



**PRIVATE COMPANY LIMITED BY SHARES**

**WRITTEN RESOLUTION**

of

**CARRON ENERGY LIMITED** (the "Company")

(Company Number **6937966**)

Circulation Date 24<sup>th</sup> March 2011

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006 (the "Act"), the directors of the Company propose that the following resolution (the "**Resolution**") should be passed as a special resolution

**SPECIAL RESOLUTION**

**THAT** the regulations contained in the printed document attached to this written resolution be and are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of the Company

**AGREEMENT**

Before signifying your agreement to the Resolution, please read the notes at the end of this document

We the undersigned, being persons entitled to vote at the time the Resolution was circulated hereby irrevocably agree to the Resolution.

Signed   
**ALEXANDER LAMBIE**

Date 24/03/2011

Signed   
**PETER TRUSSLER**

Date 24/03/2011

Signed   
**ALASTAIR FRASER**

Date 24/03/2011

Signed   
**MATTHEW TUCKER**

Date 24/03/2011



### **IMPORTANT NOTES**

- 1 Please indicate whether you wish to vote for or against the Resolution by signing and dating this document where indicated above and then return it to the Company using one of the following methods
  - (a) **By hand:** delivering the signed copy to the directors, Carron Energy Limited, Ground Floor Tuscan House, 5 Beck Court, Cardiff Gate Business Park, Cardiff CF23 8RP
  - (b) **By post:** returning the signed copy by post to the directors, Carron Energy Limited, Ground Floor Tuscan House, 5 Beck Court, Cardiff Gate Business Park, Cardiff CF23 8RP
  - (c) **Fax:** faxing the signed copy to 02920 549896 marked "For the attention of Melanie Kincaid"
  - (d) **E-mail:** by attaching a scanned copy of the signed document to an e-mail and sending it to [melanie.kincaid@welshpower.com](mailto:melanie.kincaid@welshpower.com) Please enter "written resolution dated 24<sup>th</sup> March 2011" in the e-mail subject box
- 2 If you have received the Resolution by e-mail you may also indicate your agreement by replying to the original e-mail containing the Resolution For your agreement to be valid you must state your name, identify that you agree to the Resolution and state that you irrevocably agree to it
- 3 If you do not agree to the Resolution, you do not need to do anything You will not be deemed to agree if you fail to reply
- 4 If you return the form without signing it then you will not be deemed to agree to the Resolution
- 5 Any alterations to this document should be clearly legible and initialled
- 7 Once you have indicated your agreement to the Resolution, you may not revoke your agreement
- 8 Unless, within 28 days of the circulation date noted above, sufficient agreement has been received for the Resolution to pass, the Resolution will lapse If you agree to the Resolution, please ensure that your agreement reaches the Company before this time
- 9 In the case of joint holders of shares, only the vote of the senior holder who votes will be counted by the Company Seniority is determined by the order in which the names of the joint holders appear in the register of members
- 10 If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document

**Company Number: 6937966**

**The Companies Act 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

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# **ARTICLES OF ASSOCIATION**

**CARRON ENERGY LIMITED**

**Incorporated on 18 June 2009**

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## **Jordans Limited**

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## THE COMPANIES ACT 2006

### PRIVATE COMPANY LIMITED BY SHARES

#### ARTICLES OF ASSOCIATION OF

#### CARRON ENERGY LIMITED (the "Company")

##### 1. PRELIMINARY

- 1 1 The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008 No 3229) (the "Model Articles") shall apply to the Company save in so far as they are excluded or modified hereby and such Model Articles and the articles set out below shall be the Articles of Association of the Company (the "Articles")
- 1 2 In these Articles, any reference to a provision of the Companies Act 2006 shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force
- 1 3 Model Articles 9(3), 11(2), 12(1) and (2), 14, 17, 18(d) and (e), 19(5), 21, 24, 26(5), 28(3) and 44(4) do not apply to the Company
- 1 4 The headings used in these Articles are included for the sake of convenience only and shall be ignored in construing the language or meaning of these Articles
- 1 5 In these Articles, unless the context otherwise requires, references to nouns in the plural form shall be deemed to include the singular and vice versa

##### 2. DEFINED TERMS

- 2 1 Model Article 1 shall be varied by the inclusion of the following definitions -

"appointor" has the meaning given in Article 7 1(a),

"bad leaver" means a defaulting shareholder who ceases to be a director or employee of any member of the group

(a) by reason or in consequence of his voluntary resignation as a director or employee of any member of the group, or

(b) by reason of the termination by any member of the group of his service agreement in circumstances set out in that service agreement justifying summary dismissal for cause,

unless the majority shareholder determines such defaulting shareholder shall not be deemed a bad leaver,

"board" means the board of directors of the Company as constituted from time to time,

"business day" means a day that is not a Saturday or Sunday, Christmas Day, Good Friday or any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom where the Company is registered,

"call" has the meaning given in Article 10 1(a),

"call notice" has the meaning given in Article 10 1(a),

"call payment date" has the meaning given in Article 10 4(b),

**"chairman"** means the Chief Executive appointed in accordance with Article 3 4,

**"Chief Executive"** means any such person from time to time who is employed by the Company in the capacity of chief executive,

**"control"** means in relation to a body corporate, means the power of a person to secure that the affairs of the body corporate are conducted in accordance with the wishes of that person

- (a) by means of the holding of shares, or the possession of voting power, in or in relation to that or any other body corporate, or
- (b) by virtue of any powers conferred by the articles of association, or any other agreement or arrangement, regulating that or any other body corporate,

