

125204.

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
of
MACDONALD HOTELS plc

(as amended by Special Resolution passed on 19 February 1996)

- I The name of the Company is "Macdonald Hotels plc". *
- II The Company is a public company.
- III The Registered Office of the Company will be situated in Scotland.
- IV The objects for which the Company is established are:-
- 1 (a) To carry on all or any of the businesses of proprietors, operators and managers of hotels, restaurants, conference centres, motels, holiday camps, leisure centres and apartment house proprietors, furnished and other accommodation, caravan and camping sites, boat and car hirers, theatre and entertainment ticket agents, caterers and refreshment contractors, proprietors of clubs and licensed premises, inn keepers, amusement caterers, licensed victuallers, wine, beer and spirit merchants, grocers and provision merchants;

* The Company was incorporated as Orrmac (No. 140) Limited, changed its name to Ambassador Hotels and Leisure Limited on 2 July 1990 and to Macdonald Hotels Limited on 9 August 1990, and changed its name to Macdonald Hotels plc on 19 February 1996.



(b) To acquire, develop, construct or refurbish hotels of whatever nature on such sites and in such locations as the Company may think fit and thereafter to carry on the businesses as aforesaid therefrom;

(c) To appropriate any part or parts of the property of the Company for the purposes of and to build or let shops, offices and other places of business and to use or lease any part of the property of the Company not required for the purposes aforesaid for any purpose for which it may be conveniently used or let;

(d) To carry on any other business which may be conveniently carried on in connection with any of the Company's objects or may be calculated directly or indirectly to enhance the value, or render profitable any of the Company's properties, assets, rights or interests.

It is hereby declared that each sub-paragraph of this sub-clause shall be construed independently of the other sub-paragraphs hereof and that none of the objects mentioned in any sub-paragraph shall be deemed to be merely subsidiary to the objects mentioned in any other sub-paragraph.

- 2 To purchase, feu, take on lease or on licence or sub-licence or in exchange, hire or by any other means acquire or become interested in, use, work, exercise and develop any real or heritable or leasehold or licensed property of whatever nature or tenure whether on any mainland, or on or under the sea-bed and any rights, privileges, servitudes or easements over or in respect of any property and any mines, minerals, quarries, collieries, farms, buildings, factories, mills, works, wharves, canals, roads, railways,

tramways, machinery, engines, rolling stock, plant, implements, live and dead stock, ships, steam vessels, barges, boats or things and any moveable or personal property or rights whatsoever which may seem to the Company necessary or convenient for the purpose of its business, or calculated directly or indirectly to enhance the value of any other property of the Company.

- 3 To acquire or establish and carry on any business or trade, manufacturing or otherwise, which the Directors may consider desirable to be carried on in connection with its business, or otherwise calculated directly or indirectly to enhance the value of the Company's properties and rights for the time being.
- 4 To establish and regulate branches or agencies for the purpose of the business of the Company in the United Kingdom or elsewhere and to discontinue the same.
- 5 To apply for, purchase, or otherwise acquire, in any part of the world, any patents, brevets d' invention, licences, design drawings, copyright, know-how, secret processes, and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licences in respect of or otherwise turn to account the property, rights or information so acquired, and to prolong, renew, disclaim, alter or modify any such patent right and also to acquire, use and register trade marks and trade names, or other rights or privileges in relation to any business for the time being carried on by the Company.

- 6 To buy or acquire the whole or any part of or any interest in the business, property and undertaking of any Company or partnership or individual and to undertake the whole or any part of the liabilities of such Company, partnership or individual and to pay for such business, property or undertaking in cash, or in shares, preference, ordinary or deferred stock or debentures of the Company or in debentures or other securities of any other Company or partly in each of such modes of payment.
- 7 To sell, dispose of or transfer the business, property and undertaking of the Company or any branch or part thereof in consideration of payment in cash or in Shares, preference, ordinary or deferred or debenture stock of the Company or in debentures or other securities of any other Company, or partly in each of such modes of payment, or for such other consideration as may be deemed proper, and to distribute equitably the price howsoever paid or satisfied among the members in or towards satisfaction of their interests in the assets of the Company.
- 8 To hold, sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the Company and to feu out all or any parts of the heritable estate of the Company.
- 9 To take and hold any property and effects, heritable or moveable, real or personal, whether acquired in security or absolutely, either in the name of the Company itself or in the name of a trustee or trustees, who may be either individuals or corporations; and the title of the trustee or trustees may or may not disclose that they hold in trust; also to carry on any business which the Company is authorised to carry on in the name of a

trustee or trustees as aforesaid and that whether or not it be disclosed that such trustee or trustees are acting in that capacity.

