

68 32970

THE COMPANIES ACTS

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION¹
OF
WATEREVOLUTION LIMITED

FRIDAY



SCT 02/03/2012 #92
COMPANIES HOUSE

1. PRELIMINARY

1.1. In these articles of association, the following expressions shall have the following meanings.-

"Act"	means the Companies Act 2006, and any statutory modification or re-enactment of it for the time being in force;
"Acting in Concert"	has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);
"Articles"	means these articles of association,
"Asset Sale"	means the disposal by the Company of all, or a substantial part of, its business and assets
"Auditors"	means the auditors from time to time of the Company (or, in the event of no auditors being appointed to the Company at any time, shall mean such firm of accountants as has been appointed by the Company to prepare its annual accounts and financial statements from time to time);
"Bad Leaver"	means a Leaver who is not classified as a Good Leaver;
"Bonus Shares"	has the meaning given in Article 6 1 of these Articles;
"Call"	shall have the meaning as defined in Article 8 1 of these Articles;
"Call Notice"	means the notice defined in Article 8 1 of these Articles;
"Call Payment Date"	means the notice defined in Article 8.10.1 of these Articles,

¹ Adopted by special resolution of the Shareholders dated 21 December 2011

"Company"	means Carbon Offset Developments Limited (company number. 06832970);
"Controlling Interest"	means an interest in shares giving to the holder or holders control of the Company within the meaning of section 840 of the Income and Corporation Taxes Act 1988;
"Family Member"	means the spouse or child or children of Peter Holdsworth residing at the Auction House, 87-88 St John's Road, Stourbridge, West Midlands DY8 1EH;
"the Fund"	means Environmental Energies Fund LP, a Scottish limited partnership established under the Limited Partnerships Act 1907 with registered number SL010000 and having its principal place of business at 17 Blythswood Square, Glasgow G2 4AD;
"Forfeiture Notice"	means the notice defined under Article 8 9.1 of these Articles;
"Good Leaver"	<p>means a Leaver where he is a leaver by reason of:</p> <ul style="list-style-type: none">(a) permanent incapacity due to ill health, or disability in each case confirmed by medical advice which the board of directors (including the Investor Directors) considers acceptable and renders the Leaver, in the opinion of the board of directors, incapable of exercising his position of employment or directorship,(b) death,(c) ceasing to be an employee, director and/or consultant of the Company by virtue of retirement in accordance with his contract of employment;(d) ceasing to be an employee, director and/or consultant of the Company as a result of termination by the Company for reasons other than the employee, consultant or director being guilty of fraud, dishonesty, gross negligence or material breach of his contract of employment, consultancy or service, as appropriate or any other material agreement with the Company;(e) ceasing to be an employee, director and/or consultant of the Company as a result of termination by the employee, director and/or consultant in accordance with the terms of his contract of employment, consultancy or service, as appropriate, on or after the third anniversary of the adoption of these Articles of Association, other than where such resignation occurs where the relevant individual is guilty of fraud, dishonesty, gross negligence or material breach of his contract of employment, consultancy or service, as appropriate or any other material agreement with the Company, or(f) his being deemed a Good Leaver by the Investors.
"Investment Agreement"	means the investment agreement between the Company, Peter Holdsworth, SE and SSE dated on or around the date of adoption of

these Articles of Association as the same may be amended, varied or supplemented from time to time;

"Investors"	means SE and the Fund,
"Investor Director"	means a director appointed by either of the Investors,
"Leaver"	has the meaning given in Article 12.4 of these Articles;
"Lien"	means the lien as defined in Article 7.1 of these Articles;
"Lien Enforcement Notice"	means the notice as defined as Article 7.4 of these Articles,
"Model Articles"	means those articles contained in schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended;
"New Shares"	has the meaning given in Article 6.1 of these Articles;
"New Share Valuation"	has the meaning given in Article 6.1 of these Articles,
"Par Shares"	has the meaning given in Article 6.2 of these Articles,
"Permitted Transferee"	means any person to whom Shares may be transferred pursuant to Article 12.5,
"Relevant Rate"	means the interest rate as defined in Article 8.10.2 of these Articles;
"SE"	means Scottish Enterprise, established by the Enterprise and New Towns (Scotland) Act 1990 and having its principle place of business at Atrium Court, 50 Waterloo Street, Glasgow G2 6HQ;
"SE Group"	means SE, any subsidiary for the time being of SE and any company, corporation or other body of persons which shall have acquired the whole or substantially the whole of the undertaking of SE or any subsidiary of such company, corporation or other body and any other body to which the statutory functions of SE have been delegated or an SE Successor and the expression a "member of the SE Group" shall be construed accordingly,
"SE Successor"	means any party succeeding in whole or in part to the interest of SE;
"Share"	means, where the context so admits or requires, a share in the Company;
"Shareholder"	means, where the context so admits or requires, the holder of a Share or Shares in the Company and where the context so admits,

shall also include any former Shareholder who has transferred their Shares to a Permitted Transferee pursuant to Article 12 5;

“Share Sale”

means the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the buyer of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where the shareholders and the proportion of shares held by each of them following completion of the sale are the same as the shareholders and their shareholdings in the Company immediately before to the sale;

“Termination Date”

means: (a) where employment ceases by virtue of notice given by the employer to the employee, the date of that notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of such termination); (b) where a contract of employment is terminated by the employee by giving notice to the employer, the date of that notice, or (c) where the employee concerned is a director, the earlier of the date upon which he ceases to be a director of the Company and the date upon which any contract for the provision of his services with or to the relevant company is terminated,

“Transfer Notice”

means a notice in writing from a Shareholder to the Company of that Shareholder’s desire (or requirement, pursuant to these Articles or pursuant to a shareholders agreement to which a Shareholder may be subject) to sell or transfer a legal or beneficial interest in Shares in the Company;

“Transferor”

means any Shareholder who desires (or is required, pursuant to these Articles or pursuant to a shareholders agreement to which a Shareholder may be subject) to sell or transfer any legal or beneficial interest in Shares in the Company,

1.2. The Model Articles shall apply to the Company save in so far as they are excluded or varied in these Articles, and the regulations in the Model Articles (save as so excluded or varied) and these Articles shall be the regulations of the Company

1.3. References herein to the masculine gender shall include references to the feminine and neuter and vice versa

1 4. References herein to the singular shall include references to the plural and vice versa

2. LIABILITY OF MEMBERS / NAME

2 1. The name of the Company is “Waterevolution Limited”

- 2.2 The registered office of the Company shall be situated in England
- 2.3. The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

3. SHARE CAPITAL AND VOTING

- 3.1 At the date of adoption of these Articles, the Company has an authorised share capital of £1,000 and the issued share capital of the Company is £7 71 divided into 771 ordinary Shares of £0 01 each.
- 3.2. Subject to the following provisions of this Article 3, each Share shall carry one vote.
- 3.3. If (i) there has been, or is likely to be (in the opinion of the Investors, acting reasonably), a breach of the Investment Agreement or these Articles which is not capable of being remedied or where such breach is capable of being remedied and has not been remedied within 30 days of such breach occurring, then (for so long as such breach has not been remedied) or (ii) a corporate entity being a Permitted Transferee pursuant to Article 12 5 3 ceases to be wholly owned by the relevant Shareholder then, for any period during which the relevant Shareholder is not the owner of the entire issued share capital of that company.
 - 3.3.1 the Shares held by the Investors shall carry in aggregate 95% of the voting rights in the Company, and
 - 3.3.2. each Investor Director shall be deemed to have ten votes in relation to any resolutions of the board of directors.