**"defaulting shareholder"** means a shareholder to whom an obligatory transfer event has happened,

**"defaulting shareholder shares"** has the meaning given in Article 24 1(b),

**"encumbrance"** means any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set-off or other third party right or interest (legal or equitable) including any assignment by way of security, reservation of title or other security interest of any kind, howsoever created or arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect,

**"forfeiture notice"** has the meaning given in Article 10 4(a),

**"founder shareholders"** has the meaning given in Article 23 4(a),

**"lien enforcement notice"** has the meaning given in Article 9 4(a),

**"majority shareholder"** means a shareholder or shareholders who for the time being hold a majority in number of shares,

**"obligatory transfer event"** means any one or more of the following

- (a) where a shareholder commits a material or persistent breach of any shareholders' agreement which if capable of remedy has not been so remedied within 30 business days of any other shareholder requiring such remedy by notice in writing,
- (b) a bankruptcy order is made against a shareholder or an arrangement or composition is made with the shareholder's creditors, or
- (c) the shareholder is a bad leaver,

**"permitted transferee"** has the meaning given in Article 23 4(c),

**"relevant rate"** has the meaning given in Article 10 4(b),

**"secretary"** means the secretary of the Company, if any, appointed in accordance with Article 6 1 or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary,

**"shareholders' agreement"** means any agreement entered into between all or a majority of shareholders regulating the business of the Company,

**"shares"** means the ordinary shares of £1 each of the Company in issue from time to time

"third party/(ies)" has the meaning given in Article 24 5(c), and

"transfer notice" has the meaning given in Article 24 1(b)

### **3 PROCEEDINGS OF DIRECTORS**

- 3 1 A meeting of the directors shall be held at least once in each calendar month excluding August and December at the Company's registered office or such other place as may agreed in writing in advance by such number of directors (or their permitted transferees) holding together not less than 75 per cent of the issued share capital in the Company
- 3 2 Not less than seven business days' notice in writing of the meeting shall be given to all directors. Each such notice shall be accompanied by the agenda for the meeting specifying in reasonable detail the matters to be raised at the meeting and copies of any papers to be discussed at the meeting
- 3 3 The quorum for directors' meetings is three directors one of whom is the Chief Executive
- 3 4 The Chief Executive of the Company shall chair all meetings of the directors at which he is present. In the case of an equality of votes, the chairman shall have a casting vote
- 3 5 If a quorum is not present within 30 minutes after the time specified for a directors' meeting in the notice of the meeting then it shall be adjourned for seven business days at the same time and place. If at the adjourned meeting of directors a quorum is not present within 30 minutes after the time specified for the directors' meeting in the adjourned notice of the meeting, then those directors present will constitute a quorum
- 3 6 No business shall be conducted at any board meeting unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business
- 3 7 Meetings of the directors shall make decisions by passing resolutions, passed by a simple majority
- 3 8 (a) Subject to paragraph (b), notwithstanding the fact that a proposed decision of the directors concerns or relates to any matter in which a director has, or may have, directly or indirectly, any kind of interest whatsoever, that director may participate in the decision-making process for both quorum and voting purposes
- (b) If the directors propose to exercise their power under section 175(4)(b) of the Companies Act 2006 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
- (c) Subject to the provisions of the Companies Act 2006, and provided that (if required to do so by the said Act) he has declared to the directors the nature and extent of any direct or indirect interest of his, a director, notwithstanding his office -
- (i) may be a party to or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested,
- (ii) may be a director or other officer or an employee of, or a 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

- (iii) 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

#### **4. UNANIMOUS DECISIONS**

- 4 1 Model Article 8(2) 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 Model Article 8(2) shall be read accordingly

#### **5. APPOINTMENT OF DIRECTORS AND TERMINATION OF DIRECTOR'S APPOINTMENT**

- 5 1 Any member (together with his permitted transferees) holding 10 per cent or more in nominal value of the total issued share capital of the Company and who is not a bad leaver shall be entitled to appoint himself as a director of the Company or, subject to obtaining the prior written consent of the founder shareholders, appoint another person to act as a director provided that this Article 5 1 shall not apply to a member who has previously been removed as a director under Article 5 3
- 5 2 Any other person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by unanimous agreement of all the members of the Company and notified to the Company in accordance with Article 5 4
- 5 3 If, and, for so long as there is a majority shareholder, the majority shareholder may at any time and from time to time by notice in writing to the Company appoint any person to be a director or remove from office any director howsoever appointed
- 5 4 Every appointment or removal of a director under the powers conferred on the members, or any of them, by these Articles shall be made by a document stating the name of the director to be appointed or removed (as the case may be) and, in the case of an appointment, the particulars that are required to be entered in the Company's registers in respect of the appointment Such document shall be -
  - (a) given to the Company in hard copy form signed by the majority shareholder exercising the right of appointment or removal (as the case may be) and which shall only take effect on its receipt at the Company's registered office or receipt at an address specified by the Company for this purpose or such later date as may be specified in the document, or
  - (b) given in electronic form authenticated in accordance with the provisions of section 1146 of the Companies Act 2006 by the member or members exercising the right of appointment or removal (as the case may be) sent by electronic means to an address that the Company has specified to its holding company for this purpose and which shall only take effect on its receipt at such address or such later date as may be specified in the document

A copy of every such appointment or removal shall be annexed to the directors' minute book as soon as practicable after receipt by the Company

