIONS

2 Disapplication of pre-emption rights - Investment

That, subject to the passing of Resolutions 1 and 3, the directors be and they are hereby empowered pursuant to section 570 of the CA 2006 to allot equity securities (within the meaning of section 560 of the CA 2006) for cash pursuant to the authority conferred in Resolution 1 above as if section 560(1) of the CA 2006 did not apply to any such allotment, provided that this power shall, unless renewed, varied or revoked by the Company, expire on the date falling five years from the date of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired

3 Adoption of new articles of association

That, the articles of association attached to this written resolution be 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

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4 Ratification

That the shareholders of the Company hereby irrevocably approve, confirm and ratify the transfer of the following shares by each of Paul Davies and William Orgee respectively to David Johns-Powell on 1 November 2016, such transfers having taken place without the requisite Relevant Majority Consent having been received or the pre-emptive process set out in article 11 having been followed prior to such transfers taking place in accordance with the Company's articles of association in force at the time of the transfer and, further, we hereby irrevocably approve, confirm and ratify the disapplication of article 11 of the Company's articles of association in force at the time of the transfer as if such article had been disappplied prior to such share transfers taking place

Paul Davies	William Orgee
7,202,260 Ordinary Shares	6,134,072 Ordinary Shares
100,761 preference shares of £1.00 each in the capital of the Company	

Hans Ng
.....
Director

The Companies Act 2006
Private Company Limited by Shares

ARTICLES OF ASSOCIATION

FIBRE 7 UK LIMITED



The Companies Act 2006
Company limited by shares
Articles of Association
of
FIBRE 7 UK LIMITED

As adopted pursuant to a special resolution passed on 5 December 2016

1 DEFINITIONS AND EXCLUSION OF DEFAULT ARTICLES

In these Articles, unless the context otherwise requires, the following words and expressions shall have the following meanings

Act	the Companies Act 2006, in force from time to time,
Accounts	the audited profits and loss account and balance sheet of the Company, or if the Company has any subsidiaries, the audited consolidated profit and loss account and balance sheet of the Company and its subsidiaries together with all notes thereto for each financial year or period (as the case maybe) calculated on the historical cost basis and (where appropriate) prepared in accordance with UK General Accepted Accounting Principles,
Auditor(s)	the auditors for the time being of the Company,
Available Profits	the profits available for distribution within the meaning of Part 23 the Act,
Board	the board of directors of the Company,
Business Days	a day other than a Saturday when the banks are open for the conduct of normal banking business in London, England,
Clear Days	in relation to the period of notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect,
Connected Persons	has the meaning given to it in Section 1122 of the Corporation Tax Act 2010,
Convertible Preference	convertible preference shares of £0.01 each in the capital of

Shares	the Company having the rights set out in these Articles,
Convertible Shareholder	a holder of Convertible Preference Shares,
Cumulative Revenue Reserves	the cumulative revenue reserves of the Company on a consolidated basis as shown in its Accounts and in default of agreement between the Board and any Preference Shareholder, as determined by a firm of Chartered Accountants appointed by agreement between the relevant Preference Shareholder and the Board or in default of agreement appointed by the President of the Institute of Chartered Accountants in England and Wales acting as experts and not as arbitrators and whose decision shall be final and binding on the relevant parties, save in the case of manifest error,
Deferred Shares	deferred shares of £0.01 each in the capital of the Company having the rights set out in these Articles,
Directors	the Directors for the time being of the Company,
Equity Shares	the Ordinary Shares and the Convertible Preference Shares,
Group	the Company and its subsidiaries from time to time and " Group Company " means any of them,
Investor	the holder(s) for the time being of 76% in nominal value of the issued Convertible Preference Shares. For this purpose, any then converted Convertible Preference Shares shall be treated as Convertible Preference Shares,
Investor Consent	a consent or approval in writing by or on behalf of the Investor,
Office	the registered office for the time being of the Company,
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company having the rights set out in these Articles,
Ordinary Shareholder	a holder of Ordinary Shares,
Original Subscription Price	in respect of Convertible Preference Shares £0.01 per Convertible Preference Share and in respect of the Preference Shares £1 per Preference Share,
Preference Shares	the preference shares of £1 each in the capital of the Company having the rights set out in these Articles,

Preference Shareholder	a holder for the time being of Preference Shares,
Preferred Dividend	the preferential dividend (if any) referred to in Article 3 3(a),
Qualifying Drag Investors	Shareholders who hold Shares representing at least 50 01% of the Equity Shares and including the Investor,
Secretary	the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint assistant or deputy secretary,
Shareholder	a holder for the time being of Shares,
Shares	the issued shares in the capital of the Company from time to time but excluding the Deferred Shares,
United Kingdom	Great Britain and Northern Ireland, and
Year	any year ending 31 December during the Relevant Period

- 1 1 The Model Articles apply to the Company save in so far as they save insofar as they are excluded or modified by, or are inconsistent with, the regulations contained herein
- 1 2 For the purposes of these articles a corporation shall be deemed to be present in person if its representative duly authorised in accordance with the Act is present in person
- 1 3 Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Act, as in force on the date when these articles become binding on the Company
- 1 4 Headings in these articles are used for convenience only and shall not affect the construction or interpretation of these articles
- 1 5 A reference in these articles to an "article" is a reference to the relevant article of these articles unless expressly provided otherwise
- 1 6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of
- (a) any subordinate legislation from time to time made under it, and
- (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts
- 1 7 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms

2 TRANSFER OF SHARES

A reference in these Articles to the transfer of any Share shall mean the transfer of either or both of the legal and beneficial ownership in such Share and/or the grant of an option to acquire either or both of the legal and beneficial ownership in such Share and the following shall be deemed (but without limitation) to be a transfer of a Share