4. ALLOTMENT OF SHARES

- 4.1. All Shares which the directors propose to issue shall first be offered to the Shareholders on the same terms and at the same price as those Shares are being offered to other persons in proportion as nearly as may be to the number of existing Shares held by them respectively, unless the Company in general meeting shall otherwise direct by special resolution. The offer shall be made by notice specifying the number of Shares offered, the price per Share and limiting a period (not being less than 14 days) within which the offer, if not accepted, will be deemed to be declined. After the expiry of that period, those Shares so deemed to be declined shall be offered in the proportion aforesaid to the Shareholders who have, within the said period, accepted all the Shares offered to them and indicated their willingness to acquire any such declined shares. Such further offer shall be made in like terms, in the same manner and limited by a like period as the original offer. Any Shares not accepted pursuant to such offer (or further offer), or not capable of being offered except by way of fractions, and any Shares released from the provisions of this Article by any such special resolution, shall be under the control of the directors who may allot, grant options over or otherwise dispose of them to such persons, on such terms, and in such manner as they think fit, provided that (in the case of Shares not accepted), such

Shares shall not be disposed of on terms which are more favourable to the subscribers than the terms on which they were offered to the Shareholders

- 4.2. In accordance with Section 567 of the Act, Sections 561 and 562 of the Act shall not apply to the Company
- 4.3. Shares may be issued as nil, partly or fully paid
- 4.4. In accordance with Section 581 of the Act, the Company may make arrangements on the issue of Shares for a difference between the allottees in the amounts and times of payment of calls on the Shares so allotted
- 4.5. The provision of this Article 4 shall not apply in the case of any issue to the Investors in accordance with Article 6.

5. LIQUIDATION PREFERENCE

- 5.1 On a return of capital on liquidation or capital reduction or other return or distribution of capital or assets, any capital or assets of the Company remaining after the payment of its liabilities for distribution among the Shareholders shall be applied as follows
 - 5.1.1 first, in paying to each of the Investors the amount paid up or credited as paid up (including any premium on issue) on the Shares held by it together with a sum equal to all unpaid arrears, accruals and deficiencies of any dividend on Shares held by it together with any interest thereon calculated down to and including the date the return of capital is made (such arrears, accruals and deficiencies being payable irrespective of whether the relevant dividend has become due and payable in accordance with these Articles),
 - 5.1.2. second, in paying to the Shareholders other than the Investors the amount paid up or credited as paid up (including any premium on issue) on Shares held by them together with a sum equal to all unpaid arrears, accruals and deficiencies of the dividends on the Shares held by them calculated down to and including the date the return of capital is made (such arrears, accruals and deficiencies being payable irrespective of whether the relevant dividend has become due and payable in accordance with these Articles);
 - 5.1.3. thereafter, in distributing the balance of such assets amongst the Shareholders in proportion to the aggregate amounts paid up or credited as paid up (including any premiums on issue) on Shares held by those Shareholders.
- 5.2 Neither the purchase price paid by the Company on a purchase by it of its own Shares nor the monies paid by it to redeem any of its Shares shall be regarded as a return of capital for the purposes of this Article 5.
- 5.3 The proceeds of a Share Sale shall be distributed in the order of priority set out in this Article 5. The directors shall not register any transfer of Shares if the proceeds of sale are not distributed in that manner (save in respect of any Shares not sold in connection with

that Share Sale), provided that, if the proceeds of sale are not settled in their entirety on completion of the Share Sale.

5 3.1. the directors may register the transfer of the relevant shares, provided that the proceeds have been distributed in the order of priority set out in this Article 5, and

5 3.2. the Shareholders shall take any action reasonably required by the Investors to ensure that the proceeds of sale are distributed in the order of priority set out in this Article 5.

5.4 On an Asset Sale, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully able to do so) in the order of priority set out in this Article 5. If it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, the Shareholders shall take any action required by the Investors (including (but not limited to) any actions that may be necessary to put the Company into voluntary liquidation so that this Article 5 applies.

6. ANTI-DILUTION

6 1. If any Shares (the "New Shares") are issued at a price per Share based on a valuation of the Company which equates to a value per Share (the "New Share Valuation") of less than £990.53 then the Company shall issue to the Investors by way of capitalisation of the Company's share premium account (or by other available reserve of the Company as shall not require any subscription monies to be paid by the Investors) such number of additional Shares in the capital of the Company (the "Bonus Shares") fully paid at par as would result in the average amount per Share paid or credited as paid up on the total number of existing Shares, Bonus Shares and any Bonus Shares and/or Par Shares (as defined below) held or previously issued to the Investors pursuant to this Article 6 being equal to the New Share Valuation.

6 2. If the Company does not have enough funds within its share premium account or any other available reserve to enable sufficient Bonus Shares to be issued in accordance with Article 6.1 above, the Company shall issue such number of Bonus Shares to the Investors as it is permitted to by law and the Investors shall then be permitted to subscribe for such number of Shares at par (the "Par Shares") as shall result in the average amount per Share paid or credited as paid up on the total number of existing Shares, Bonus Shares, Par Shares and any Bonus Shares and/or Par Shares held or previously issued to the Fund pursuant to this Article 6 being equal to the New Share Valuation.

7. SHARES

7 1 The Company shall have a first and paramount lien on all Shares (whether fully paid or not) standing registered in the name of any Shareholder indebted or under liability to the Company, whether he shall be the sole registered Shareholder or shall be one of two or more joint Shareholders, for all moneys presently payable by him or his estate to the Company (the "Lien").

7.2. The Lien.-

- 7 2 1 takes priority over any third party's interest in the Shares to which the Lien applies;
- 7 2 2 extends to any dividend or other money payable by the Company in respect of such Shares (and if the Lien is enforced and such Shares are sold by the Company, the proceeds of the sale of such Shares)

7.3. The directors may at any time decide that a Share which is, or would otherwise be subject to the Lien shall not be subject to it, either wholly or in part

7.4. Subject to the provisions of this Article, if.-

- 7.4 1. a notice of the Company's intention to enforce the Lien (the "Lien Enforcement Notice") has been sent in respect of any of the Shares; and
- 7.4.2. the Shareholder to whom the Lien Enforcement Notice was sent has failed to comply with it,

the Company may sell such Shares in such manner as the directors may unanimously (excluding the relevant Shareholder if he shall be a director) decide, subject to compliance with any formalities of transfer required by these Articles (and in particular all rights of pre-emption contained in these Articles) or by law

7 5. A Lien Enforcement Notice -

- 7 5 1 may only be sent in respect of Shares if a sum is payable to the Company by the sole registered Shareholder, or one or more joint registered Shareholders, of such Shares and the due date for payment of such sum has passed,
- 7.5.2. must specify the number and class of Shares concerned,
- 7 5 3 must include a demand for payment of the sum payable within 14 days,
- 7 5 4 must be addressed to either the relevant Shareholder or to a person entitled to such Shares by reason of the relevant Shareholder's death, bankruptcy or otherwise, and
- 7 5 5 must state the Company's intention to sell the Shares if the Lien Enforcement Notice is not complied with.

7.6. If any Shares are sold under this Article 7 by the Company as a result of the failure of a Shareholder to comply with a Lien Enforcement Notice -

- 7 6.1 the directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser of the Shares under this Article or a person nominated by such purchaser;

- 7.6.2 the purchaser of the Shares under this Article is not bound to see to the application of the consideration, and
- 7.6.3 the purchaser's title is not affected by any invalidity or irregularity of the process leading to a sale under this Article
- 7.7. The net proceeds of any sale under this Article 7 (the net proceeds being the consideration paid for the Shares less; (1) any costs of such sale incurred by the Company; and (2) any other costs incurred by the Company in enforcing the Lien. Such costs under (1) and (2) being retained by the Company out of the gross proceeds of such sale) must be applied as follows -
 - 7.7.1. Firstly, 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
 - 7.7.2 The remaining sums shall be made in payment to the relevant Shareholder or other such person entitled to the Shares immediately prior to the sale, but only after the share certificate of such Shares sold has been surrendered to the Company for cancellation or a suitable indemnity has been given for any lost share certificates, and subject to a lien equivalent to the Lien over the Shares before the sale for any sums payable in respect of the Shares after the date of the Lien Enforcement Notice.
- 7.8 A statutory declaration by a director or the company secretary that the declarant is a director or company secretary of the Company and that a Share has been sold to satisfy the Lien on a specified date.-
 - 7.8.1 is conclusive evidence of the facts stated in such declaration, as against all persons claiming to be entitled to the Share, and
 - 7.8.2. subject to compliance with any other formalities of transfer required by these Articles or by law, constitutes a good title to the Share.
- 7.9. Articles 21 and 24 of the Model Articles shall not apply to the Company.