- 5 5 In addition to the events terminating a director's appointment set out in the Model Articles 18(a) to (c) inclusive and (f), a person ceases to be a director as soon as -
  - (a) that person is, or may be, suffering from mental disorder and either -
    - (i) he is admitted to hospital in pursuance of an application for admission for treatment under mental health legislation for the time being in force in any part of the United Kingdom, or



- (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or which wholly or partly prevents that person from personally exercising any powers or rights which that person otherwise would have,
- (b) that person has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors make a decision to vacate that person's office

## **6 SECRETARY**

- 6 1 The directors may appoint a secretary to the Company for such period, for such remuneration and upon such conditions as they think fit, and any secretary so appointed by the directors may be removed by them

## **7 ALTERNATE DIRECTORS**

- 7 1 (a) Any director (the "**appointor**") may appoint as an alternate any other director, or any other person approved by a decision of the directors, to -
- (i) exercise that director's powers, and
  - (ii) carry out that director's responsibilities,
- in relation to the taking of decisions by the directors in the absence of the alternate's appointor
- (b) Any appointment or removal of an alternate 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 -
- (i) identify the proposed alternate, and
  - (ii) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of his appointor
- 7 2 (a) An alternate director has the same rights to participate in any directors' meeting or decision of the directors reached in accordance with Model Article 8, as the alternate's appointor
- (b) Except as these Articles specify otherwise, alternate directors -
- (i) are deemed for all purposes to be directors,
  - (ii) are liable for their own acts or omissions,
  - (iii) are subject to the same restrictions as their appointors, and
  - (iv) are not deemed to be agents of or for their appointors
- (c) A person who is an alternate director but not a director -
- (i) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and
  - (ii) may sign or otherwise signify his agreement in writing to a written resolution in accordance with Model Article 8 (but only if that person's appointor has not signed or otherwise signified his agreement to such written resolution)

No alternate may be counted as more than one director for such purposes

- (d) An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the remuneration payable to that alternate's appointor as the appointor may direct by notice in writing made to the Company
- (e) Model Article 20 is modified by the deletion of each of the references to "directors" and the replacement of each such reference with "directors and/or any alternate directors"

7 3 An alternate director's appointment as an alternate terminates -

- (a) when his appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate,
- (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor would result in the termination of the appointor's office as director,
- (c) on the death of his appointor, or
- (d) when his appointor's appointment as a director terminates

## 8. ISSUE OF SHARES

8 1 Shares may be issued as nil, partly or fully paid

8 2 Each of the shareholders shall have the right to participate in any new issue of shares of any class pro rata to his/her holding of shares as at the date of such issue and the Board shall determine the procedure to be followed in relation thereto

8 3 In accordance with section 567 of the Companies Act 2006, sections 561 and 562 of the said Act are excluded

## 9. LIEN

9 1 The Company has a first and paramount lien on all shares (whether or not such shares are fully paid) standing registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder thereof or is one of two or more joint holders, for all moneys payable by him or his estate to the Company (whether or not such moneys are presently due and payable)

9 2 The Company's lien over shares -

- (a) takes priority over any third party's interest in such shares, and
- (b) extends to any dividend or other money payable by the Company in respect of such shares and (if the Company's lien is enforced and such shares are sold by the Company) the proceeds of sale of such shares

9 3 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 4 (a) Subject to the provisions of this Article, if -

- (i) a notice of the Company's intention to enforce the lien ("**lien enforcement notice**") has been sent in respect of the shares, and
- (ii) the person to whom the lien enforcement notice was sent has failed to comply with it,

the Company may sell those shares in such manner as the directors decide

- (b) A lien enforcement notice -
  - (i) may only be sent in respect of shares if a sum is payable to the Company by the sole registered holder or one of two or more joint registered holders of such shares and the due date for payment of such sum has passed,
  - (ii) must specify the shares concerned,
  - (iii) must include a demand for payment of the sum payable within 14 days,
  - (iv) must be addressed either to the holder of such shares or to a person entitled to such shares by reason of the holder's death, bankruptcy or otherwise, and
  - (v) must state the Company's intention to sell the shares if the notice is not complied with
- (c) If 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, in payment 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 the secretary that the declarant is a director or the 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

## **10 CALLS ON SHARES AND FORFEITURE**

- 10 1 (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 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 call 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 for payment than is specified in the call notice,
 by a further notice in writing to the member in respect of whose shares the call was made
- 10 2 (a) Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which the call 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, make arrangements for a difference between the holders in the amounts and times of payment of calls on their shares
- 10 3 (a) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is allotted, 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) But 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
- 10 4 (a) If a person is liable to pay a call and fails to do so by the call payment date -
  - (i) the directors may send a notice of forfeiture (a "**forfeiture notice**") 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 date on which 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, and

- (ii) the "**relevant rate**" is the rate fixed by the terms on which the share in respect of which the call is due was allotted or, if no such rate was fixed when the share was allotted, five percent per annum
  - (c) The relevant rate must not exceed by more than five 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
- 10 5 A forfeiture notice -
- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice,
  - (b) 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,
  - (c) 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,
  - (d) must state how the payment is to be made, and
  - (e) 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
- 10 6 If a forfeiture notice is not complied with before the date by which payment of the call is required in 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 not paid before the forfeiture
- 10 7 (a) Subject to the following provisions of this Article 10 7, 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 in whose name the share is registered and the Company
- (b) Any share which is forfeited -
- (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 due and payable by that person 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 such terms as they think fit
- 10 8 (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 the secretary that the declarant is a director or the 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 such 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 such proceeds and the Company is not required to account for any money earned on them
- 10 9 (a) A member may surrender any share -
  - (i) in respect of which the directors may issue a forfeiture notice,
  - (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