- 10 To draw, make, accept, endorse and execute, and to discount and sell promissory notes, bills of exchange, bills of lading and other negotiable instruments and documents of title so as to be transferable by delivery or to order or otherwise.
- 11 To receive from any person or persons, whether director, shareholder, or employee of the Company or otherwise, or from any corporate body, money on deposit at interest or otherwise.
- 12 To lend or advance money to such parties and on such terms as may seem expedient, whether to customers or employees of the persons having dealings with the Company or otherwise, and to vary the conditions of any such advance or loan, and to give any guarantee or any security or indemnity in respect thereof, and to discount bills, and to transact any of the business of a banker which may seem to the Company expedient.
- 13 To borrow or raise money on the real or heritable, personal or moveable property of the Company, present or future, and its uncalled capital: and to borrow by way of discount, cash credit or overdraft or in any other manner; and to grant security for all or any of such sums, either to lenders or to anyone granting a guarantee, undertaking or other obligation on behalf of the Company to enable it to obtain such sums, and by way of such security to dispoise, assign, mortgage, pledge, or charge the whole or any part of the property, assets or revenue of the Company, including its uncalled capital, or to dispoise,

transfer, or convey the same absolutely or in trust, and to give to creditors or others receiving such security powers of sale and other usual and necessary powers.

- 14 To guarantee the payment of any monies or the performance of any contracts, liabilities, duties, obligations or engagements of any company, firm or person, and to become liable or responsible for money, and to undertake obligations of every kind and description, upon such terms as the Company may consider desirable and without prejudice to the generality thereof and with or without the Company receiving any consideration to guarantee and/or give security (either by way of mortgage or charge on all or any part of the property and undertaking present and future, and the uncalled capital of the Company or otherwise) for the performance of the obligations of any company, firm or person and the payment of the principal of and dividends, interests and premiums on any stock, shares, debentures, debenture stock or other securities of any company.
- 15 To create and issue at par, or at a premium or discount, debentures or debenture stock, terminable, redeemable, or perpetual mortgage debenture stock, wither redeemable or irredeemable, bonds, debentures, mortgage debentures and any other obligations or securities of the Company, and to grant standard or other securities in favour of lenders or trustees for lenders in order to secure any money borrowed or raised by the Company, and to exchange or convert from time to time any such securities.
- 16 To procure the Company to be registered or recognised in any foreign country.
- 17 To establish or promote, or concur in establishing or promoting, any other company in the United Kingdom or elsewhere for the purpose of carrying on any business or for

acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company, and to acquire and hold shares, preference, ordinary or deferred, stock or securities of any such company, and to guarantee payment of any securities issued by or any other obligations of any such company.

- 18 To pay for any property or rights acquired by the Company either in cash or shares, preference, ordinary or deferred, fully or partly paid up, with or without preferred or deferred rights in respect of dividend, or repayment of capital or otherwise or by any debenture or other securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Directors may approve.
- 19 To establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and to give or procure the giving of donations, gratuities, pension, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company, and the wives, widows, families and dependents or any such persons, and also to establish and subsidise or subscribe to any institutions, associations, clubs or funds considered to be for the benefit of or to advance the interests and wellbeing of the Company or of any such other company as aforesaid, or of any such person as aforesaid, and to make payments for or towards the insurance of any such person as aforesaid, and to subscribe or guarantee money for any charitable or benevolent objects or for any exhibition, or for

any public, general or useful object, and to do any of the matters aforesaid, either alone, or in conjunction with any such other company as aforesaid.

- 20 To remunerate the servants of the Company and any person, firm, or company rendering services to the Company, either by cash payment or by allotment to them or him of shares or securities of the Company, credited as paid up in full or otherwise, or to remunerate them or him out of or in proportion to, the return or profits of the Company, or of any particular business carried on by it, or otherwise as the Company may think fit.
- 21 To pay out of capital or revenue all or any expenses incurred in connection with the formation, promotion and incorporation of the Company or to contract with any person or company to pay the same, and to pay commission to brokers and others for underwriting, placing, selling or guaranteeing the subscription of any shares, debentures, debenture stock or securities of the Company or of any company promoted by the Company.
- 22 To enter into partnership, or into any agreement or joint purchase or joint venture arrangement, or any arrangement for sharing profits and losses, or union of interest, or co-operation with any person, company, corporation or association carrying on, or proposing to carry on any business or transaction which the Company may legally carry on or enter into, or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company, and in connection therewith to grant and receive guarantees, and to acquire and hold shares, stock or securities of any such company; and to enter into any contract with any person, company, corporation or association to regulate the course of business for the purpose of establishing any tariff or prices, or

otherwise and to contribute out of the Company's funds to any association or fund calculated directly or indirectly to benefit the Company or its interests.