8. CALLS ON SHARES AND FORFEITURES

- 8.1. Subject to these Articles and the terms on which Shares are to be, or have been, allotted, the directors may send a notice (the "Call Notice") to a Shareholder requiring that Shareholder to pay a specified sum of money (the "Call") which is payable in respect of Shares which that Shareholder holds at the date when the directors decide to send the Call Notice.
- 8.2. A Call Notice:-

- 8.2.1. may not require a Shareholder to pay a Call which exceeds the total sum unpaid on that Shareholder's Shares (whether as to the Shares nominal value or any amount payable to the Company by way of a premium),
- 8.2.2. must state when and how any Call to which it relates is to be paid; and
- 8.2.3. may permit or require the Call to be paid in instalments.
- 8.3. A Shareholder must comply with the requirements of a Call Notice but no Shareholder is obliged to pay any Call before 14 days have elapsed since the Call Notice was issued
- 8.4. Before the Company has received any Call due under a Call Notice the directors may:-
 - 8.4.1. revoke the Call Notice wholly or in part, or
 - 8.4.2. specify a later time for payment than is specified in the Call Notice by a further notice in writing to the Shareholder in respect of whose Shares the Call was made.
- 8.5. No liability to pay a Call is transferred or extinguished by transferring the Shares in respect of which the Call is required to be paid
- 8.6. Joint holders of a Share are jointly and severally liable to pay all costs in respect of that Share
- 8.7. A Call Notice need not be issued in respect of sums which are specified within the terms and conditions on which a Share is allotted as being payable to the Company in respect of that Share (whether in respect of a nominal value or a premium):-
 - 8.7.1. on allotment,
 - 8.7.2. on the occurrence of a particular event; or
 - 8.7.3. on a date fixed by or in accordance with the terms and conditions of allotment
- 8.8. If the due date for payment of a sum due under Article 8.7 of these Articles has passed and it has not been paid, the relevant Shareholder shall be 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 as if he had failed to comply with such a Call Notice.
- 8.9. If a Shareholder is liable to pay a Call and fails to do so by the Call Payment Date:-
 - 8.9.1. the directors may send a notice of forfeiture (the "Forfeiture Notice") to that Shareholder, and
 - 8.9.2. until the Call is paid, that Shareholder must pay to the Company, interest on any amounts due in relation to the Call from the Call Payment Date at the Relevant Rate until payment is received in full by the Company.

8.10. For the purposes of this Article 8:-

- 8 10.1. the "Call Payment Date" means the date on which a Call Notice says that a Call is payable, unless the directors issue a notice specifying a later date,
- 8.10 2 the "Relevant Rate" means the interest rate fixed by the terms on which the Shares in respect of which the Call is due were allotted or, if no such interest rate exists, the interest rate of five percent per annum above the base rate of the Bank of England as set from time to time;
- 8.10 3 the Relevant Rate must not exceed by more than five percentage points the base lending rate set by the Bank of England from time to time; and
- 8 10.4. the directors may choose to waive any obligation to pay interest on a Call, wholly or in part

8.11. A Forfeiture Notice.-

- 8.11 1 may be sent in respect of any Share in respect of which a Call has not been paid as required by a Call Notice,
 - 8 11.2. must be sent to the relevant Shareholder or to a person entitled to the relevant Shareholder's Shares, by reason of that Shareholder's death, bankruptcy or otherwise,
 - 8.11 3 must require payment of a Call and any accrued interest by a date which is not less than 14 days after the date of the Forfeiture Notice;
 - 8 11 4 must state how such payment is to be made, and
 - 8 11.5. must state that if the Forfeiture Notice is not complied with, the Shares in respect of which the Call is payable will be liable to be forfeited
- 8 12. If a Forfeiture Notice is not complied with before the date by which payment is required under the Forfeiture Notice, 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 which was not paid before the forfeiture
- 8 13. Subject to the following provisions of this Article 8 13, the forfeiture of a Share extinguishes.-
- 8 13 1 all interests in that Share, and all claims and demands against the Company in respect of it; and
 - 8 13 2 all other rights and liabilities incidental to the Share as between the Shareholder in whose name the Share is registered and the Company
- 8 14. Any Share which is forfeited -

- 8 14 1 is deemed to have been forfeited when the directors decide unanimously (excluding the relevant Shareholder if he shall also be a director) at a directors' meeting that it is forfeited,
- 8 14.2. is deemed to be the property of the Company, and
- 8 14.3 may be disposed of as the directors think fit, always subject to the terms of these Articles (and in particular all rights of pre-emption contained in these Articles) and the provisions of the Act.
- 8 15 If any or all of a Shareholder's Shares have been forfeited:-
 - 8.15.1. the Company must send that Shareholder a notice that forfeiture has occurred and record it in the register of members,
 - 8 15 2. that Shareholder ceases to be a Shareholder in respect of those Shares;
 - 8.15 3 that Shareholder must surrender the certificate for the Shares forfeited to the Company for cancellation,
 - 8 15.4. that Shareholder remains liable to the Company for all sums due and payable by that Shareholder at the date of forfeiture in respect of those Shares so forfeited, including any interest (whether accrued before or after the date of forfeiture); and
 - 8 15 5 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 any consideration received on their disposal.
- 8 16 At any time before the Company disposes of a forfeited Share, the directors may unanimously decide (excluding the relevant Shareholder if he shall also be a director) to cancel the forfeiture of such Share on such terms as they think fit
- 8 17. A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a Share has been forfeited on a specified date:-
 - 8 17 1 is conclusive evidence of the facts stated in such a declaration as against all persons claiming to be entitled to that Share,
 - 8.17.2. subject to compliance with any formalities of transfer required by these Articles or by law, constitutes a good title to that Share
- 8 18 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
- 8 19 If the Company sells a forfeited Share, the Shareholder or person who held it prior to its forfeiture is entitled to receive from the Company, the proceeds of such sale, net of any commission, and excluding any amount which:-

8 19.1. was, or would have become, payable;

8 19.2. had not when that Share was forfeited, been paid by that person in respect of that Share;

but no interest is payable to such person in respect of such process.

8 20. A Shareholder may surrender any Share.-

8.20.1. in respect of which the directors may issue a forfeiture notice,

8 20 2. which the directors may forfeit, or

8.20 3 which has been forfeited

8.21. The directors may accept the proposed surrender of any Share by a Shareholder under Article 8 20 of these Articles

8.22. A surrender of a Share under Article 8.20 of these Articles shall have the same effect as if the surrendered Share had been forfeited

8 23 A Share which has been surrendered may be dealt with in the same way as a Share which has been forfeited.

9. CAPITALISATION OF PROFITS

9.1 Article 36(4) of the Model Articles shall be deleted and substituted by the following the words:-

"A capitalised sum which was appropriated from profits available for distribution may be applied:-

(a) in or towards paying up any amounts unpaid on any existing or partly paid shares held by the persons entitled; or

(b) in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct."

9.2. Article 36(5) (a) of the Model Articles shall be modified by the deletion of the words, "paragraphs (3) and (4)" and their replacement with words, "Model Article 36(3) of these Model Articles and Article 9 1 of the articles of association of the Company".