## **11 SHARE CERTIFICATES**

- 11 1 (a) The Company must issue each member with one or more certificates in respect of the shares which that member holds
- (b) Except as is otherwise provided in these Articles, all certificates must be issued free of charge
- (c) No certificate may be issued in respect of shares of more than one class
- (d) A member may request the Company, in writing, to replace -
- (i) the member's separate certificates with a consolidated certificate, or
  - (ii) the member's consolidated certificate with two or more separate certificates
- (e) When the Company complies with a request made by a member under (d) above, it may charge a reasonable fee as the directors decide for doing so
- 11 2 (a) Every certificate must specify -
- (i) in respect of how many shares, of what class, it is issued,
  - (ii) the nominal value of those shares,
  - (iii) the amount paid up on those shares, and
  - (iv) any distinguishing numbers assigned to them
- (b) Certificates must -
- (i) have affixed to them the Company's common seal, or
  - (ii) be otherwise executed in accordance with the Companies Acts

## **12 CONSOLIDATION OF SHARES**

- 12 1 (a) This Article applies in circumstances where -
- (i) there has been a consolidation of shares, and
  - (ii) as a result, members are entitled to fractions of shares
- (b) The directors may -
- (i) sell the shares representing the fractions to any person including the Company for the best price reasonably obtainable, and
  - (ii) authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser
- (c) Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the directors, that member's portion may be distributed to an organisation which is a charity for the purposes of the law of England and Wales, Scotland or Northern Ireland
- (d) A person to whom shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions
- (e) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale

### **13. DIVIDENDS**

- 13 1 (a) Except as otherwise provided by these Articles or the rights attached to the shares, all dividends must be -
- (i) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and
  - (ii) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid
- (b) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly
- (c) For the purpose of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount

### **14. CAPITALISATION OF PROFITS**

- 14 1 In Model Article 36(4) after "A capitalised sum which was appropriated from profits available for distribution may be applied" insert the following -

" -

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

- (b) ",

and Model Article 36(4) is modified accordingly

- 14 2 Model Article 36(5)(a) is modified by the deletion of the words "paragraphs (3) and (4)" and their replacement with "Model Article 36(3) and Article 14 1"

### **15. WRITTEN RESOLUTIONS OF MEMBERS**

- 15 1 (a) Subject to Article 15 1(b), a written resolution of members passed in accordance with Part 13 of the Companies Act 2006 is as valid and effectual as a resolution passed at a general meeting of the Company
- (b) The following may not be passed as a written resolution and may only be passed at a general meeting -
- (i) a resolution under section 168 of the Companies Act 2006 for the removal of a director before the expiration of his period of office, and
  - (ii) a resolution under section 510 of the Companies Act 2006 for the removal of an auditor before the expiration of his period of office

- 15 2 (a) Subject to Article 15 2(b), on a written resolution, a member has one vote in respect of each share held by him
- (b) No member may vote on a written resolution unless all moneys currently due and payable in respect of any shares held by him have been paid

### **16 NOTICE OF GENERAL MEETINGS**

- 16 1 (a) Every notice convening a general meeting of the Company must comply with the provisions of -



- (i) section 311 of the Companies Act 2006 as to the provision of information regarding the time, date and place of the meeting and the general nature of the business to be dealt with at the meeting, and
- (ii) section 325(1) of the Companies Act 2006 as to the giving of information to members regarding their right to appoint proxies
- (b) Every notice of, or other communication relating to, any general meeting which any member is entitled to receive must be sent to each of the directors and to the auditors (if any) for the time being of the Company

## **17. QUORUM AT GENERAL MEETINGS**

- 17 1 (a) If and for so long as the Company has one member only, one member entitled to vote on the business to be transacted, who is present at a general meeting in person or by one or more proxies or, in the event that the member is a corporation, by one or more corporate representatives, is a quorum
- (b) If and for so long as the Company has two or more members, two members, each of whom is entitled to vote on the business to be transacted and is present at a general meeting in person or by one or more proxies or, in the event that any member present is a corporation, by one or more corporate representatives, are a quorum provided that one of the members is the Chief Executive, if the Chief Executive holds any shares
- (c) Model Article 41(1) 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 "

## **18 VOTING AT GENERAL MEETINGS**

- 18 1 (a) Subject to Article 18 2 below, on a vote on a resolution at a general meeting on a show of hands -
- (i) each member who, being an individual, is present in person has one vote,
  - (ii) if a member (whether such member is an individual or a corporation) appoints one or more proxies to attend the meeting, all proxies so appointed and in attendance at the meeting have, collectively, one vote, and
  - (iii) if a corporate member appoints one or more persons to represent it at the meeting, each person so appointed and in attendance at the meeting has, subject to section 323(4) of the Companies Act 2006, one vote
- (b) Subject to Article 18 2 below, on a resolution at a general meeting on a poll, every member (whether present in person, by proxy or authorised representative) has one vote in respect of each share held by him
- 18 2 No member may vote at any general meeting or any separate meeting of the holders of any class of shares in the Company, either in person, by proxy or, in the event that the member is a corporation, by corporate representative in respect of shares held by that member unless all moneys currently due and payable by that member in respect of any shares held by that member have been paid
- 18 3 (a) Model Article 44(2) is amended by the deletion of the word "or" in Model Article 44(2)(c), the deletion of the " " after the word "resolution" in Model Article