23 To amalgamate with any person or firm, or any company, whose objects are within the objects of the Company; and for that purpose to purchase or sell for shares, preference, ordinary or deferred or otherwise, the undertaking of the Company or such person, firm or other company, subject to the liabilities of the Company or any such firm, or other company, with or without winding up, or to purchase or sell for shares, preference, ordinary, deferred or otherwise, all the shares or stock of this or any such other company as aforesaid, or to amalgamate by partnership, or any arrangement of the nature of partnership or in any other manner; and to take by subscription purchase or otherwise, and hold shares, preference, ordinary or deferred, or stock in, or debentures or other securities of any company, society or undertaking having any object of a like nature with any of those of the Company, or such as may be deemed likely to advance in any way the interests of the Company.

24 To establish or contribute to any scheme for the acquisition by trustees of shares in the Company to be held by or for the benefit of employees (including any director holding a salaried employment or office) of the Company or (so far as for the time being permitted by law) any of the Company's subsidiaries and to lend money (so far as aforesaid) to any such employees to enable them to acquire shares of the Company and to formulate and carry into effect any scheme for sharing profits with any such employees.

- 25 To distribute the property of the Company, or any part thereof, in specie among its members, whether by way of dividend or upon a return of capital, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
- 26 To invest and deal with the monies of the Company in any way which the Company shall think fit, and to use any sum which may be set aside as a reserve fund or special reserve fund, as working capital, or in any other way the Company may deem right or suitable.
- 27 To obtaining any provisional order or other authority to enable the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- 28 To do all or any of the above things in any part of the world, and either as principals, agents, trustees or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors or otherwise.
- 29 To do all such other things as the Company may think incidental or conducive to the attainment of the above objects or any of them, in any part of the world.

It is hereby declared that each sub-clause of this clause shall be construed independently of the other sub-clauses hereof and that none of the objects mentioned in any sub-clause shall be deemed to be merely subsidiary to the objects mentioned in any other sub-clause.

- V The liability of the Members is limited.
- VI The share capital of the Company is £1000 divided into 1000 shares of £1 each** and with power to divide the shares in the capital for the time being into several classes, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company.

** By ordinary resolution passed on 1 August 1990, the authorised share capital of the Company was increased to £500,000 divided into 500,000 Ordinary Shares of £1 each. By ordinary resolution passed on 7 June 1991, the authorised share capital of the Company was increased to £620,000 divided into 620,000 ordinary shares of £1 each. By ordinary resolution passed on 31 March 1992, the authorised share capital of the Company was increased to £1,120,000 divided into 620,000 ordinary shares of £1 each and 500,000 cumulative redeemable preference shares of £1 each. By ordinary resolution passed on 30 August 1993 the authorised share capital of the Company was increased to £1,326,667 divided into 826,667 ordinary shares of £1 each and 500,000 cumulative redeemable preference shares of £1 each.

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of
MACDONALD HOTELS plc

(adopted by Special Resolution passed on 30th August 1993 and
amended by Special Resolution dated 19 February 1996)

Registered Number : 125204

GENERAL

1. The Regulations contained in Table A in the Schedule to The Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table hereinafter referred to as "Table A") shall apply to and shall be the Regulations of the Company save in so far as they are excluded or varied hereby or are inconsistent herewith.

2. The Regulations numbered 23, 24, 69, 73, 74 and 75 of Table A shall not apply to the Company and the following Regulations in Table A shall be modified:-

Regulation 1, so that for the words "in these regulations" the words "in these regulations and in any articles adopting the same" shall be substituted.

Regulation 5, so that the words "no person shall be recognised by the Company as holding any share upon any trust and" shall be held to be delete, and that there shall be added to the end of the Regulation the following sentence, "The Company shall however be entitled to register trustees as such in respect of any shares."

Regulation 8, so that the words "(not being a fully paid share)" shall be held to be delete.

Regulation 15, so that there shall be added after the words "(as defined by the Act)" the words "and all expense that may have been incurred by the Company by reason of such non-payment" and so that there shall be added after the words "payment of the interest" the words "and/or expenses."

Regulation 40, so that there shall be added to the end of the first sentence thereof the words "when the meeting proceeds to business."

Regulation 41, so that the words ", or if during a meeting such a quorum ceases to be present," shall be delete.

Regulation 51, so that the words "not being more than thirty days after the poll is demanded," shall be delete.

Regulation 59, so that there shall be added at the end thereof the following sentence "A proxy need not be a member of the Company."

Regulation 70, so that there shall be added at the end of the second sentence thereof the following sentence "The directors shall have power to petition the court in the name of the Company for the winding up of the Company."