10. TRANSMISSION OF SHARES

Nothing in these Articles releases the estate of a deceased Shareholder from any liability in respect of a share solely or jointly held by that Shareholder.

11. PURCHASE OF OWN SHARES

Subject always to Part 17 of the Act, the Company shall, in accordance with Section 684 of the Act, have the power to issue Shares which may be or are liable to be redeemed, either at the option of the Shareholders or the Company. The Company shall, in accordance with Section 690 of the Act, have the power to purchase its own Shares, including any redeemable Shares in issue and to make any payment in respect of such redemption or purchase otherwise than out of the distributable profits of the Company or the proceeds of a fresh issue of Shares.

12. TRANSFER OF SHARES

12 1 The instrument of transfer of a Share shall be signed by or on behalf of the Transferor, and the Transferor shall be deemed to remain the holder of the Share until the name of the Transferee is entered in the register of members (provided that in the case of a partly paid Share the instrument of transfer must also be signed by the Transferee). Article 26 of the Model Articles shall not apply.

12.2. The directors shall refuse to register any transfer of Shares made in contravention of the provisions of Article 12.3 of these Articles, but they shall not refuse to register any transfer to which the consent in writing of all the Shareholders of the Company (for the time being) is given or any transfer of Shares made in accordance with Articles 12.5, 28 or 29 of these Articles. For the purposes of ensuring that Shares are not transferred in accordance with the provisions of these Articles, the directors may at any time require any Shareholder or any person named as a transferor or transferee under any transfer lodged for registration to furnish the Company with such information and evidence that they may desire regarding any matter they deem relevant to such purpose. The directors may refuse to register any transfer pending receipt of any information or evidence so requested.

12 3 Subject (and without prejudice to) Article 12 2 of these Articles, the following provisions shall have effect in relation to the transfer and the transmission of Shares, namely -

12 3 1. The Transferor shall give a Transfer Notice to the Company (accompanied by the relevant Share certificate) stating the number of Shares which he desires (or is required) to sell or transfer. A Transfer Notice may not relate to more than one class of Share and it shall not be revocable except with the sanction of the directors.

12 3 2 A Transfer Notice shall constitute the directors as the Transferor's agents for the sale or transfer pursuant to this Article of the Shares to which the Transfer Notice relates, at a price to be agreed between the Transferor and the directors (excluding the Transferor if he shall be a director) and, failing such agreement within 30 days of the date of the Transfer Notice, at a price which the Auditors (or at the discretion of the Auditors or in the event that the office of Auditor is vacant, a person appointed by the president for the time being of the Institute of Chartered Accountants in Scotland or its successors) shall certify in writing to be in their opinion the fair selling value of the Shares as between a willing vendor and a willing purchaser, selling at arm's length by private treaty for cash payable on completion, and in so certifying, the Auditors (or such other person) shall be

considered to be acting as experts and not as arbiters. Where (i) the fair selling value is determined by the Auditors (or by any such other person), and (ii) the Transferor is seeking to (or is required to) sell or transfer his entire Shareholding, the Auditors shall, when ascertaining the value of each Share referred to in the Transfer Notice, value each such Share as a rateable proportion of the total aggregate value of all the issued Shares of the Company on the date of the Transfer Notice, and shall not discount or enhance such value by reference to the number of Shares referred to in the Transfer Notice. The decision of the Auditors (or any such other person) as to the value of the Shares referred to in the Transfer Notice shall be conclusive and final, and binding on the Shareholders save in case of manifest error.

- 12 3.3. If the Auditors are asked to certify the fair selling value of Shares, as soon as the directors receive the Auditors' certificate, the directors shall furnish a certified copy of it to the Transferor, and the Transferor shall be entitled (save in the case where he is required by any provision of the Articles or by any shareholders agreement to which he may be subject to sell his Shares), by notice in writing given to the Company within 7 days of service on him of the certified copy, to cancel the directors' authority to sell the Shares. The cost of obtaining the certificate shall be borne by the Company unless the Transferor shall cancel the directors' authority, in which case the Transferor shall bear such cost. On receipt from the Transferor of a notice of cancellation the relevant Share certificate shall be returned to the Transferor.
- 12 3 4. Within a period of 7 days after the price is agreed pursuant to Article 12 3 2 of these Articles, or (in the event of the price being determined by the Auditors) forthwith after the period of 7 days referred to in Article 12 3 3 of these Articles shall have expired, the directors shall give notice to each of the Shareholders (other than the Transferor) of the number and price of the Shares referred to in the Transfer Notice, and shall invite such Shareholders to state in writing within 21 days after the date of the notice whether they are willing to purchase any, and if so what maximum number, of Shares. If within the period of 21 days provided for in this Article, such Shareholders (or any of them) shall have expressed their willingness to purchase all of the Shares comprised in the Transfer Notice, the directors shall allocate those Shares among those Shareholders. If the total number of Shares that the Shareholders indicate they wish to purchase is greater than the number of Shares referred to in the Transfer notice, the directors shall allocate the Shares referred to in the Transfer Notice, so far as possible, pro rata according to the proportion which the number of Shares held by those Shareholders who have indicated a willingness to acquire further Shares bears to the entire issued share capital in the Company stating that no Shareholder shall be allocated more Shares than the maximum number which he has stated that he is willing to purchase. As soon as such allocation has been made, (and provided that such allocation consists of all of the Shares referred to in the Transfer Notice, but not otherwise) the Transferor shall be bound (on payment of the price) to transfer those Shares to the purchaser or purchasers. If he shall default in so doing when required by this Article, the directors (excluding the Transferor if he shall be a director) shall receive and give good discharge for the purchase money on behalf of the Transferor and shall authorise some

person (who shall be deemed to be the attorney of the Transferor for that purpose) to execute and deliver to the purchaser a transfer of the purchased Shares and shall enter his name in the register of members. In the event that any Shares remain to be sold, the Shares in respect of which offers have been received shall be provisionally allocated but shall not yet be transferred and the remaining Shares shall be dealt with in accordance with Article 12.3.5 of these Articles.

- 12.3.5 If within the period of 21 days provided for by Article 12.3.4 of these Articles, the Shareholders shall have expressed their willingness to purchase part only of the Shares comprised in the Transfer Notice, or shall not have expressed their willingness to purchase any of those Shares, then such remaining Shares shall be offered to the Investors. Such offer shall be made on like terms, in the same manner and limited by a like period as the offer to the Shareholders. If, after the expiry of such further offer period, the Investors has offered to buy all of the remaining shares referred to in the Transfer Notice (and not already provisionally allocated pursuant to Article 12.3.4 of these Articles), the directors shall allocate such Shares to the Investors, and the Transferor shall be bound to transfer the Shares upon payment of the price, all in the manner set out in Article 12.3.4 of these Articles. If the Transferor shall default in so doing when required by this Article, the directors (excluding the Transferor if he shall be a director) shall receive and give good discharge for the purchase money on behalf of the Transferor and shall authorise some person (who shall be deemed to be the attorney of the Transferor for that purpose) to execute and deliver to the Investors such documentation in relation to the Investors' acquisition of the Shares as the directors may reasonably require.
- 12.3.6. If within the period of 21 days provided for by Article 12.3.5 of these Articles, the Investors shall have expressed their willingness to purchase part only of the Shares comprised in the Transfer Notice, or shall not have expressed their willingness to purchase any of those Shares, then such remaining Shares shall be offered to the Company. Such offer shall be made on like terms, in the same manner and limited by a like period as the offer to the Investors. If, after the expiry of such further offer period, the Company has offered to buy all of the remaining shares referred to in the Transfer Notice (and not already provisionally allocated pursuant to Article 12.3.5 of these Articles), the directors shall allocate such Shares to the Company, and the Transferor shall be bound to transfer the Shares upon payment of the price, all in the manner set out in Article 12.3.5 of these Articles. If the Transferor shall default in so doing when required by this Article, the directors (excluding the Transferor if he shall be a director) shall receive and give good discharge for the purchase money on behalf of the Transferor and shall authorise some person (who shall be deemed to be the attorney of the Transferor for that purpose) to execute and deliver to the Company such documentation in relation to the Company's acquisition of the Shares as the directors may reasonably require and the Company shall cancel any shares acquired by it. The Company shall not purchase any Shares in circumstances where such a purchase would be contrary to any provision of the Act or the Model Articles.