- (a) any direction (by way of renunciation or otherwise) by a Shareholder entitled to an allotment or issue of any Share that such Share be allotted or issued to some person other than himself,
- (b) any sale or other disposition of any legal or equitable interest in a Share (including any voting right attached thereto) and whether or not by the registered holder thereof and whether or not for consideration or otherwise and whether or not effected by an instrument in writing, and
- (c) any grant of a legal or equitable mortgage or charge over any Share

2.2 General words

In construing these Articles, general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words

2.3 Nominees

Where any Shares are held by a bare nominee for any person, that person shall be treated for the purposes of these Articles as the Shareholder in respect of those Shares

3 SHARE CAPITAL AND PARI PASSU CLASS RIGHTS

3.1 Class Rights

- (a) The Ordinary Shares, Preference Shares and the Convertible Preference Shares shall constitute different classes of Shares for the purposes of the Act but save as provided in these Articles the Shares shall rank *pari passu* in all respects
- (b) The Deferred Shares shall only have the rights set out in Article 3.5

3.2 Voting

- (a) The Ordinary Shares and the Convertible Preference Shares (subject always to the provisions of Articles 3.2(d), (e) and (f)) shall confer on each Shareholder (in that capacity) the right to receive notice of and to attend, speak and vote at all general meetings of the Company

- (b) The Preference Shares shall confer no rights to receive notice of, to attend, speak or vote at general meetings of the Company
- (c) Subject to the provisions of Articles 3 2(d), (e) and (f) where Shares confer a right to vote, on a show of hands each holder of such Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote and on a poll each such holder so present shall have one vote for each Share held by him
- (d) Shares held from time to time by Woodford Equity Income Fund ("WEIF") will each have one vote per share provided that if at any time WEIF's Shares constitute more than 19.5% of the total voting share capital of the Company, WEIF's Shares will be limited in aggregate to 19.5% of the total number of votes, those votes to be split equally on a fractional basis amongst WEIF's Shares and all other existing voting rights will be increased pro rata (other than in respect of any Shares referred to in Articles 3 2(d) to 3 2(f) where such increase would cause such Shares to exceed their voting right limit)
- (e) Shares held from time to time by Omnis Income & Growth Fund ("OIGF") will each have one vote per share provided that if at any time OIGF's Shares constitute more than 19.5% of the total voting share capital of the Company, OIGF's Shares will be limited in aggregate to 19.5% of the total number of votes, those votes to be split equally on a fractional basis amongst OIGF's Shares and all other existing voting rights will be increased pro rata (other than in respect of any Shares referred to in Articles 3 2(d) to 3 2(f) where such increase would cause such Shares to exceed their voting right limit)
- (f) Shares held from time to time by Woodford Patient Capital Trust Plc ("WPCT") will each have one vote per share provided that if at any time WPCT's Shares constitute more than 49% of the total voting share capital of the Company, WPCT's Shares will be limited in aggregate to 49% of the total number of votes, those votes to be split equally on a fractional basis amongst WPCT's Shares and all other existing voting rights will be increased pro rata (other than in respect of any Shares referred to in Articles 3 2(d) to 3 2(f) where such increase would cause such Shares to exceed their voting right limit)

3.3 Income

In any financial year, the Available Profits of the Company may be used to pay dividends as set out in this Article 3.3

- (a) the Company may before application of any Available Profits to reserve or for any other purpose and subject to Investor Consent, pay the holders of the Preference Shares a dividend (if any) determined by the Board at its sole discretion ("**Preferred Dividend**") to be rolled up and paid on the date on which the Preference Shares are redeemed to the person registered as the holder on that date, and
- (b) any Available Profits remaining which the Directors may lawfully determine to distribute in respect of any financial year shall be distributed amongst the holders of

the Ordinary Shares and Convertible Preference Shares pro rata according to the number of fully paid and issued Ordinary Shares and Convertible Preference Shares held by each of them

3 4 Return of Capital

- (a) Upon a winding up of or other return of capital by the Company the surplus assets of the Company remaining after payment of all liabilities shall be distributed among the Shareholders as follows
 - (i) first in paying to the Convertible Shareholders an amount equal to the Original Subscription Price and if there is a shortfall of assets remaining to satisfy the entitlements of Convertible Shareholders in full, the proceeds shall be distributed to the Convertible Shareholders in proportion to the amounts due to each such Convertible Preference Share held,
 - (ii) secondly in paying to the Preference Shareholders an amount equivalent to the Original Subscription Price together with a sum equal to any accruals of the Preferred Dividend (if any) calculated down to and including the date of the return of capital and, if there is a shortfall of assets remaining to satisfy the entitlements of Preference Shareholders in full, the proceeds shall be distributed to the Preference Shareholders in proportion to the amounts due to each such Preference Share held,
 - (iii) thirdly in paying to the Ordinary Shareholders any dividend declared in respect of the Ordinary Shares but otherwise unpaid by the Company, and
 - (iv) fourthly, the Ordinary Shareholders shall (subject to Article 3 5(d)) be entitled to the balance of the surplus assets (if any) to be shared among the Ordinary Shareholders pro rata according to the number of fully paid and issued Ordinary Shares held by each of them
- (b) A worked example of the return of capital set out in this Article 3 5 is attached at Schedule 1 to these articles of association

3 5 Deferred Shares

- (a) the Deferred Shares have no right to participate in or receive any dividends declared, made or paid by the Company,
- (b) the Deferred Shares no right to receive notice of or attend or vote at any general or class meeting of the Company,
- (c) the approval of the Directors, acting with Investor Consent, shall be required for any transfer of Deferred Shares,
- (d) the right on a return of assets in a winding-up to a repayment of the capital paid up on such Deferred Shares after the rights of all holders of Ordinary Shares have been discharged in full and a sum of £100,000 has been paid in respect of each issued