Regulation 78, so that the words from and including "and may also determine" to the end of the Regulation shall be held to be delete.

Regulation 79, so that the last two sentences thereof shall be delete.

3. The Company shall be entitled, but shall not be bound, to accept and, in case of acceptance, shall be entitled to record in such manner as it may think fit notices of any trusts in respect of any of the Shares of the Company. Notwithstanding any such acceptance and/or the making of any such record, the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied or constructive, in respect of any Shares of the Company and shall be entitled to recognise and give effect to the acts and deeds of the registered holders of such shares as if they were the

absolute owners thereof. For the purposes of this Article "trust" includes any right in respect of any shares of the Company other than an absolute right thereto as the registered holder thereof for the time being or such other rights in case of transmission thereof as are hereinafter mentioned.

4. INTERPRETATION

In these Articles the expressions in the first column of the following table shall where the context admits bear the meanings specified opposite to them in the second column of the table:-

- | | |
|--------------------------|--|
| (a) "the Act" | means the Companies Act 1985; |
| (b) "the Statutes" | means the Companies Act 1985 as from time to time amended and every other enactment for the time being in force and relating to companies; |
| (c) "the Company" | means Macdonald Hotels plc |
| (d) "the Articles" | means the articles of association of the Company as from time to time altered or added to; |
| (e) "the Directors" | means the directors for the time being of the Company present at a meeting of directors duly convened and held; |
| (f) "the Office" | means the registered office of the Company; |
| (g) "the United Kingdom" | means Great Britain and Northern Ireland; |
| (h) "in writing" | means written, or produced by any method of depicting words in visible form; |
| (i) "Shares" | means shares of any class in the share capital of the Company ; |

- (j) "Aggregate Family Holding" means, in respect of any person, the aggregate number of Ordinary Shares registered in the name of that person that person's spouse, that person's children and that person's Family Trusts;
- (k) "the Agent" means the Agent as defined in the Mezzanine Loan Agreement;
- (l) "Event of Default" bears the meanings attributed to it in the Mezzanine Loan Agreement;
- (m) "the Mezzanine Loan Agreement" means an agreement dated 13th August 1993 between the Company (1); The Royal Bank of Scotland plc (2); and the financial institutions therein named (3);
- (n) "the Majority Banks" means the Majority Banks as defined in the Mezzanine Loan Agreement;
- (o) "the Condition" will be regarded as fulfilled in respect of any payment if and only if, prior to the date that the relevant payment is otherwise due to be made, no notice has been given by the Agent (and not withdrawn) to the Company that, in the opinion of the Majority Banks, an Event of Default (or an event which with the expiry of any applicable grace period would constitute an Event of Default) has occurred and is continuing (which has not been waived by the Majority Banks) or would result from the making of the relevant payment;

- (p) "Mezzanine Warrants" means the 7,000 warrants to subscribe for Ordinary Shares evidenced by a warrant instrument executed by the Company on or around the date of adoption of these Articles;
- (q) "Equity Member" means (a) a member of the Company who is entered in the register of members of the Company as a holder of Ordinary Shares (but excluding the proposing transferor, his/her spouse and his/her children and his/her Family Trusts and, where the proposing transferor is a spouse or child or Family Trust of an Executive Director (or former Executive Director), excluding that Executive Director (or former Executive Director), his spouse, his children and his other Family Trusts; and (b) a holder of Mezzanine Warrants;
- (r) "Executive Director" means any person who is employed by the Company or any of its subsidiaries or who devotes substantially the whole of his working time to the business of the Company or its subsidiaries and, for the avoidance of doubt, D.J. Macdonald, G.H. Smith and J.G.W. Busby shall each be deemed to be an "Executive Director";
- (s) "Family Trust" means a trust (whether arising under a settlement or testamentary disposition or on an intestacy) under which no immediate beneficial interest in the shares in question is

for the time being vested in any person other than a member or the spouse, children or remoter issue of a member or former member and, for the avoidance of doubt, the Ordinary Shares registered in the names of D.J. Macdonald and Others as Trustees for Roderick Macdonald, D.J. Macdonald and Others as Trustees for Marjory Macdonald, G.H. Smith and Others as Trustees for G.H. Smith's Children and McGrigor Donald Trustees Limited and others as Trustees of the O'Callaghan Trust for Children shall be deemed to be held in Family Trusts;

(t) "Mezzanine Holder" means any person holding Mezzanine Warrants or Ordinary Shares which arose on the exercise of the subscription rights conferred by the Mezzanine Warrants (or any of them);