44(2)(d) and its replacement with ", or" and the insertion of a new Model Article 44(2)(e) 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"

- (b) A demand for a poll made by a person as proxy for a member is the same as a demand made by the member

18 4 Polls must be taken at the general meeting at which they are demanded and in such manner as the chairman directs

## **19. DELIVERY OF PROXY NOTICES**

19 1 Model Article 45(1) is modified, such that a "proxy notice" (as defined in Model Article 45(1)) 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, and any proxy notice received at such address less than 48 hours before the time for holding the meeting or adjourned meeting shall be invalid

## **20. COMMUNICATIONS**

20 1 Subject to the provisions of the Companies Act 2006, a document or information may be sent or supplied by the Company to a person by being made available on a website

20 2 (a) A member 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 member is entitled to receive any notices from the Company

(b) If any share is registered in the name of joint holders, the Company may send notices and all other documents to the joint holder 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 the other joint holders

20 3 (a) If the Company sends or supplies notices or 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

(b) 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

(c) 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

(d) For the purposes of this Article 20 3, no account shall be taken of any part of a day that is not a business day

## **21 COMPANY SEALS**

- 21 1 Model Article 49(1) is modified, such that any common seal of the Company may be used by the authority of the directors or any committee of directors
- 21 2 Model Article 49(3) is modified by the deletion of all words which follow the "," after the word "document" and their replacement with "the document must also be signed by -
- (a) one authorised person in the presence of a witness who attests the signature, or
  - (b) two authorised persons"

## **22. TRANSMISSION OF SHARES**

- 22 1 Model Article 27 is modified by the addition of new Model Article 27(4) in the following terms -

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

- 22 2 All the Articles relating to the transfer of shares apply to -

- (a) any notice in writing given to the Company by a transmittee in accordance with Model Article 28(1), and
- (b) any instrument of transfer executed by a transmittee in accordance with Model Article 28(2),

as if such notice or instrument were an instrument of transfer executed by the person from whom the transmittee derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred

## **23. SHARE TRANSFERS**

- 23 1 Model Article 26(1) is modified by the addition of the words "and, if any of the shares is nil or partly paid, the transferee" after the word "transferor"
- 23 2 No shareholder may transfer, grant any security interest over, or otherwise dispose of or give an person any rights in or over any share or interest in any share in the Company unless

- (a) the transfer is to a permitted transferee under Article 23 3 provided that
  - (i) as a condition precedent to such transfer the Permitted Transferee executes and delivers to the other parties a deed of adherence in the form agreed by the board of the Company, such deed of adherence requiring the permitted transferee to agree to be bound by the terms of any shareholders' agreement as if it were the transferor,
  - (ii) if, following such transfer, the permitted transferee is a body corporate and ceases to be controlled by the original shareholder, it shall immediately transfer any shares transferred to it pursuant to this Article 23 2 back to the original shareholder or another Permitted Transferee of the original shareholder, and
  - (iii) if, following such transfer, the permitted transferee is an individual and ceases to be a permitted transferee, it shall immediately transfer any Shares transferred to it pursuant to this Article 23 2 back to the original shareholder or another permitted transferee of the original shareholder, or

- (b) the transfer is made pursuant to (as the case may be) Article 24 (Obligatory Transfer Event), Article 25 (Drag Along) and Article 26 (Tag Along), provided in each case that the requirements set out in the relevant article have been fulfilled
- 23 3 Subject to Article 23 2, the directors shall register the transfer or transmission of any shares -
- (a) to a member of the family of a founder shareholder or a member of the family of a deceased founder shareholder,
  - (b) to any person or persons acting in the capacity of trustee or trustees of a trust created by a founder shareholder (by deed or by will) or, upon any change of trustees of a trust so created, to the new trustee or trustees (so that any such transfer shall be registered pursuant to this paragraph only if such shares are to be held upon the terms of the trust) provided that there are no persons beneficially interested under the trust other than that founder shareholder and any member of his family and the voting rights conferred by any such shares are not exercisable by or subject to the consent of any person other than the trustee or trustees of the trust or that founder shareholder or any member of his family and also the directors are satisfied that the trust is and is intended to remain a trust the sole purpose of which is to benefit that founder shareholder or any member of his family,
  - (c) by the trustee or trustees of a trust to which Article 23 3(b) applies to any person beneficially interested under the trust being the founder shareholder or a member of his family,
  - (d) to the legal personal representatives of a deceased founder shareholder where under the provisions of his will or the laws as to intestacy the persons beneficially entitled to any such shares, whether immediately or contingently, are a member or members of the family of the deceased founder shareholder and by the legal personal representatives of a deceased founder shareholder to a member or members of the family of the deceased founder shareholder,
  - (e) to any founder shareholder,
  - (f) to Waters Wye Associates Limited (company number 4619877),
  - (g) to any person who is a director or member of Waters Wye Associates Limited (company number 4619877) at the date of the transfer of shares, or
  - (h) that has been agreed to in writing by of all the founder shareholders (disregarding any founder shareholder who has ceased to be a member of the Company before the date of the transfer)
- 23 4 For the purpose of this Article 23 -
- (a) the expression "**founder shareholders**" means the following persons, namely, Alastair Fraser, Alexander Lambie, Peter Trussler and Matthew Tucker,
  - (b) the following persons are a member of the family of a founder shareholder
    - (i) the founder shareholder's spouse or civil partner,
    - (ii) any other person (whether of a different sex or the same sex) with whom the founder shareholder lives as partner in an enduring family relationship,
    - (iii) the founder shareholder's children, step-children or adopted children,
    - (iv) the founder shareholder's parents,