12 3 7 If, after the expiry of 21 days after the date of the offer to the Company pursuant to Article 12 3 6 of these Articles, any of the Shares comprised within the Transfer Notice remain to be sold, then the Transferor shall not be obliged to transfer any of the Shares which are the subject of the Transfer Notice to the Shareholders or to the Investors or to the Company. During the period of three months from the expiry of the 21 day period of the offer to the Company, the Transferor shall be entitled (subject to the next following sentence) to transfer the remaining Shares to be sold to a person whom the Transferor selects (the "Residual Transferee"), at a price not lower than any price fixed pursuant to Article 12 3.2 of these Articles, and on terms no more favourable than those offered in the Transfer Notice. No Shares shall be transferred to the Residual Transferee unless the identity of the Residual Transferee has been approved in writing by a majority of the directors (including the Investor Director(s)) of the Company (excluding the Transferor, if he shall be a director) or the sole director if there shall be only one (such approval not to be unreasonably withheld or a decision unreasonably delayed).

12 3 8 If any person shall become entitled to any Shares as a result of:-

12 3 8 1. in the case of a natural person who is a Shareholder of the Company, that person dying, being sequestered or signing a trust deed for his creditors, or

12.3.8.2 in the case of a legal person who is a Shareholder of the Company, that person having a receiver appointed, having an administration order made against it or going into liquidation (other than a solvent liquidation for the purposes of reconstruction),

such person becoming entitled shall:-

12 3 8 3. forthwith give notice in writing to the Company to that effect, and if that person shall fail to give such notice the directors may give the notice on his behalf; and

12 3.8.4 be deemed to have given a Transfer Notice to the Company in respect of all of the Shares to which such person has become entitled and, subject to the following provisions of this Article, all the foregoing provisions of this Article 12 3 in relation to a Transfer Notice and the procedure to be adopted following the service of such a notice shall apply mutatis mutandis to such notice, provided however that there shall be no right pursuant to Article 12 3 3 of these Articles to cancel the directors' authority to sell any of such Shares

12 3 9 If any Shares to which any person has become entitled as contemplated by Article 12.3 8 of these Articles shall not be sold pursuant to Article 12 3.8 of these Articles, then after the expiry of the period during which such Shares might have been purchased by a Shareholder or the Company pursuant to Article 12 3 8 of these Articles, such person shall (upon such evidence being produced as may from time to time be required by the directors) have the right to elect

either to be registered himself as holder of the Shares in question or to have some person nominated by him registered as the Transferee thereof, but in either case the directors shall have the same right (if any) to refuse or suspend registration as they would have had in the case of a transfer of the Shares by the Shareholder in question before the occurrence of any of the events mentioned in sub-clauses at Articles 12 3.8 and 12 3 8.2 of these Articles. Articles 27 and 28 of the Model Articles shall not apply to the Company.

- 12 4. If a Shareholder who is an employee, director or consultant of the Company ceases for any reason (including death or bankruptcy) to be an employee, director or consultant of the Company (as relevant) (such person being a "Leaver"), a Transfer Notice shall be deemed to be given on the Termination Date by the Leaver to the Company in respect of:

12.4 1 all of the Shares held by the Leaver;

12 4 2. all of the Shares which have been transferred by the Leaver in accordance with Article 12.5 (the "Transferred Shares"); and

12.4 3. all Shares subsequently acquired by the Leaver and the holders of the Transferred Shares after the Termination Date:

(a) by way of rights or bonus issue, conversion, transfer or otherwise, and/or

(b) under any option scheme or other arrangement which was made prior to the Termination Date (and in this case the Transfer Notice will be deemed served on the date that such Shares are acquired by the Leaver or his transferees)

and the provisions of Articles 12.3 in relation to a Transfer Notice and the procedure to be adopted following the service of such a notice shall apply *mutatis mutandis* to such notice, save that.

12.4 4 unless the board of directors (with the approval of the director appointed by the Fund) otherwise resolves, upon a person becoming a Leaver, any Transfer Notice previously issued or deemed issued in relation to his Shares shall immediately be cancelled (unless all the Shares subject to it have already been sold) and no further Transfer Notice shall be issued or deemed to be issued in respect of such Shares (except under this Article 12.1);

12 4 5. if the Leaver is a Bad Leaver, the price of the Shares in the Transfer Notice shall be the fair selling value of the Shares (as determined in accordance with Article 12 3 2) as at the Termination Date, or, if less, the amount paid up or credited as paid up (including any premium on issue) on the Shares, in each case subject to a maximum price of £1.00 if there has been any fraud or dishonesty by the Bad Leaver (in the opinion of the Investors, acting reasonably), and

12.4.6. if the Leaver is a Good Leaver, the price of the Shares in the Transfer Notice shall be the fair selling value of the Shares (as determined in accordance with Article 12 3 2) as at the Termination Date

- 12.5. Notwithstanding any other provision of these Articles, a transfer of Shares in the Company -

12.5.1 Not Used, or

12.5.2. held by SE may be made to a member of SE's Group, or

12.5.3. held by a Shareholder, being a natural person, may be made to a Family Member of that Shareholder or to a company in which the relevant Shareholder holds all of the issued shares;

without restriction as to price or otherwise, and the directors shall be obliged to register any such transfer.

- 12.6 If any person (legal or otherwise) has acquired Shares in accordance with Article 12.5.1 or 12.5.2 in the capacity of being a member of SE's Group by way of one or more permitted transfers and that person ceases to be a member of SE's Group, that person shall immediately transfer all the Shares then held by that person to a member of SE's Group, for such consideration as they agree, within 10 Business Days of the cessation, or, failing such transfer within that period, shall during the remainder of the 15 Business Day period after the cessation, give a Transfer Notice in respect of all of the Shares then held by that person (and all of the provisions of Article 12.3 in relation to a Transfer Notice and the procedure to be adopted following the service of such a notice shall apply mutatis mutandis)

- 12.7 If any person or corporate entity has acquired Shares in accordance with Article 12.5.3:

12.7.1 in the capacity of a Family Member from a Shareholder by way of one or more permitted transfers and that person ceases to be a Family Member of that Shareholder, or

12.7.2. as a company wholly owned by a Shareholder and that company ceases to be wholly owned by the relevant Shareholder,

the Shareholder shall immediately notify the Directors in writing of the change in circumstances and the relevant person or entity (as applicable) being the Permitted Transferee, shall immediately transfer all the Shares then held by that person or entity back to that Shareholder, for such consideration as they agree, within 10 Business Days of the cessation, or, failing such transfer within that period, shall during the remainder of the 15 Business Day period after the cessation, give a Transfer Notice in respect of all of the Shares then held by that person (and all of the provisions of Article 12.3 in relation to a Transfer Notice and the procedure to be adopted following the service of such a notice shall apply mutatis mutandis)

- 12.8 If the persons or entity required to transfer Share pursuant to Article 12.7 fails to transfer the relevant Shares or give a Transfer Notice within the timescale specified in Article 12.7, then the Directors may elect that either

12.8.1. a Transfer Notice shall be deemed to have been given in respect of any relevant Shares which have not been so transferred, or

12.8.2. a person of their choosing (who shall be deemed to be the attorney of the Permitted Transferee for that purpose) be appointed to execute and deliver to the original Shareholder a transfer of the transferred Shares for no consideration and the Directors shall enter his name in the register of members

12A PERMITTED TRANSFERS: THE FUND

12A.1 Notwithstanding any other provision of these Articles.