(u) "Management Holder" means any person who is a Director of the Company or employed by the Company or any of its subsidiaries or required to devote substantially the whole of his working time to the Company or any of its subsidiaries and any spouse, child or Family Trust of any such person;

(v) "the Relevant Percentage"

means:-

- (i) in respect of an event occurring on or after the date of adoption of these Articles but prior to 1st April 1995, 50 per cent;
- (ii) in respect of an event occurring on or after 1st April 1995 but prior to 1st April 1996, 40 per cent;
- (iii) in respect of an event occurring on or after 1st April 1996 but prior to 1st April 1997, 30 per cent;
- (iv) in respect of an event occurring on or after 1st April 1997 but prior to 1st April 1998, 20 per cent;
- (v) in respect of an event occurring on or after 1st April 1998 but prior to 1st April 1999, 10 per cent; and
- (vi) in respect of an event occurring at any time on or after 1st April 1999, 50 per cent.

SHARE CAPITAL

5. (A) The Share Capital of the Company as at the date of the adoption of these Articles is £1,326,667 divided into 500,000 Cumulative Redeemable Preference Shares of £1 each (in these Articles referred to as "Preference Shares"), and 826,667 Ordinary Shares of £1 each (in these Articles referred to as "Ordinary Shares").

(B) (i) Dividend Rights

The profits and reserves legally available for distribution in respect of any financial year shall be applied in that year as follows:-

- (a) First, and provided that the Condition is fulfilled, in paying to the Preference Shareholders a fixed cumulative net cash dividend ("the Fixed Dividend") at the rate of 10 pence per annum for each Preference Share held by them respectively payable half yearly in arrears on 1st April and 1st October in each year and provided further that the profits and reserves distributable in respect of any such period shall be applied in the first place in paying the arrears (if any) of the Fixed Dividend.
- (b) The Fixed Dividends shall, subject to fulfilment, in respect of the relevant Fixed Dividend, of the Condition, become payable automatically on 1st April and 1st October and shall not require any resolution of the Board or of the members of the Company to authorise their payment. Interest shall not accrue on unpaid Fixed Dividends if there are for the time being insufficient distributable profits to permit their payment in full and/or if the Condition shall not have been fulfilled.

thereafter (subject to the terms of issue of any warrants to subscribe for Ordinary Shares) be distributed among the holders of the Ordinary Shares *pro rata* according to the number of Ordinary Shares held by them respectively.

(iii) **Redemption of the Preference Shares**

Subject always to the provisions of the Act (and provided that it shall have obtained all consents and deemed consents required under the Mezzanine Loan Agreement (unless at the relevant time no amount of principal or interest remains outstanding under the Mezzanine Loan Agreement)), the Company shall redeem the Preference Shares in accordance with the following provisions:-

- (a) Subject as aforesaid and subject to the provisions of sub-paragraphs (c) and (d) below, 100,000 Preference Shares shall be redeemed by the Company on each of the following dates:-

31st October 1995

31st October 1996

31st October 1997

31st October 1998

(or if on such date the Company cannot comply with the provisions of the Statutes relating to the redemption to be made on such date, such later date on which the Company shall first be able so to comply);

- (b) Subject as aforesaid all the Preference Shares still in issue on 31st October 1999 shall be redeemed by the Company on that date (or if on that date the Company cannot comply with the provisions of the Statutes relating to the redemption to be made on such date, such later date on which the Company shall first be able so to comply);
- (c) Subject as aforesaid the Company shall be entitled, subject as hereinafter provided, to redeem Preference Shares at any times and in amounts other than as provided in subparagraphs (a) and (b) above: Provided however that no such optional redemption shall be made unless:-
 - (i) not less than three months' written notice of such optional redemption shall have been given to each holder of the Preference Shares specifying the number of his shares to be redeemed;
 - (ii) the number of Preference Shares comprised in any single optional redemption shall, as the Company shall select, be either (1) the number of Preference Shares that would but for such optional redemption have remained in issue after the date on which the optional redemption is to

take place, or (2) either 100,000 or an integral multiple of 100,000;

- (iii) any optional redemption made by the Company in accordance with the provisions of this sub-paragraph (c) shall operate to discharge the Company's obligations under sub-paragraphs (a) and (b) in respect of an equivalent number of Preference Shares, declaring however that the obligatory redemption obligation which is latest in time at the date of the optional redemption shall be treated as discharged before any earlier obligatory redemption obligations;
- (d) if whilst any of the Preference Shares remains in issue, the Company obtains a Quotation (as hereinafter defined) or there occurs a change of control (as hereinafter defined) of the Company, the Company shall immediately on the happening of either event (but, in the case of a change of control (as hereinafter defined) provided that it shall have obtained all consents and deemed consents required under the Mezzanine Loan Agreement (unless at the relevant time no amount of principal or interest remains outstanding under the Mezzanine Loan