Ordinary Share in the capital of the Company, but no other right to participate in the assets of the Company, and

- (e) the Directors shall have irrevocable authority at any time to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Directors may determine as custodian thereof and to cancel and/or purchase the same (in accordance with the provisions of statute) without making any payment to or obtaining the sanction of the holders thereof and pending the transfer and/or cancellation and/or purchase to retain the certificate for such shares,

but so that none of the rights or restrictions attached to such Deferred Shares shall be or be deemed to be varied or abrogated in any way by the passing or coming into effect of any special resolution of the Company to reduce its share capital and/or reduce or cancel (as the case may be) its share premium account (including a special resolution to reduce the capital paid up on, and to cancel, such Deferred Shares)

3.6 Redemption of Preference Shares

- (a) Subject to the Act and Investor Consent, the Preference Shares may (at the sole discretion of the Board) be redeemed in full at any time after the Cumulative Revenue Reserves exceed £3 million by the relevant Preference Shareholder giving not less than 14 days' notice of the redemption to the Company (or such shorter notice as the Company may agree) after the date the Accounts for the relevant financial year are filed at Companies House ("**Redemption Notice**") Those Preference Shares shall be redeemed immediately upon expiry of the Redemption Notice by the Company ("**Redemption Date**")
- (b) On the Redemption Date, the Company shall pay the Original Subscription Price on each of the Preference Shares redeemed At the same time, it shall pay any accruals of the Preferred Dividend due on such Preference Shares, calculated down to and including the Redemption Date The Preferred Dividend on the redeemed Preference Shares shall stop accruing from the date on which the redemption amount is paid
- (c) On the Redemption Date each Preference Shareholder shall surrender to the Company the certificate for the Preference Shares that are to be redeemed (or an indemnity in a form reasonably satisfactory to the Board in respect of any lost share certificate) to be cancelled If any certificate (or indemnity) so surrendered includes any Preference Shares that are not redeemable at that time, the Company shall issue a new share certificate for the balance of the Preference Shares not redeemable to the holder If there is more than one of Preference Shareholder, any redemption shall be made among such holders pro rata (as nearly as possible) to their respective holdings
- (d) If, on the Redemption Date, the Company is prohibited from redeeming some or all of the Preference Shares then due to be redeemed, the Company shall redeem such number of Preference Shares as it is lawfully able to redeem If there is more than one Preference Shareholder whose Preference Shares are due to be redeemed,

those Preference Shares shall be redeemed in proportion as nearly as possible to their existing holdings of Preference Shares and the Company shall redeem the balance of those Preference Shares as soon as practicable

4 CONVERSION OF CONVERTIBLE PREFERENCE SHARES INTO ORDINARY SHARES

- 4 1 Any Convertible Shareholder shall be entitled by notice in writing to the Company, to require conversion into Ordinary Shares of all of the Convertible Preference Shares held by them at any time and those Convertible Preference Shares shall convert automatically on the date set out in such notice (the "**Conversion Date**") provided that the Convertible Shareholder may in such notice, state that conversion of the Convertible Preference Shares into Ordinary Shares is conditional upon the occurrence of particular events (the "**Conditions**")
- 4 2 In the case of Article 4 1 at least five Business Days after the Conversion Date each Convertible Shareholder shall deliver the certificate (or an indemnity in a form reasonably satisfactory to the Board in respect of any lost certificate(s)) in respect of Convertible Preference Shares being converted to the Company at the Office for the time being
- 4 3 On the Conversion Date, subject to the satisfaction of any Conditions (if any), the relevant Convertible Preference Shares shall without further authority than is contained in these Articles stand converted into Ordinary Shares on the basis of one Ordinary Share for each Convertible Preference Share ("**Conversion Ratio**") and the Ordinary Shares resulting from that conversion shall in all respects rank pari passu with the existing issued Ordinary Shares
- 4 4 The Company shall on the Conversion Date enter each holder of converted Convertible Preference Shares on the register of members of the Company as the holder of the appropriate number of Ordinary Shares and, subject to the relevant holder delivering its certificate(s) (or indemnity) in respect of the Convertible Preference Shares in accordance with Article 4 2, the Company shall within 10 Business Days of the Conversion Date forward to such holder of Shares by post to the address shown in the register of members, free of charge, a definitive certificate for the appropriate number of fully paid Ordinary Shares
- 4 5 The Conversion Ratio shall from time to time be adjusted in accordance with the provisions of this Article
- (a) if Convertible Preference Shares remain capable of being converted into Ordinary Shares and there is a consolidation and/or sub-division of Ordinary Shares, the Conversion Ratio shall be adjusted by an amount, which in the opinion of the Board is fair and reasonable, to maintain the right to convert so as to ensure that each holder of Convertible Preference Shares is in no better or worse position as a result of such consolidation or sub-division, such adjustment to become effective immediately after such consolidation or sub-division, and
- (b) if any Convertible Preference Shares remain capable of being converted into Ordinary Shares, on an allotment of fully-paid Ordinary Shares pursuant to a capitalisation of profits or reserves to holders of Ordinary Shares the Conversion Ratio shall be adjusted by an amount, which in the opinion of the Board is fair and reasonable, to maintain the right to convert so as to ensure that each holder of Convertible Preference Shares is in no better or worse position as a result of such capitalisation of

profits or reserves, such adjustment to become effective as at the record date for such issue