- (v) a grandparent, great grandchild or grandchild of the member,
- (vi) a sister, step-sister or half-sister or brother, step-brother or half-brother of the founder shareholder,
- (vii) an aunt or uncle, or nephew or niece of the founder shareholder,
- (viii) any children, step-children or adopted children of a person within paragraph (ii) (and who are not children, step-children or adopted children of the founder shareholder), and
- (ix) any children, step-children or adopted children of any person within paragraph (vi)

and subject to Article 23 5, where the founder shareholder is deceased the definition in this Article 23 4(b) shall be read and construed so as to relate to a member of the family of the deceased founder shareholder, and

- (c) the expression "**permitted transferee**" means any person or persons (other than a founder shareholder) to whom shares may be properly transferred in accordance with Article 23 3

23 5 For the purposes of Article 23 4(b)(ii), a person lived as partner of a deceased founder shareholder in an enduring family relationship, if he lived in an enduring family relationship with the deceased founder shareholder at any time in the two years prior to the deceased founder shareholder's death

23 6 Subject to Article 23 3, the directors may refuse to register the transfer of a share (whether or not it is a fully paid share) and, if they do so, the instrument of transfer must be returned to the transferee together with notice of refusal giving reasons for such refusal as soon as practicable and in any event within two months after the date on which the instrument of transfer was lodged for registration, unless the directors suspect that the proposed transfer was fraudulent

23 7 (a) Save where the proposed transfer is within Article 23 2 (a "**permitted transfer**"), any transmittee shall be required to give a written transfer notice to a permitted transferee of the holder before the transmission event (the "**transfer notice**") before he chooses to become either the holder of shares or to have them transferred to another person in accordance with Model Article 27(2)(a)

- (b) If a transmittee has not made a permitted transfer or given a transfer notice in respect of any share within 3 months of producing evidence of entitlement to such shares to the directors, the directors may at any time thereafter give notice requiring such transmittee within 30 days of such notice to give a transfer notice in respect of all the shares to which he has become entitled and for which he has not previously given a transfer notice and if he does not do so he shall at the end of such 30 day period be deemed to have given a transfer notice relating to those shares in respect of which he has still not done so

- (c) Where a transfer notice is given or deemed to be given under this Article 23 7 and no price per share is specified in it, the transfer notice shall be deemed to specify the sum which shall, on the application of the directors, be certified in writing by the auditor in accordance with Article 23 8 as the fair value of the shares

23 8 (a) Any director may, not later than 8 days after the date of the transfer notice, serve on the Company a notice in writing requesting that the auditor for the time being of the Company (or at the discretion of the auditor, or if there is no auditor, such person who the member serving the notice and the directors of the Company shall have agreed to appoint in writing or, in default of such agreement, a person nominated by the President for the time being of the

Institute of Chartered Accountants in England and Wales or of Scotland in the case of a company registered in Scotland) certify in writing the sum which in his opinion represents the fair value of the shares as at the date of the transfer notice and for the purpose of this Article 23 8 reference to the auditor shall include any person so nominated

- (b) Upon receipt of such notice the Company shall instruct the auditor to certify as aforesaid and the costs of such valuation shall be apportioned among the transmittee and the permitted transferee or borne by any one or more of them as the auditor in his absolute discretion shall decide
- (c) In certifying the fair value of such shares the auditor shall be considered to be acting as an expert and not as an arbitrator or arbiter and accordingly any provisions of law or statute relating to arbitration shall not apply
- (d) Upon receipt of the certificate of the auditor, the Company shall by notice in writing inform all members of the fair value of such shares and of the price per share (being the lower of the price specified in the transfer notice and the fair value of each share) at which the shares are to be transferred
- (e) For the purpose of this Article 23 8 the fair value of each sale share shall be calculated in accordance with the principles set out in Article 24 16

## **24. OBLIGATORY TRANSFER EVENT**

24 1 If at any time an obligatory transfer event happens to a defaulting shareholder then the shares held by such defaulting shareholder and each of his permitted transferees shall be subject to the following provisions

- (a) the date on which the obligatory transfer event occurs shall be the "**cessation date**" for the purposes of this Article 24,
- (b) an irrevocable notice (a "**transfer notice**") from the defaulting shareholder shall be deemed to have been given on the cessation date in respect of all of the shares held on such date by such defaulting shareholder and, if applicable, his permitted transferees (collectively, the "**defaulting shareholder shares**") and the sale price of all the defaulting shareholder shares shall be determined in accordance with the terms of Article 24 15 below (the "**sale price**")

24 2 Service of a transfer notice constitutes the Company as the defaulting shareholder's agent for the sale of the defaulting shareholder shares at the sale price in the manner set out in this Article 24

24 3 The transfer notice shall give details of the proposed transfer including, as a minimum

- (a) the number of defaulting shareholder shares (as the case may be), and
- (b) to the extent agreed by the shareholders in accordance with Article 24 15, the sale price (in cash) of the defaulting shareholder shares

24 4 As soon as practicable following receipt of a transfer notice, the defaulting shareholder shall offer the defaulting shareholder shares for sale in the manner set out in Article 24 5