Agreement)) redeem all the Preference Shares still in issue on the date of the relevant event and the provisions of this paragraph (iii) shall apply to such redemption. For the purposes of these Articles (except Article 12):-

- (i) "Quotation" shall mean either of the following events - (A) the effective admission of the whole of the issued ordinary share capital of the Company to the Official List of The London Stock Exchange (within the meaning set out in paragraph 8 of chapter 1, section 1 of "Admission of Securities to Listing" issued by authority of the Council of The Stock Exchange in November 1984 as from time to time amended) or (B) the unconditional grant of permission to deal in the whole of the issued ordinary share capital of the Company on the Unlisted Securities Market of The London Stock Exchange;
- (ii) "change of control" means the acquisition by any person, firm or body corporate or by a group of persons, firms or bodies corporate acting in concert of a controlling

interest; a "controlling interest" shall mean Ordinary Shares conferring in the aggregate fifty per cent or more of the total voting rights conferred by the Ordinary Shares for the time being in issue in the capital of the Company and conferring the rights to vote at all General Meetings.

- (e) there will be paid on each of the Preference Shares redeemed in terms of the preceding sub-paragraphs (a), (b), (c) and (d) the sum of £1 per share together with a sum equal to all arrears or accruals of the Fixed Dividend thereon calculated up to the date of such redemption and payable whether earned or declared or not and the dividend thereon shall cease to accrue from that date unless, upon delivery of a Certificate, payment of the redemption monies is not made;
- (f) in the case of the redemption of less than all of the Preference Shares for the time being in issue the Company shall be bound to redeem such a proportion of the Preference Shares of each holder thereof as the aggregate of the Preference Shares to be redeemed bears to the aggregate of the Preference Shares in issue immediately prior to the date on which redemption is to take place;

- (g) the Preference Shares to be redeemed in accordance with the foregoing provisions of this paragraph (iii) shall be redeemed by the Company at the Office of the Company;
- (h) at each of the times specified in sub-paragraphs (a), (b), (c) and (d) above and at the place specified in sub-paragraph (g) above each registered holder of the Preference Shares shall be bound to surrender to the Company the Certificate for the shares which are to be redeemed in order that the same may be cancelled, and upon such surrender the Company shall pay him the amount payable in respect of such redemption provided that if any Certificate so surrendered to the Company includes any shares not redeemable on the occasion on which it is to be so surrendered a fresh Certificate for the balance of the shares not redeemable on that occasion shall be issued to the holder surrendering such Certificate to the Company.

(v) **Voting Rights**

The Preference Shares shall entitle the holders thereof to receive copies of all circulars to shareholders and debenture holders, copies of all resolutions of the Company and notice of and to attend all General Meetings but shall not entitle the holders thereof to vote at any General Meeting unless (i) at the date of

the notice convening the meeting the Fixed Dividend is six months in arrears beyond its due date for payment (except in a case where the Fixed Dividend has not been paid either because for the time being there are insufficient distributable profits to permit its payment in full or if the Condition shall not have been fulfilled) or (ii) the business of the meeting includes the consideration of a resolution for winding up the Company or for a reduction in capital or any resolution directly or adversely modifying or abrogating any of the special rights attached to the Preference Shares in which case the respective holders thereof shall be entitled to one vote for every ten Preference Shares held at the relevant meeting but only in respect of such resolution.

ALLOTMENT OF SHARES AND ISSUE OF WARRANTS TO SUBSCRIBE FOR SHARES

6. Subject to the provisions of the Act and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether relating to dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine). The Company may, subject to the provisions of the Act and of these Articles, issue warrants to subscribe for shares of the Company. Such warrants shall be issued upon such terms and subject to such conditions as may be resolved upon by the Directors, including, without prejudice to the generality of

the foregoing, terms and conditions which provide that, on a winding up of the Company, a holder of warrants may be entitled to receive out of the assets of the Company available in the liquidation *pari passu* with the shareholders such a sum which he would have received had he exercised the subscription rights conferred by his warrants prior to the winding up but under deduction of the price (if any) payable on exercise of his warrants.

REDEMPTION AND PURCHASE OF SHARES

7. Subject to the provisions of the Statutes any Shares may be issued on the terms that they are or are liable to be redeemed at the option of the Company or the member and in such manner as the Company before the issue of the Shares may by Special Resolution determine.
8. Subject to the provisions of the Statutes, the Company may purchase its own Shares (including any redeemable shares).