- (a) the Fund may transfer all or any of its Shares to a Fund Permitted Transferee; and
- (b) that Fund Permitted Transferee may transfer all or any of the Shares transferred to it by the Fund to another Fund Permitted Transferee

12A.2 A transfer pursuant to Article 12A.1 may be made without restriction as to price or otherwise, and, for the avoidance of doubt, shall not be subject to the pre-emption rights or other restrictions on transfer contained in these Articles or otherwise.

12A.3 In this Article 12A, the following terms shall have the following meanings:

- (a) **"Fund Manager"** means, in relation to an Investment Fund, a person whose principal business is to make, manage or advise upon investments in securities and who manages the business of that Investment Fund,
- (b) **"Fund Permitted Transferee"** means
 - (i) in relation to the Fund and any Fund Permitted Transferee which is an Investment Fund, any Member of the same Fund Group,
 - (ii) in relation to any Fund Permitted Transferee which is an undertaking (as defined in section 1161(1) of the Companies Act 2006), any Member of the same Group,
- (c) **"Investment Fund"** means a fund, partnership, company, syndicate or other entity whose business is managed by a Fund Manager, and includes the Fund;
- (d) **"Member of the same Fund Group"** means, as regards an Investment Fund.
 - (i) any participant or partner in, or member of, such Investment Fund or the holders of any unit trust which is a participant or partner in, or member of, that Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business),
 - (ii) any Investment Fund managed by the Fund Manager;

- (iii) any Parent Undertaking or Subsidiary Undertaking of the Fund Manager, or any Subsidiary Undertaking of any Parent Undertaking of the Fund Manager, or
 - (iv) any trustee, nominee or custodian for the Investment Fund.
- (e) Member of the same Group means, as regards any company, a company which is from time to time a Parent Undertaking or a Subsidiary Undertaking of that company or a Subsidiary Undertaking of any such Parent Undertaking; and
- (f) the terms Parent Undertaking and Subsidiary Undertaking have the respective meanings set out in section 1162 of the Companies Act 2006

13. GENERAL MEETINGS AND RESOLUTIONS

- 13 1. A notice convening a general meeting must comply with the provisions of -
 - 13.1 1. Section 311 of the Act as to the provision of information regarding the time, date and place of meeting and the general nature of the business to be dealt with at the meeting, and
 - 13.1.2. Section 325(1) of the Act as to the giving the information to Shareholders regarding their right to appoint proxies
- 13 2 Every notice of, or other communication relating to, any general meeting which any Shareholder is entitled to receive must be sent to each of the directors and to the Auditors for the time being of the Company.
- 13.3. Article 44 4 of the Model Articles shall not apply to the Company
- 13 4 Subject to Article 13.5 of these Articles, a written resolution of the Shareholders passed in accordance with Part 13 of the Act is as valid and effectual as a resolution passed at a general meeting of the Company
- 13.5. The following may not be passed as a written resolution and may only be passed at a general meeting of the Company:-
 - 13.5 1. A resolution under Section 168 of the Act for the removal of a director before the expiration of his period of office, and
 - 13.5.2. A resolution under Section 510 of the Act for the removal of an auditor before the expiration of his period of office.
- 13 6 Subject to Article 13.5 of these Articles, on a written resolution, a Shareholder has one vote in respect of each Share held by him.
- 13 7 No Shareholder may vote on a written resolution unless all moneys currently due and payable in respect of any Shares held by him have been paid

14. VOTING AT GENERAL MEETINGS

14.1 Subject to Article 14 3 below, on a vote on a resolution at a general meeting on a show of hands:-

14 1.1. each Shareholder who, being an individual, is present in person has one vote,

14 1 2 if a Shareholder (whether such Shareholder is an individual or a corporation) appoints one or more proxies to attend the meeting, all proxies to attend the meeting have collectively one vote. In the event that the proxies do not reach agreement as to how their vote should be exercised on a show of hands, the voting power is treated as not exercised; and

14 1 3 if a corporate Shareholder appoints one or more persons to represents it at the meeting, each person so appointed and in attendance at the meeting has, subject to Section 323(4) of the Act, one vote.

14.2. Subject to Article 14 3 below, on a resolution at a general meeting on a poll, every Shareholder (whether present in person, or by proxy or authorised representative) has one vote in respect of each Share held by him

14 3. No Shareholder may vote at any general meeting or any separate meeting of the holders of any class Shares in the Company, either in person, by proxy or, in the event that the Shareholder is a corporate body, by a corporate representative in respect of Shares held by that Shareholder unless all moneys currently due and payable by that Shareholder in respect of any Shares held by that Shareholder have been paid

14 4. Article 44(2) of the Model Articles is amended by the deletion of the word "or" in Article 44(2) (c) of the Model Articles, the deletion of the " " after the word "resolution" in Article 44(2)(d) of the Model Articles and its replacement with ", or" and the insertion of a new Article 44(2)(e) of the Model Articles in the following terms:-

"by a member or members holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right"

14.5. A demand for a poll made by a person as a proxy for a Shareholder is the same as an equivalent demand by the Shareholder.

14 6 Polls must be taken at the general meeting at which they are demanded and in such manner as the chairman of such meeting directs.

15. DELIVERY OF PROXY NOTICES

Article 45(1) of the Model Articles is modified, such that a "proxy notice" (as defined in Article 45(1) of the Model Articles) and any authentication of it demanded by the directors must be received at

an address specified by the Company in the proxy notice not less than 48 hours before the time for holding the meeting or adjourned meeting at which the proxy appointed pursuant to the proxy notice proposes to vote. Any proxy notice received at such address less than 48 hours before for holding the meeting or adjourned meeting shall be invalid.

16. QUORUM

16.1. A *quorum* at any meeting of the Company shall be formed by one or more Shareholders if those Shareholders are the holders of (or have been appointed as proxy in respect of) a total of not less than 51% of the issued voting Shares in the Company.

16.2. For so long as either Investor shall be a Shareholder, there shall be no quorum at a general meeting unless the relevant Investor(s) shall be present by proxy or by a duly authorised representative.

16.3. Article 41(1) of the Model Articles is modified by the addition of a second sentence as follows:-

"If at the adjourned general meeting, a quorum is not present within half an hour from the time appointed therefor or, alternatively, a quorum ceases to be present, the adjourned meeting shall be dissolved.

17. APPOINTMENT OF DIRECTORS

17.1. The maximum number and minimum number of the directors (other than the Investor Director(s)) may be determined from time to time by an ordinary resolution at a 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 (other than the Investor Director(s)). Whenever the minimum number of the directors shall be one, a sole director shall have authority to exercise all the powers and discretions expressed to be vested in the directors generally by the Model Articles, the Act and by these Articles.

17.2. The Company may (by ordinary resolution in general meeting) appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

17.3. Notwithstanding Article 17.2 of these Articles, each of the Investors shall be entitled at any time and on more than one occasion to appoint any person to be a director (each, an "Investor Director") (subject to the identity of such director being approved (such approval not being unreasonably withheld or delayed) in writing by the Shareholders of the Company) and at any time and on more than one occasion remove the relevant Investor Director from office and appoint another person in his place. The other Shareholders shall not vote their Shares so as to remove an Investor Director from office.

17.4. Any appointment or removal of an Investor Director shall be in writing served on the Company signed on behalf of the relevant investor by its duly authorised representative.

and shall take effect at the time it is served on the Company or produced to a meeting of the Board, whichever is earlier.