- 4 6 If any Shareholder becomes entitled to fractions of an Ordinary Share as a result of conversion ("**Fractional Holders**"), the Directors may (in their absolute discretion) deal with these fractions as they think fit on behalf of the Fractional Holders. In particular, the Directors may aggregate and sell the fractions to a person for the best price reasonably obtainable and distribute the net proceeds of sale in due proportions among the Fractional Holders or may ignore fractions or accrue the benefit of such fractions to the Company rather than the Fractional Holder. For the purposes of completing any such sale of fractions, the chairman of the Company or, failing him, the secretary will be deemed to have been appointed the Fractional Holder's agent for the purpose of the sale.
- 4 7 If a doubt or dispute arises concerning the application of or an adjustment to the Conversion Ratio in accordance with Article 4 5, the Board shall refer the matter to the Auditors for determination who shall make available to all Shareholders their report and whose certificate as to the amount of the adjustment is, in the absence of manifest error, conclusive and binding on all concerned and their costs shall be met by the Company. If there are no Auditors appointed or if the Auditors decline to act, such firm of chartered accountants shall be appointed with Investor Consent (or, in the absence of such Investor Consent, such firm of chartered accountants as appointed by the President of the Institute of Chartered Accountants in England and Wales) to perform the role of the Auditor set out in this Article 4 7.

5 ANTI-DILUTION PROTECTION

- 5 1 If new Shares are issued by the Company at a price per new Share which equates to less than the Original Subscription Price per Convertible Preference Share (a "**Qualifying Issue**") (which in the event that the new Share is not issued for cash shall be a price certified by the Auditors acting as experts and not as arbitrators as being in their opinion the current cash value of the new consideration for the allotment of the new Share) then in respect of the Convertible Preference Shares the Company shall (unless and to the extent that the Convertible Shareholders have by way of Investor Consent waived their rights under this Article) issue to each Convertible Shareholder (the "**Exercising Investor**") a number of new Convertible Preference Shares determined by applying the following formula (and rounding the Product, N, down to the nearest whole Convertible Preference Share), (the "**Anti-Dilution Shares**")

- 5 2 **Broad-Based Weighted Average Ratchet**

$$N = \left(\left(\frac{SIP}{WA} \right) \times Z \right) - Z$$

Where

N= Number of Anti-Dilution Shares to be issued to the Exercising Investor

$$WA = \frac{(SIP \times ESC) + (QISP \times NS)}{(ESC + NS)}$$

SIP = Original Subscription Price

ESC = the number of Shares in issue plus the aggregate number of Shares in respect of which options to subscribe have been granted, or which are subject to convertible securities (including but not limited to warrants) in each case immediately prior to the Qualifying Issue

QISP = the lowest per Share price of the new Shares issued pursuant to the Qualifying Issue (which in the event that that new Shares is not issued for cash shall be the sum certified by the Auditors acting as experts and not arbitrators as being in their opinion the current cash value of the non cash consideration for the allotment of the new Shares)

NS = the number of new Shares issued pursuant to the Qualifying Issue

Z = the number of Convertible Preference Shares held by the Exercising Investor prior to the Qualifying Issue

5.3 The Anti-Dilution Shares shall

- (a) be paid up by the automatic capitalisation of available Cumulative Revenue Reserved, unless and to the extent that the same shall be impossible or unlawful in which event the Exercising Investors shall be entitled to subscribe for the Anti-Dilution Shares in cash at par (being the par value approved in advance by Investor Consent) and the entitlement of such Exercising Investors to Anti-Dilution Shares shall be increased by adjustment to the formula set out in Article 5.1 so that the Exercising Investors shall be in no worse position than if they had not so subscribed at par. In the event of any dispute between the Company and any Exercising Investor as to the effect of Article 5.1 or this Article 5.3, the matter shall be referred (at the cost of the Company) to the Auditors for certification of the number of Anti-Dilution Shares to be issued. The Auditor's certification of the matter shall in the absence of manifest error be final and binding on the Company and the Exercising Investor, and
- (b) subject to the payment of any cash payable pursuant to Article 5.3(a) (if applicable), be issued, credited fully paid up in cash and shall rank pari passu in all respects with the existing Convertible Preference Shares, within five Business Days of the expiry of the offer being made by the Company to the Exercising Investor and pursuant to Article 5.3(a)

5.4 A worked example of the calculation set out in this Article 5 is attached at Schedule 2 to these articles of association

6 THE ISSUES OF SHARES

6.1 Directors' authority to allot

Subject to Article 6.2, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, all shares shall be issued to the persons, on the terms and conditions and with the rights, priorities, privileges or restrictions in each case

as provided in the resolution creating or issuing the relevant shares. In the absence of any such provision, all shares shall be at the disposal of the directors who may issue them, subject to section 549 CA 2006, to such persons at such times and generally on such terms and conditions and with such rights, priorities, privileges or restrictions as they may think fit.

- 6.2 Notwithstanding the provisions of Article 6.1 no issue of unissued Shares shall take place without prior Investor Consent including in respect of the terms of any such issue including, without limitation, the subscription price in respect of any such issue.

6.3 Exclusion of statutory provision

In accordance with section 567 of the Act, sections 561(1) and 562 of the Act shall not apply to the Company.

7 VARIATION OF CLASS RIGHTS

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of 75% of the issued Shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the Shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall, mutatis mutandis, apply except that

- (a) the necessary quorum shall be one or more persons at least holding or representing by proxy one third in nominal amount of the issued Shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum),
- (b) any holder of Shares of the class present in person or by proxy may demand a poll, and
- (c) the holders of shares of the class shall, on a poll, have one vote in respect of every Shares of the class held by them respectively.