TRANSFER OF SHARES

9. (a) For the purposes of these Articles, the renunciation or negotiation of any temporary document of title to any Share shall constitute a transfer of such Share.
- (b) The instrument of transfer of any Share may be in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the transferor who shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof; the instrument of transfer of any Share other than a fully paid Share shall also be executed by or on behalf of the transferee.

ORDINARY SHARES

10. 10.1 No Ordinary Shares in the Company shall be transferred otherwise than in accordance with the provisions of this Article 10.
- 10.2 Any member wishing to transfer or dispose of any beneficial interest in any Ordinary Shares (in this Article called a "Proposing Transferor") shall give the Directors notice in writing (in this Article called a "Transfer Notice") of such desire stating the number of Ordinary Shares which he wishes to transfer (in this Article called the "Offered Shares") and shall at the same time deposit with the Directors the share certificates in respect of the Offered Shares and advise the Directors in writing of the sum which he fixes as the value of the Offered Shares. Such notice (which shall be irrevocable, save as provided in this part of this Article) shall constitute the Directors as the agents of the Proposing Transferor for the sale of the Offered Shares in accordance with, but subject to, the provisions of this Article. No Transfer Notice shall relate to more than one class of share.
- 10.3 In this Article "fair value" in relation to the Offered Shares shall mean the price certified in writing by the Auditors of the Company for the time being (or, in the event of any Equity Member so requiring, an independent firm of Chartered Accountants nominated by the chairman of the Board of Directors) as being in their opinion the fair value of such shares as between a willing seller and a willing buyer at the date of the certificate provided that the Auditors, or as the case may require, the independent firm of Chartered Accountants, in determining the fair value of any of the Offered Shares shall:-

- 10.3.1 determine the sum which a willing purchaser would offer to a willing seller for the whole of the issued shares of the class proposed to be transferred;
- 10.3.2 divide the resultant figure by the number of issued shares of the class proposed to be transferred; and
- 10.3.3 make such adjustment as they consider necessary to allow for any rights attaching to the shares which may be outstanding and in particular any rights whereunder any person, firm or body corporate may call for the issue of shares or may exercise any right of conversion,

so that there shall be no addition or subtraction of any premium or discount arising in relation to the size of the holding the subject of a Transfer Notice, or in relation to any restrictions on the transferability of shares arising only out of the provisions of these Articles and provided further that the Auditors or as the case may be, the independent firm of Chartered Accountants shall take into account in determining the fair value any *bona fide* offer from any third party to purchase any holdings the subject of a Transfer Notice. In certifying a fair value the Auditors or as the case may require the independent firm of Chartered Accountants shall act as experts and not as arbiters.

- 10.4 On any occasion on which the fair value of Offered Shares falls to be determined in accordance with this Article, the Directors shall request the Auditors of the Company or, as the case may require, an independent firm of Chartered Accountants, to certify the fair value of those shares as aforesaid and as soon as they receive the certificate they shall deliver a certified copy thereof to the Proposing Transferor. Within 21 days of the

receipt of the said certified copy, the Proposing Transferor shall (subject to Article 10.6) be entitled, by notice in writing given to the Directors, to cancel the Transfer Notice and *ipso facto* the authority conferred upon the Directors by Article 10.2 in which event the cost of obtaining the certificate shall be borne by the Proposing Transferor.

10.5 The following provisions shall, subject to Article 10.6, apply to every Transfer Notice:-

10.5.1 the price at which the Offered Shares are to be sold shall be the sum which the Proposing Transferor notified to the Directors at the time when he delivered the Transfer Notice provided that if no such price was notified the Proposing Transferor shall be deemed to have agreed that the Offered Shares are to be sold at the fair value.

10.5.2 Upon the price being fixed as aforesaid or (as the case so requires) on the expiry of the 21 day period mentioned in Article 10.4 without the Proposing Transferor having given notice of cancellation in accordance with that paragraph, the Directors shall forthwith by notice in writing inform every Equity Member of the number and price of the Offered Shares and invite each such holder to apply in writing to the Directors within 30 days of the date of the notice having been given for such maximum number of the Offered Shares (being all or any thereof) as he shall specify in such application.

10.5.3 If the said Equity Members apply for all the Offered Shares the Directors shall allocate them to and

amongst the applicants in accordance (as nearly as possible) with their applications but in case of competition *pro rata* (as nearly as possible) according to the number of Ordinary Shares held by them (and for this purpose an Equity Member who is a holder of Mezzanine Warrants shall in addition to any Ordinary Shares registered in his name be deemed to be the holder of the number of Ordinary Shares for which he could have subscribed on the date on which the Transfer Notice was given or deemed to have been given on the assumption that he had exercised the subscription rights conferred by his Mezzanine Warrants on that day provided that nothing in this Article shall oblige the said holder to make any payment to the Company) provided that no applicant shall be obliged to take more than the maximum number of shares specified by him as aforesaid; and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.