24 5 The order of priority to acquire the defaulting shareholder shares shall be as follows

- (a) first, to the Company,
- (b) second, to each of the other shareholders for the time being (each a "**remaining shareholder**"), and
- (c) third, to any other person or persons approved by the board (each a "**third party**")

- 24 6 The defaulting shareholder shall offer the Company to right to acquire or cancel any or all of the defaulting shareholder shares pursuant to the priority rights set out in Article 24 5 by inviting the Company to reply in writing within the period from the date of the transfer notice and ending 10 business days after (the "**first offer period**"), such written reply to state the number of defaulting shareholder shares for which the Company applies and the method by which such shares will be acquired or cancelled. The defaulting shareholder shall use all powers of control and voting rights to give effect to the acquisition or cancellation (as the case may be) as required by the board.
- 24 7 If the Company has not given written notice pursuant to Article 24 6 to acquire or cancel all of the defaulting shareholder shares upon the expiry of the first offer period, the Company shall serve a notice on the remaining shareholders offering the balance of defaulting shareholder shares not acquired by the Company (the "**first surplus shares**") to the remaining shareholders and inviting the remaining shareholders to acquire the first surplus shares.
- 24 8 A remaining shareholder may give written notice to the Company within 15 business days of the date of service of the notice pursuant to Article 24 7 (the "**second offer period**") that he wishes to buy some or all of the first surplus shares (an "**application notice**").
- 24 9 If there is more than one remaining shareholder and there is competition between them for the first surplus shares, the first surplus shares shall be treated as offered to the remaining shareholders in proportion (as nearly as may be) to their existing holdings of shares ("**proportionate allocation**"). However, in his application notice, a remaining shareholder may, if he so desires, indicate that he would be willing to purchase a particular number of first surplus shares in excess of his proportionate allocation (the "**extra shares**").
- 24 10 The Company shall allocate the first surplus shares as follows
- (a) if the total number of first surplus shares applied for under the application notices is equal to or less than the available number of first surplus shares, each remaining shareholder shall be allocated the number of first surplus shares applied for in accordance with his application, or
  - (b) if the total number of first surplus shares applied for under the application notices is greater than the available number of defaulting shareholder shares, each remaining shareholder shall be allocated his proportionate allocation or such lesser number of first surplus shares for which he has applied and applications for extra shares shall be allocated in accordance with such applications or, in the event of competition, among those remaining shareholders applying for extra shares in such proportions as equal (as nearly as may be) to the applications for the extra shares.
- 24 11 Allocations of first surplus shares made by the Company pursuant to this Article 24 shall constitute the acceptance by the persons to whom they are allocated of the offer to purchase those first surplus shares on the terms offered to them (including the terms set out herein), provided that no person shall be obliged to take more than the maximum number of first surplus shares that he has indicated in an application notice he is willing to purchase.
- 24 12 If at the end of the second offer period the number of first surplus shares applied for is less than the number of first surplus shares, the balance of first surplus shares (the "**second surplus shares**") shall be offered to third party/(ies) and the provisions of Articles 24 8 to 24 11 (inclusive) shall apply to any subsequent irrevocable written notice given provided that for these purposes
- (a) references to the second offer period shall be replaced with third offer period,
  - (b) references to first surplus shares shall be replaced with second surplus shares,

- (c) references to remaining shareholder(s) shall be replaced with third party/(ies)
- 24 13 Any second surplus shares remaining at the end of the third offer period shall be retained by the defaulting shareholder
- 24 14 The Company shall, forthwith upon allocating any defaulting shareholder shares pursuant to this Article 24, give notice in writing (a "**sale notice**") to the defaulting shareholder and to each person to whom the defaulting shareholder shares have been so allocated of the number of defaulting shareholder shares so allocated and the aggregate price payable for them. Completion of the sale and purchase of the defaulting shareholder shares in accordance with the sale notice shall take place as follows
- (a) The sale of shares shall be completed ("**completion**") at the registered office of Company on the tenth business day after service of a sale notice
- (b) At completion the selling shareholder shall
- (i) transfer the shares free from all encumbrances by way of a duly completed share transfer form to the buyer together with the relevant share certificate (or a suitable indemnity) and such other documents as the buyer may reasonably require to show good title to the shares or enable it to be registered as the holder of the shares,
- (ii) deliver the resignations of the selling shareholder as a director to take effect at completion, and acknowledging that he has no claims against the Company,
- (iii) warrant that he has no right to require the Company to issue him with any share capital or other securities,
- (iv) warrant that he is selling the shares with full title guarantee,
- (v) warrant that no commitment has been given to create an encumbrance affecting the shares being sold (or any unissued shares or other securities of the Company) and that no person has claimed any rights in respect thereof,
- (vi) undertake to do all he can, at his own cost, to give the buyer the full legal and beneficial title to the shares, and
- (vii) provide the Company with a waiver in writing of any rights he may have to be issued with any share capital or other securities in the Company
- (c) At completion the buyer shall pay the purchase price to the selling party
- (d) If the selling shareholder fails to complete the transfer of shares as required under this Article 24, the Company
- (i) is irrevocably authorised to appoint any person to transfer the shares on the selling shareholder's behalf and to do anything else that the party buying the shares may reasonably require to complete the sale, and
- (ii) may receive the purchase price in trust for the selling shareholder, giving a receipt that shall discharge the party buying the shares
- 24 15 As soon as practicable after service, or deemed service, of any written notice under the provisions of this Article 24, the board and defaulting shareholder shall use reasonable endeavours to agree fair value for the defaulting shareholder shares. If agreement between the shareholders has not been reached within 60 business days following the date of service or deemed service of any such transfer notice, the board shall jointly



appoint an expert (the "**expert**") to determine fair value for the defaulting shareholder shares