8 REDEMPTION AND PURCHASE OF SHARES

Subject to the provisions of Part 18 of the Act and to the rights of the holders of the Shares, the Company may

- (a) issue Shares which are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholder concerned,
- (b) purchase its own Shares (including any redeemable shares), and
- (c) make a payment in respect of the redemption or purchase under Part 18 of the Act and exercise the relevant power under (a) or (b) above, in respect of any of its own Shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of Shares to the extent permitted by Part 18 the Act.

9 LIEN AND FORFEITURE

9.1 Company's lien over partly paid shares

- (a) The company has a lien (the "company's lien") over every share which is partly paid for any part of
 - (i) that share's nominal value, and
 - (ii) any premium at which it was issued,

which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it

- (b) The company's lien over a share
 - (i) takes priority over any third party's interest in that share, and
 - (ii) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share
- (c) The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part

9.2 Enforcement of the company's lien

- (a) Subject to the provisions of this article, if
 - (i) a lien enforcement notice has been given in respect of a share, and
 - (ii) the person to whom the notice was given has failed to comply with it,

the company may sell that share in such manner as the directors decide

- (b) A lien enforcement notice
 - (i) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,
 - (ii) must specify the share concerned,
 - (iii) must require payment of the sum payable within 14 days of the notice,
 - (iv) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise, and

- (v) must state the company's intention to sell the share if the notice is not complied with
- (c) Where shares are sold under this article
 - (i) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and
 - (ii) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale
- (d) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied
 - (i) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice, and
 - (ii) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice
- (e) A statutory declaration by a director or company secretary that the declarant is a director or company secretary and that a share has been sold to satisfy the company's lien on a specified date
 - (i) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
 - (ii) subject to compliance with any other formalities of transfer required by these articles or by law, constitutes a good title to the share

9.3 Call notices

- (a) Subject to these articles and the terms on which shares are allotted, the directors may send a notice (a "**call notice**") to a member requiring the member to pay the company a specified sum of money (a "**call**") which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice
- (b) A call notice
 - (i) may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the company by way of premium),
 - (ii) must state when and how any call to which it relates it is to be paid, and

- (iii) may permit or require the call to be paid by instalments
 - (c) A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent
 - (d) Before the company has received any call due under a call notice the directors may
 - (i) revoke it wholly or in part, or
 - (ii) specify a later time or times for payment than is specified in the notice,
- by a further notice in writing to the member in respect of whose shares the call is made

9.4 Liability to pay calls

- (a) Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid
- (b) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share
- (c) Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them
 - (i) to pay calls which are not the same, or
 - (ii) to pay calls at different times

9.5 When call notice need not be issued

- (a) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium)
 - (i) on allotment,
 - (ii) on the occurrence of a particular event, or
 - (iii) on a date fixed by or in accordance with the terms of issue
- (b) If the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture

9.6 Failure to comply with call notice: automatic consequences

- (a) If a person is liable to pay a call and fails to do so by the call payment date

- (i) the directors may issue a notice of intended forfeiture to that person, and
 - (ii) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate
- (b) For the purposes of this article
- (i) the “**call payment date**” is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the “call payment date” is that later date,
 - (ii) the “relevant rate” is
 - (A) the rate fixed by the terms on which the share in respect of which the call is due was allotted,
 - (B) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors, or
 - (C) if no rate is fixed in either of these ways, 5 per cent per annum
- (c) The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998
- (d) The directors may waive any obligation to pay interest on a call wholly or in part

9 7 **Notice of intended forfeiture**

- (a) A notice of intended forfeiture
- (i) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice,
 - (ii) must be sent to the holder of that share or to a person entitled to it by reason of the holder’s death, bankruptcy or otherwise,
 - (iii) must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice,
 - (iv) must state how the payment is to be made, and
 - (v) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited

9 8 **Directors’ power to forfeit shares**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any

share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture

9 9 Effect of forfeiture

- (a) Subject to these articles, the forfeiture of a share extinguishes
 - (i) all interests in that share, and all claims and demands against the company in respect of it, and
 - (ii) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company
- (b) Any share which is forfeited in accordance with these articles
 - (i) is deemed to have been forfeited when the directors decide that it is forfeited,
 - (ii) is deemed to be the property of the company, and
 - (iii) may be sold, re-allotted or otherwise disposed of as the directors think fit
- (c) If a person's shares have been forfeited
 - (i) the company must send that person notice that forfeiture has occurred and record it in the register of members,
 - (ii) that person ceases to be a member in respect of those shares,
 - (iii) that person must surrender the certificate for the shares forfeited to the company for cancellation,
 - (iv) that person remains liable to the company for all sums payable by that person under these articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture), and
 - (v) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal
- (d) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit

9 10 Procedure following forfeiture

- (a) If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer
- (b) A statutory declaration by a director or company secretary that the declarant is a director or company secretary and that a share has been forfeited on a specified date
 - (i) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
 - (ii) subject to compliance with any other formalities of transfer required by these articles or by law, constitutes a good title to the share
- (c) A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share
- (d) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of that sale, net of any commission, and excluding any amount which
 - (i) was, or would have become, payable, and
 - (ii) had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of those proceeds and the company is not required to account for any money earned on them

9 11 Surrender of shares

- (a) A member may surrender any share
 - (i) in respect of which the directors may issue a notice of intended forfeiture,
 - (ii) which the directors may forfeit, or
 - (iii) which has been forfeited
- (b) The directors may accept the surrender of any such share
- (c) The effect of surrender on a share is the same as the effect of forfeiture on that share
- (d) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited

9 12 Company not bound by less than absolute interests

- (a) Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or these articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it