- 17.5. If an Investor Director is absent from the United Kingdom notice of meetings of the directors shall be served at any address for service of notice indicated in any relevant shareholders' agreement (including the Investment Agreement)
- 17.6. Each Investor shall be entitled to appoint one person to act as an observer to meetings of the directors. The observer(s) shall be entitled to attend and speak at all meetings of directors and to receive copies of all board papers as if he were a director, but shall not be entitled to vote on any resolutions proposed at the board meeting

18. BORROWING POWERS

The directors may exercise all the powers of the Company to borrow money without limit as to amount, and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into Shares) to Section 549 of the Act to grant any mortgage, charge or standard security over its undertaking, property and any uncalled capital (or any part of them) and to issue debentures, debenture stock, and other securities (whether outright or as security for any debt, liability or obligation of the Company or of any third party)

19. SECRETARY

The directors may appoint a secretary to the Company for such period, remuneration and period as they think fit, and a secretary so appointed by the directors may be removed by them

20. ALTERNATE DIRECTORS

- 20 1 Any director (the "Appointor") may appoint as an alternate any other director, or any person approved by a decision of the directors to:-

- 20 1 1 exercise that director's powers, and

- 20.1 2 carry out that director's responsibilities;

- 20 2 Any appointment of an alternate director must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the directors. The notice must:-

- 20 2.1. identify the proposed alternate director, and

- 20 2.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that he has agreed to act as the alternate director of the Appointor.

- 20.3 An alternate director has the same rights to participate in a directors' meeting or a decision by the directors reached in accordance with Article 8 of the Model Articles as the Appointor.
- 20.4 Except as these Articles otherwise specify, alternate directors.-
- 20.4.1. are deemed for all purposes to be directors,
 - 20.4.2. are liable for their own acts or omissions;
 - 20.4.3. are subject to the same restrictions as the Appointor; and
 - 20.4.4. are deemed to be agents of or for the Appointor
- 20.5. An alternate director who is not a director.-
- 20.5.1. may be counted for the purpose of determining whether a quorum is participating (but only if the Appointor is not participating), and
 - 20.5.2. may sign or otherwise signify his agreement in writing to a written resolution in accordance with Article 8 of the Model Articles (but only if the Appointor has not signed or otherwise signified his agreement to such written resolution
 - 20.5.3. No alternate director may count as more than one director for such purposes
- 20.6 An alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his Appointor as such Appointor may (by notice in writing to the Company) from time to time direct
- 20.7 Article 20 of the Model Articles is modified by the deletion of each of the references to "director" and their substitution with the words "directors/and or any alternate directors;
- 20.8 An alternate's appointment terminates -
- 20.8.1. when the Appointor terminates the appointment by way of notice to the Company specifying when the termination is to take effect from,
 - 20.8.2. on the occurrence, in relation to the alternate director, of any event such if it occurred in relation to the Appointor would result in the termination of the Appointor's office as a director,
 - 20.8.3. on the death of his Appointor,
 - 20.8.4. when the Appointor's appointment as a director terminates.
- 20.9 A director may act as an alternate director to represent more than one director, and at any meeting of the directors (or of any committee of the directors) an alternate director shall be entitled to one vote for every director whom he represents in addition to his own vote (if

any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

21. DISQUALIFICATION OF DIRECTORS

21 1 In addition to the events terminating a director's appointment set out in Articles 18(a) – (c) and (f) of the Model Articles, a person ceases to be a director as soon as:-

21.1.1. that person is, or may be, suffering from mental disorder and:-

- (a) he is admitted into hospital in pursuance of an application for admission for treatment under mental health legislation in force for the time being in any part of the United Kingdom, or
- (b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matter concerning mental disorder for his detention, or
- (c) such mental disorder wholly or partly prevents that person from personally exercising any powers of rights which that person would otherwise have, or

21.1 2 that person has for more than six consecutive months been absent without permission of the directors from meetings of the directors held during that period and the directors make a decision to vacate that person's office; or

21 1 3 if he or she is also an employee of the Company and shall leave that employment at any time and for whatever reason

21.2. Articles 18(d) and (e) of the Model Articles shall not apply to the Company

22. GRATUITIES AND PENSIONS

22 1. The directors may establish and maintain or procure the establishment and maintenance of any pension superannuation funds or retirement benefit schemes (whether contributory or otherwise), pensions, allowances, emoluments and any other benefits to any persons who are or were at any time in the employment or service of the Company, or who may be or have been directors or officers of the Company, and the spouses, families and dependents of any such persons.

22 2. Article 19.5 of the Model Articles shall not apply to the Company.

23. PROCEEDINGS OF DIRECTORS

23 1 Subject to Article 23 2 of these Articles, at any meeting of the directors (or of any committee of the directors) a director may vote on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has (directly or indirectly) any kind of interest provided that he has previously disclosed the nature of such interest to the other

directors, and if he shall vote on any such resolution his vote shall be counted. In relation to any such resolution he shall (whether or not he shall vote on it) be taken into account in calculating the quorum present at the meeting. However, any director will be required to state any interest they may have in an actual or proposed transaction in compliance with the Act, prior to any business of the meeting being transacted.

23 2. If the directors propose to exercise their power in relation to Section 175 (4)(b) of the Act, to authorise a director's conflict of interest, the director facing the conflict is not to be counted as participating in the decision to authorise the conflict for quorum or voting purposes.

23 3 Subject to the provisions of the Act and provided that (if required to do so by the Act) he has declared to the directors the nature and extent of any direct or indirect interest in his, a director, notwithstanding his office:-

23.3.1. may be a party to, or otherwise interested in, any arrangement or transaction with the Company or in which the Company is otherwise interested,

23 3 2 may be a director or other officer or an employee of, or party to any transaction, or arrangement with, or otherwise interested in, any subsidiary of the Company or body corporate in which the Company is interested; and

23 3 3 is not accountable to the Company for any remuneration or other benefits which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no transaction or arrangement is liable to be avoided on the ground of any such remuneration, benefit or interest

23 4 Articles 9(2) and 14 of the Model Articles shall not apply to the Company

24. MEETINGS OF DIRECTORS

24.1. To be quorate, any meeting of directors shall include the Investor Director(s)

24 2 Members of the board of directors (or of any committee of it) may participate in a meeting of the board of directors (or of such committee) by means of conference telephone, or similar communication equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such a meeting

24 3. Subject to Article 24.2 of these Articles, the board of directors shall meet at least 12 times a year with a period of not more than 5 weeks between any two meetings

24 4 Article 8(2) of the Model Articles shall be amended by the deletion of the words "copies of which have been signed by each eligible director" and the substitution of the following "where each eligible director has signed one or more copies of it" in its place. Article 8(2) of the Model Articles shall be construed accordingly

25. COMMUNICATION BY MEANS OF A WEBSITE

- 25 1 Subject to the provisions of the Act, a document or information may be sent or supplied by the Company to a person by being made available on a website.
- 25.2. A Shareholder whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be sent to him or an address to which notices may be sent by electronic means is entitled to have notices sent to him at that address, but otherwise no such Shareholder is entitled to receive any notices from the Company.
- 25 3. If any Share is registered in the name of joint holders, the Company may send notices and all other documents to the joint Shareholder whose name stands first in the register of members in respect of the joint holding and the Company is not required to serve notices or other documents on any of other joint Shareholders
- 25 4 If the Company sends or supplies notices or such other documents by first class post and the Company proves that such notices or other documents were properly addressed, prepaid and posted, the intended recipient is deemed to have received such notices or other documents 48 hours after posting
- 25 5 If the Company sends or supplies notices or other documents by electronic means and the Company proves that such notices or other documents were properly addressed, the intended recipient is deemed to have received such notices or other documents 24 hours after they were sent or supplied
- 25 6 If the Company sends or supplies notices or other documents by means of a website, the intended recipient is deemed to have received such notices or other documents when such notices or other documents first appeared on the website or, if later, when the intended recipient first received notice of the fact that such notices or other documents were available on the website
- 25.7. For the purposes of Articles 25 4 – 25 6 of these Articles, no account shall be taken of any part of a day that is not a working day