24 16 In this Article 24 the fair value of the defaulting shareholder shares shall be the amount agreed between the board and defaulting shareholders pursuant to Article 24 15 or, in the absence of any such agreement, the value that the expert certifies to be the fair market value in his opinion based on the following assumptions

- (a) the value of the defaulting shareholder shares in question shall take into account any premium or discount considered by the expert to be attributable to the percentage of the entire issued share capital of the Company which the defaulting shareholder shares represents or rights or restrictions applying to the defaulting shareholder shares,
- (b) the sale is between a willing buyer and a willing seller on the open market,
- (c) the sale is taking place on the cessation date,
- (d) if the Company is then carrying on and, after the transfer of the defaulting shareholder shares, will continue to carry on its business as a going concern,
- (e) the defaulting shareholder shares are sold free of all encumbrances, and
- (f) such other factors that the expert reasonably believes should be taken into account

24 17 If any problem arises in applying any of the assumptions set out in Article 24 16, the expert shall resolve the problem in whatever manner he shall, in his absolute discretion, think fit

24 18 The expert shall be requested to determine the fair value of the defaulting shareholder shares within 30 business days of his appointment and to notify the board and defaulting shareholder in writing of his determination

24 19 For the avoidance of doubt, if having complied with the requirements of this Article 24 a defaulting shareholder or any of his permitted transferees still holds any shares, such defaulting shareholder or permitted transferee (as the case may be) may not transfer, grant any security interest over, or otherwise dispose of or give any person any rights in or over such shares or interest in such shares unless permitted under the Articles

## **25 DRAG ALONG**

25 1 If any member or members (the "**vendors**") holding in aggregate at least 65 per cent of the issued shares in the Company wish to transfer all the shares then registered in their names (the "**shareholding**") to a bona fide arms length third party (the "**proposed buyer**") the vendors shall have the option (the "**drag along option**") to require all of the other members of the Company to transfer all the shares in the Company registered in their names to the proposed buyer or as the proposed buyer directs

25 2 The drag along option shall be exercised by giving notice in writing (the "**drag along notice**") signed or otherwise authenticated by every vendor to the Company and to all other members of the Company not less than 14 days before the date proposed for the completion of the sale of the shareholding (the "**completion date**") of their intention to transfer the shareholding as aforesaid

25 3 The drag along notice shall inform the other members of the Company that they are required to transfer all the shares then registered in their names (together the "**called shares**") pursuant to Article 25 1 above and shall state

- (a) the identity of the proposed buyer,

- (b) the price per share at which the called shares are proposed to be purchased, which shall be the same price as the price at which the proposed buyer has agreed to purchase each of the shares comprised in the shareholding, and
  - (c) the completion date
- 25 4 A drag along notice, once given, is irrevocable but both the notice and all obligations under the notice will lapse if for any reason the vendors do not transfer the whole of the shareholding to the proposed buyer by close of business on the completion date or such other date as may be agreed in accordance with Article 25 5 below
- 25 5 Unless the drag along option lapses, each of the holders of called shares shall be bound to transfer their called shares at the price specified in the drag along notice on the completion date or such other date as the vendors, the proposed buyer and all of the holders of the called shares agree in writing
- 25 6 If any holder of called shares, after having become bound to transfer such shares in accordance with this Article 25, fails to execute and deliver transfers in respect of such shares and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any vendor is entitled to execute, and is entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on behalf of the holder of the called shares and, against receipt by the Company (on trust for such holder) of the consideration payable for his called shares, deliver such transfer(s) and certificate(s) or indemnities to the proposed buyer (or his nominee) and register such proposed buyer (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person
- 25 7 References in this Article 25 to members and holders of shares of the Company include transmittees
- 26. TAG ALONG**
- 26 1 Unless a drag along notice is given pursuant to Article 25 1 above, if at any time one or more members together holding at least 65 per cent of the issued shares in the Company (the "**proposed sellers**") propose to sell all the shares then registered in their names to a proposed buyer (as defined in Article 25 1), the next following provisions of this Article 26 shall be observed
- 26 2 The proposed sellers shall give written notice (a "**proposed sale notice**") signed or otherwise authenticated by all the proposed sellers to all the other holders of shares in the Company of such intended sale at least 14 clear days prior to the date of the proposed sale (the "**proposed sale date**") The proposed sale notice shall set out, to the extent not described in any accompanying documents
  - (a) the identity of the proposed buyer,
  - (b) the purchase price per share of the shares that the proposed buyer has agreed to buy and other terms and conditions of payment, and
  - (c) the proposed sale date
- 26 3 Each member of the Company, other than the proposed sellers, shall be entitled by written notice given to the proposed sellers within 14 days after receipt of the proposed sale notice to require the proposed sellers to procure that the proposed buyer shall purchase all (but not some) of the shares held by him at the same price per share and on the same terms and conditions as are specified in the proposed sale notice
- 26 4 If any member is not given the rights accorded him by the provisions of this Article 26, the proposed sellers shall not complete the sale of their shares and the Company shall refuse to register any transfer intended to carry such a sale into effect

26.5 References in this Article 26 to members and holders of shares of the Company include transmittees