10 TRANSFERS OF SHARES AND PERMITTED TRANSFERS

- 10 1 The Directors shall not register any transfer of Shares other than a transfer permitted by these Articles and a Shareholder shall not be entitled to transfer any Shares whether by way of a sale or otherwise except in accordance with the provisions of these Articles
- 10 2 Ordinary Shares and Preference Shares are not permitted to be transferred by way of sale or otherwise, provided that Ordinary Shares and Preference Shares may be transferred by a Shareholder to any other person with Investor Consent which may be given or withheld by the Investor at its sole direction or given subject to such conditions as the Investor may stipulate
- 10 3 The Convertible Preference Shares are freely transferrable in accordance with the provisions of these Articles

11 DRAG ALONG

- 11 1 If all Qualifying Drag Investors ("**Dragging Shareholders**") wish to transfer (whether through a single transaction or a series of related transactions) all of the Equity Shares registered in their name to a bona fide arm's length third party purchaser and/or to any of its Connected Persons (together the "**Drag Buyer**"), the Qualifying Drag Investors shall have the right by notice ("**Drag Along Notice**") to each of the other Shareholders ("**Dragged Shareholders**") to require all such Dragged Shareholders to sell and transfer the legal and beneficial title to all of the Equity Shares registered in their name ("**Dragged Shares**") (free from all liens, charges and encumbrances and together with all rights attaching to them and with full title guarantee) to the Drag Buyer (or as the Drag Buyer may direct) in accordance with the provisions of this Article 11
- 11 2 A Drag Along Notice may be given to the Dragged Shareholders at any time before the completion of the transfer of the Dragging Shareholders' Equity Shares to the Drag Buyer (or as the Drag Buyer may direct) It shall specify
 - (a) that the Dragged Shareholders are required to transfer all their Shares pursuant to this Article 11,
 - (b) the identity of the Drag Buyer (and, if relevant, the transferee(s) to whom the Drag Buyer directs the Dragged Shares are to be transferred),
 - (c) the amount (if any) and form of consideration for which the Dragged Shares are to be transferred,
 - (d) the proposed, place, date and time of transfer, and
 - (e) the other terms and conditions of sale to which the Dragged Shareholders are required to adhere,

and shall be accompanied by all documents required to be executed by the Dragged Shareholders to give effect to the relevant transfer

- 11 3 A Drag Along Notice may be revoked by the Qualifying Drag Investors at any time prior to the completion of the sale and purchase of the Dragged Shares by notice to the Dragged Shareholders
- 11 4 The Dragged Shares shall be acquired on the same (including as to consideration to be received), or no more onerous, terms and conditions (including the same, or no more onerous, representations, warranties, covenants, undertakings, indemnities and requirements relating to contributing to any retention (if any)) for which the Dragging Shareholders are selling their Equity Shares, disregarding any terms and conditions which are not directly related to the sale of the Dragging Shareholders' Equity Shares
- 11 5 Completion of the sale and purchase of the Dragged Shares shall take place on the same date and at the same time and place as the sale of the Dragging Shareholders' Equity Shares to the Drag Buyer (or as the Drag Buyer may direct) unless all of the Dragged Shareholders and the Dragging Shareholders otherwise agree, in which case completion of the sale and purchase of the Dragged Shares shall take place on a date that is no more than 20 Business Days later
- 11 6 On or before the Drag Completion Date each Dragged Shareholder shall deliver to the Company
- (a) duly executed transfers of the Dragged Shares registered in its name in favour of the Drag Buyer (or as the Drag Buyer directs in the Drag Along Notice),
 - (b) the relevant share certificate(s) in respect of those Dragged Shares (or an indemnity in a form reasonably satisfactory to the Directors for any lost certificates),
 - (c) a duly executed sale agreement (in a form agreed by the Dragging Shareholders), and
 - (d) any other related documents required by the Qualifying Drag Investors to be executed by the Dragged Shareholders
- 11 7 Subject to compliance with Article 11 6 and to the extent only that the Drag Buyer has put the Company in the requisite cleared funds or other form of consideration, the Company shall on the Drag Completion Date pay, on behalf of the Drag Buyer, to each of the Dragged Shareholders in respect of its Dragged Shares the consideration (if any) it is due less any amount that is to be deducted from such consideration pursuant to Article 11 9 The Company's receipt of the requisite cleared funds or other form of consideration from the Drag Buyer shall be a good discharge to the relevant Drag Buyer Pending compliance by each Dragged Shareholder with its obligations in Article 11 6, the Company shall hold the funds or other form of consideration received from the Drag Buyer in respect of the Dragged Shares (less any amount that is to be deducted from such funds pursuant to Article 11 9) on trust for the Dragged Shareholders, without any obligation to pay interest

- 11 8 Unless and to the extent that the Qualifying Drag Investors otherwise direct the Company in writing, upon any person (other than the Drag Buyer or its nominee), following the date of service of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding in the Company) including pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Equity Shares ("**New Shareholder**")
- (a) a Drag Along Notice on the same terms as the previous Drag Along Notice shall be deemed to have been served upon the New Shareholder, who shall then be bound to sell and transfer the legal and beneficial title to all such Shares acquired by him (free from all liens, charges and encumbrances and together with all rights attaching to them and with full title guarantee) to the Drag Buyer (or as the Drag Buyer may direct), and
 - (b) the provisions of this Article 11 shall apply (with necessary modifications) to the New Shareholder as if it were a Dragged Shareholder, except that, where completion of the sale and purchase of the Dragged Shares to the Dragged Buyer (or as the Drag Buyer may direct) has already taken place, the completion date of the sale and purchase of the Shares shall take place on such date as the Drag Buyer shall determine
- 11 9 The transaction fees, costs and expenses reasonably incurred by the Dragging Shareholders and the Dragged Shareholders that are attributable to the transfer of Shares made in accordance with this Article 11 shall be borne by each of the Dragging Shareholders and the Dragged Shareholders pro rata to their consideration received. An amount equal to the Dragged Shareholders' proportionate share of such fees, costs and expenses shall, if the Qualifying Drag Investors so require, be deducted by the Company from the amount of consideration which the Dragged Shareholders are entitled to receive for their Dragged Shares and shall be used to pay their proportionate share of such fees, costs and expenses