26. COMPANY SEAL

- 26.1 Article 49(1) of the Model Articles is modified, such that any common seal of the Company may be issued by the authority of the directors or any committee of directors
- 26 2 Article 49(3) of the Model Articles is modified by the deletion of all the words which follow the “;” after the word “document” and their replacement with “the document must also be signed by -
- 26.2.1. one authorised person in the presence of a witness who attests the signature; or
- 26 2 2 two authorised persons”

27. PROTECTION FROM LIABILITY

- 27.1 Article 52 of the Model Articles shall be amended by the deletion of Article 52(3) (b) and its substitution with the words “a “relevant officer”, means any director, auditor, former director of the company or an associated company”
- 27.2. Article 52(1) of the Model Articles shall be amended by the substitution of each reference to “director” for “relevant officer”
- 27.3. Subject always to Article 52(2) of the Model Articles, all references to “liability” under Article 52(1) of the Model Articles shall include any loss or liability incurred by the relevant officer in defending any proceedings in connection with the Company or otherwise in connection with his duties, powers of office, 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 any Liability, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto.

28. DRAG ALONG RIGHTS

- 28.1. The provisions of this Article 28 shall apply in the event of an offer being made by a bona fide arm's length purchaser for the acquisition of the entire issued share capital of the Company and it being considered acceptable by Shareholders holding a combined total of 75% of the total issued share capital of the Company, as detailed in Article 28 2 of these Articles.
 - 28 1 1. the provisions of this Article 28 shall apply, and
 - 28.1.2. the directors shall notify the Investors of such an offer (the “Third Party Offer”) and the Investors shall have a period of 21 days in which to consult one another about the possibility of making, and make, a joint offer to purchase the entire issued share capital of the Company, such Shares to be acquired (a) in the proportion agreed between the Investors and (b) on the same, or better, terms as the Third Party Offer.
- 28.2 If, Shareholders holding a combined total of 75% of the total issued share capital of the Company (the “Sellers”), wish to transfer their interest in their entire holdings of Shares (the “Sellers’ Shares”) to a bona fide arm's length purchaser who has offered to acquire the entire issued share capital of the Company (a “Third Party Purchaser”) and 21 days have passed from the date of the directors' notification to the Investors under Article 28 1 or the Investors have confirmed in writing that they do not wish to exercise their right of first refusal provided in Article 28.1 2 of these Articles, then the Sellers shall have the option (the “Drag Along Option”) to require each of the other Shareholders (the “Remaining Shareholders”) to sell and transfer all of their Shares to the Third Party Purchaser, or as the Third Party Purchaser shall direct, in accordance with the provisions of this Article 28.

- 28.3. The Drag Along Option may be exercised by giving written notice to that effect (a "Drag Along Notice") to the Remaining Shareholders at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Remaining Shareholders are required to transfer all (but not some only) of 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 Article 28.5 of these Articles) and the proposed date of transfer
- 28.4. Drag Along Notices shall be irrevocable but will lapse if for any reason there is no sale of the Sellers' Shares to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Sellers shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 28.5. The consideration for which the Remaining Shareholders shall be obliged to sell each of the Called Shares shall be the price per Share to be paid by the Third Party Purchaser for the Sellers' Shares including the value of any non-cash consideration to be paid by the Third Party Purchaser for the Sellers' Shares.
- 28.6. Completion of the sale of the Called Shares shall take place on the same date as the date for completion of the sale of the Sellers' Shares.
- 28.7. Notwithstanding any other provision of these Articles, any rights of pre-emption contained in these Articles shall not apply to any transfer of the Called Shares to a Third Party Purchaser (or as he may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served
- 28.8. If the Remaining Shareholders, or any of them, shall fail to sign and deliver a valid transfer, or transfers, of any of the Called Shares and which the Remaining Shareholders have become bound to sell pursuant to this Article (any such Remaining Shareholder being a "Defaulting Shareholder"), any director of the Company (excluding the Defaulting Shareholder, if the Defaulting Shareholder shall also be a director), or any person nominated by the directors for that purpose (excluding the Defaulting Shareholder), may be deemed by the directors to have been appointed the agent of the Defaulting Shareholder with full power to complete, execute and deliver in the name and on behalf of the Defaulting Shareholder, a transfer, or transfers, of the Called Shares held by the Defaulting Shareholder and to receive payment of the price on the Defaulting Shareholder's behalf, to be held to the Defaulting Shareholder's order and to give a valid receipt and discharge therefor. The directors shall register any transfer granted in pursuance of these powers notwithstanding that the certificate or certificates for the Called Shares held by the Defaulting Shareholder may not be produced with such transfer or transfers and after the name of the Third Party Purchaser (or his nominee) has been entered in the register of members in respect of the Called Shares transferred by or on behalf of the Defaulting Shareholder in exercise of these powers, the validity of the proceedings shall not be questioned by any person.

29. TAG ALONG RIGHTS

- 29.1 The provisions of this Article 29 shall apply in the event of an offer being made to acquire all of those Shares held by Shareholders holding a combined total of at least 51% of the issued share capital of the Company.
- 29.2. If, Shareholders holding a combined total of at least 51% of the issued share capital of the Company (the "Sellers") wish to transfer their interest in their entire holdings of Shares (the "Sellers' Shares") to a bona fide arm's length purchaser (a "Third Party Purchaser"), then the remaining Shareholders (the "Remaining Shareholders") shall have the option (the "Tag Along Option") to require the Sellers to procure that the Third Party Purchaser purchases the Remaining Shareholders' Shares in accordance with the provisions of this Article 29. The Sellers shall give written notice (a "Tag Along Offer") to the Remaining Shareholders as soon as reasonably practicable of the Tag Along Option becoming exercisable, and in any event not less than 14 days prior to the date of sale of the Seller's Shares. The Tag Along Offer shall specify who the Third Party Purchaser is, the price per Share to be paid by the Third Party Purchaser to the Seller in respect of the Seller's Shares and the proposed date of transfer to the Third Party Purchaser.
- 29.3. Tag Along Offers shall be irrevocable but will lapse if for any reason there is no sale of the Sellers' Shares by the Sellers to the Third Party Purchaser within 60 days after the date of service of the Tag Along Offer. The Sellers shall be required to issue a further Tag Along Offer in accordance with Article 29.2 of these Articles in the event of their wishing to sell their Shares to the Third Party Purchaser (or any other bona fide arm's length purchaser) outwith the said period of 60 days.
- 29.4. The Remaining Shareholders may exercise the Tag Along Option by giving written notice to that effect to the Sellers (a "Tag Along Notice") at any time before the date of transfer of the Sellers' Shares to the Third Party Purchaser which shall be a date no sooner than 14 days from the date of receipt by the Remaining Shareholders of the Tag Along Offer. A Tag Along Notice shall specify that the Sellers are required to procure that the Third Party Purchaser purchases all the Shares of the Remaining Shareholders (the "Called Shares") pursuant to this Article 29.
- 29.5. The consideration for which the Third Party Purchaser shall be obliged to purchase each of the Called Shares shall be the price per Share to be paid by the Third Party Purchaser for the Sellers' Shares including the value of any non-cash consideration to be paid by the Third Party Purchaser for the Sellers' Shares.
- 29.6 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.
- 29.7 Any rights of pre-emption contained in these Articles shall not apply to any transfer of Shares to a Third Party Purchaser pursuant to a sale in respect of which a Tag Along Notice has been duly served to the extent that the Seller has already complied with the terms of this Article 29 in respect of the proposed sale of Shares which is the subject of the Tag Along Notice.