12 TAG ALONG

- 12 1 This Article 12 shall not apply to any transfer or disposal of Shares which is in accordance with Articles 10
- 12 2 If one or more shareholders ("**Proposed Sellers**") proposes to transfer to any person (whether through a single transaction or a series of related transactions) such number of Equity Shares which would, if registered, result in such person (together with its Connected Persons) (together the "**Tag Buyer**") obtaining the ownership of more than 50% in number of the Equity Shares ("**Proposed Sale**"), the Proposed Sellers shall not be entitled to transfer such Equity Shares and no such Equity Shares shall be capable of being purchased or transferred unless the Tag Buyer (or the Company in its capacity as agent for the Tag Buyer) shall have offered ("**Tag Offer**") in accordance with this Article 12 to purchase from each of the other holders of Equity Shares (not being a Tag Buyer) ("**Other Shareholders**") such proportion of the Equity Shares registered in their name ("**Tagged Shares**") as is equal to the proportion which the Proposed Sellers are proposing to transfer to the Tag Buyer bears to the Proposed Sellers' total holding or deemed holding of Equity Shares
- 12 3 A Tag Offer shall be made by notice specifying

- (a) the identity of the Tag Buyer,
- (b) the amount and form of consideration and the proportion of cash and/or securities that the Tag Buyer is proposing to pay for each of the Equity Shares that it is to acquire from the Proposed Sellers,
- (c) the proposed, place, date and time of transfer,
- (d) a time (being not less than 10 Business Days) within which the offer, if not accepted, shall be deemed to be declined, and
- (e) to the extent not set out in the accompanying documents, any other terms and conditions of sale on which the Tag Buyer is proposing to purchase the Proposed Sellers' Equity Shares and the Accepting Shareholders' Tagged Shares,

and shall be accompanied by all documents required to be executed by the Other Shareholders if they accept the Tag Offer

12 4 The amount and form of consideration and the proportion of cash and/or securities which the Tag Buyer shall offer and is proposing to pay for each of the Tagged Shares shall be the same as that offered and to be paid for each of the Proposed Sellers' Equity Shares being transferred to the Tag Buyer pursuant to the Proposed Sale

12 5 Each Other Shareholder who accepts the Tag Offer within the offer period ("**Accepting Shareholder**") shall be required to

- (a) transfer the legal and beneficial title to all of his Tagged Shares to the Tag Buyer free from all liens, charges and encumbrances and together with all rights attaching to them and with full title guarantee,
- (b) sell his Tagged Shares on the same terms and conditions (including the same representations, warranties, covenants, undertakings, indemnities and requirements relating to contributing to any retention) as are to be given to and by the Proposed Sellers pursuant to the Proposed Sale,
- (c) deliver to the Tag Buyer the share certificates for his Tagged Shares (or an indemnity in a form reasonably satisfactory to the Directors for lost certificates) and a duly executed sale agreement (in a form agreed by the Proposed Sellers) setting out the relevant terms and conditions of sale, and
- (d) pay his proportionate share of such fees, costs and expenses that are to be borne by the Accepting Shareholders pursuant to Article 12 8

12 6 Completion of the sale and purchase of any Tagged Shares in respect of which the Tag Offer has been accepted shall be conditional upon, and shall take place on the same date and at the same time and place as, the completion of the Proposed Sale (unless any of the Accepting Shareholders and the Tag Buyer (with Investor Consent) agree otherwise), save that if any Accepting Shareholder fails to comply with his obligations under Article 12 5 on or before the completion of the Proposed Sale

- (a) the completion of the Proposed Sale may be made without the completion of the sale and purchase of that Accepting Shareholder's Tagged Shares (provided that it shall be on no more favourable terms and conditions to the Proposed Sellers than those stated in the original Tag Offer), and
 - (b) the Tag Buyer shall not be under any further obligation to purchase those Tagged Shares
- 12 7 If some or all of the Other Shareholders do not accept the Tag Offer within the offer period, the completion of the Proposed Sale may be made within three months of the end of that period (provided that it shall be on no more favourable terms and conditions to the Proposed Sellers than those stated in the original Tag Offer)
- 12 8 The transaction fees, costs and expenses reasonably incurred by the Proposed Sellers and the Accepting Shareholders that are attributable to the transfer of Shares made in accordance with this Article 12 shall be borne by each of the Proposed Sellers and the Accepting Shareholders pro rata to consideration received

13 PROCEEDINGS OF SHAREHOLDERS

13 1 Quorum

No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business and, subject to Article 13 2, for its duration Five persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or (if the shareholder is a corporation) a duly authorised representative of the corporation, shall be a quorum

13 2 What if quorum is not present

If within half an hour from the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present for a period exceeding 10 minutes, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other time and place as the Shareholders present may decide and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholder or Shareholders present shall constitute a quorum

13 3 Polls

A resolution put to the vote of a meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is duly demanded Subject to the provisions of the Act, a poll may be demanded at any general meeting by the Chairman, or by any Shareholder present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a Shareholder entitled to vote

13 4 No Casting Vote

The Chairman of the meeting shall not, in the case of an equality of votes, whether on a show of hands or on a poll, be entitled to exercise any second or casting vote

14 NUMBER OF DIRECTORS

14 1 The maximum number and minimum number respectively of the directors may be determined from time to time by ordinary resolution. 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. Whenever the minimum number of directors is one, a sole director shall have authority to exercise all the powers and discretions by these Articles expressed to be vested in the directors generally.

14 2 The Investor shall have the right

- (a) to appoint and maintain in office such natural person as the Investor may from time to time nominate as a Director (the **Investor Director**) and to remove any Director so appointed and, upon his removal whether by the Investor or otherwise, to appoint another Director in his place,
- (b) to appoint a representative to attend as an observer at each and any meeting of the Board and of each and any committee of the Board who will be entitled to speak at any such meetings but will not be entitled to vote (the **Observer**).

15 ALTERNATE DIRECTORS

15 1 Who can be appointed

A director (other than an alternate director) may appoint any other director or any other person approved by a Relevant Majority Direction to be an alternate director and may remove from office an alternate director so appointed.

15 2 Count in the quorum

A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

15 3 Rights of an alternate

Any director who is appointed an alternate director shall be entitled to vote at a meeting of the Board on behalf of the director so appointing him in addition to being entitled to vote in his own capacity as a director and shall also be considered as two directors for the purpose of making a quorum of directors unless he is the only individual present.

16 PROCEEDINGS OF DIRECTORS

16 1 Quorum and form of meetings

- (a) The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Save where there is only one director, any two directors shall constitute a quorum and a quorum of directors must be present.

throughout all meetings of the Board. If within half an hour from the time appointed for a meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time and place as the director(s) present may decide. The Chairman of the meeting shall not have a second or casting vote in the case of an equality of votes.

- (b) For so long as the Investor has exercised its right to appoint a director pursuant to article 14 2(a), the quorum for any meeting of the Board shall include the Investor Director.

16.2 Telephone meetings

Any director or alternate director may validly participate in a meeting of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout each meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that a quorum of directors is not physically present in the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

16.3 Directors' interests

Provided that he shall have first disclosed in full his interest or duty, a director may vote at a meeting of directors on any resolution concerning a matter which he has directly or indirectly an interest or duty which is material and which conflicts or may conflict with the interest of the Company.

17 NOTICES

17.1 Form of notices

Any notice given to or by any person pursuant to these Articles shall be in writing except that notice calling a meeting of the Directors need not be in writing. Any notice given by or on behalf of any person to the Company may be given by leaving the same at or by sending the same by post to the Office or such other place as the Directors may appoint.

17.2 Proof of service

Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall, unless the contrary is proved, be deemed to be given at the expiration of 24 hours after the envelope containing it was posted.

18 INDEMNITY

Subject to the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in the proper exercise of his powers including a liability incurred in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company

19 INSURANCE

The Board shall have the power to purchase and maintain for any director or other officer insurance against liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company

SCHEDULE 1 – RETURN OF CAPITAL WORKED EXAMPLE

In the event of any liquidation, dissolution or winding up of the Company and on an exit, the holders of Preferred Shares will receive, before and in preference to the holders of Ordinary Shares the original purchase price on each Preferred Share (or, if greater, the amount that the Preferred Shares would receive on an as-converted basis) The balance of any proceeds will be distributed pro-rata to holders of Ordinary Shares

Assumptions on a liquidation preference	
Assuming a solvent winding up/Exit post stage 2	
WIM Preferred Shares rank ahead of all existing shares including existing preferred shares	
When treated on an as converted basis, existing preference shares continue to have preference over ords	
Existing preference shares value as per 2015 accounts	£ 673,473 00
All "in the money" warrants exercise on a cash basis to provide a diluted share capital	
WIM investment amount/value of Pref	£ 3,854,304 64
Assuming total value of assets/exit (£m)	10 00

Inputs	
Base value available for distribution ***	£ 10,000,000 00
Value with W&O exercise cash **	£ 10,239,750 00
Issued ord shares	537,016,646
Issued ord shares (enlarged by W&O)	560,991,646
WIM's Pref/Ord	385,430,464
WIM %age of non diluted	71 77%
WIM %age of diluted	68 71%
Warrant exercise check (pence)	1 83

* Reflects a deduction of exiting pref and rolled interest
 ** Diluted by any existing "in the money" options and warrants
 ***Before warrant & option exercise price

Outputs	
Waterfall for WIM as Ord	
Value for existing prefs if WIM is Ord	£ 673,473 00
WIM Liquidation amount as Ords*	£ 6,572,530 28
Value for other Ord share holder if WIM is Ord*	£ 2,993,746 72
Waterfall for WIM as Pref	
WIM Liquidation amount as Pref	£ 3,854,304 64
Value for existing prefs if WIM is Pref	£ 673,473 00
Value for other Ord share holder if WIM is Pref*	£ 5,711,972 36
Check	
Diluted	£ 6,572,530 28
Non-diluted	£ 6,693,884 92

SCHEDULE 2 – ANTI-DILUTION WORKED EXAMPLE

If the Company issues additional securities at a lower purchase price than the current Preferred Share conversion price, the conversion price will be adjusted on a customary broad based weighted average basis, subject to standard and customary curve outs. A worked example of the anti-dilution formula will be attached to the investment documentation.

No WIM Shares @ 1p	Value @ 1p	Down round price (p)	No shares @ down round price	New balancing shares to be allotted
385,430,464	£ 3,854,304.64	0.75	513,907,285	128,476,821
385,430,464	£ 3,854,304.64	0.60	642,384,107	256,953,643
385,430,464	£ 3,854,304.64	0.45	856,512,142	471,081,678
385,430,464	£ 3,854,304.64	0.30	1,284,768,213	899,337,749

* Note: par value is 1p so shares may not be issued at below par