10.5.4 If the said Equity Members do not apply for all the Offered Shares:-

- (i) if the Transfer Notice contains such stipulation as is referred to in Article 10.5.6 then the Directors shall return the share certificates in respect of the Offered Shares to the Proposing Transferor and advise accordingly the Proposing Transferor and the

members who have made application for the Offered Shares; and

- (ii) if the Transfer Notice contains no such stipulation the Directors shall allocate to the applicants for the Offered Shares the number of the Offered Shares agreed to be taken by them respectively, and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.

10.5.5 If any shares comprised in a Transfer Notice which has not been cancelled in accordance with Article 10.4 do not fall to be allocated in accordance with Article 10.5.3 and paragraph (ii) of Article 10.5.4 such shares may within two months of the expiration of the period of 30 days referred to in Article 10.5.2 be transferred by the Proposing Transferor to any person subject always to Article 10.9 and Articles 12 and 14 provided that:-

- (i) the price per share payable in respect of such transfer shall be not less than the price per share fixed in accordance with Article 10.5.1;
- (ii) if the Transfer Notice contained such a stipulation as is referred to in Article 10.5.6 the Proposing Transferor shall only be entitled to transfer under this paragraph the exact number of shares comprised in the Transfer Notice.

- 10.5.6 A Transfer Notice may stipulate that unless all the Offered Shares are applied for pursuant to Articles 10.5.2 and 10.5.3, none shall be sold.
- 10.5.7 Any application for shares made by an Equity Member to the Directors pursuant to Article 10 shall constitute an irrevocable obligation to purchase all or any of the shares specified in such application at the price per share stated in the invitation by the Directors to submit such application.
- 10.5.8 Completion of any transfer of shares of the Company to be effected in terms of Article 10 shall take place at the Registered Office of the Company or such other place as may be agreed between the parties thereto, and that no later than 15 days after the giving of notice of allocation by the Directors pursuant to Article 10.5.3 or paragraph (ii) of Article 10.5.4.
- 10.6.1 If any holder (or deemed holder) of Ordinary Shares (being an individual) shall become bankrupt, apparently insolvent, absolutely insolvent, execute a trust deed for behoof of creditors or enter into any composition or arrangement with creditors or (being an Executive Director) shall cease for any reason (other than the reasons specified in Article 10.6.2) to be employed by the Company or cease to devote substantially the whole of his time to the business of the Company or (being a company) shall have a receiver, administrator, administrative receiver or manager appointed of all or part of its property or undertaking or shall go into liquidation (whether

compulsory or voluntary, other than a members' voluntary liquidation for the purpose of a reconstruction or amalgamation) that holder or his representatives shall forthwith give notice of the happening of such event to the Directors and shall at the same time deposit with the Directors the share certificates in respect of the shares in the Company then held (or deemed to be held) by that holder. The holder shall be deemed to have given a Transfer Notice or Notices in respect of those shares to the Directors on the date on which such notice is given or (if earlier) on the date on which the happening of such event becomes known to the Directors provided that:-

- (i) the holder of Ordinary Shares deemed to have given the Transfer Notice shall not be entitled to give notice of cancellation under the provisions of Article 10.4; and
- (ii) the price at which the Offered Shares are to be sold shall (notwithstanding Article 10.5.1) be the fair value determined in accordance with Article 10.4.

10.6.2 If (a) any holder (or deemed holder) of Ordinary Shares (being an Executive Director) shall:-

- (i) die; or
- (ii) have his contract of employment terminated by the Company by virtue of the fact that owing to his ill health or injury he is unable to perform his duties thereunder; or

- (iii) have his contract of employment terminated by the Company (without its being replaced by any other contract of employment) otherwise than in circumstances which justified or would have justified his being dismissed;

and (b) Quotation shall not have been obtained within one year of the date of the relevant event or, in the case of a relevant event occurring prior to 31st March 1994, prior to 31st March 1995 then, the Directors may, by notice in writing to the holder or his personal representatives and/or his spouse and/or his children and/or his Family Trusts require a Transfer Notice or Notices to be served or deem it to have been served by the holder or his personal representatives and/or his spouse and/or his children and/or his Family Trusts in respect of up to such number of Ordinary Shares as represents the Relevant Percentage of the aggregate of (i) the former Executive Director's Aggregate Family Holding (as at the date on which the relevant event occurred) and (ii) the number of Ordinary Shares which the former Executive Director had options or rights to acquire (as at the date on which the relevant event occurred) provided that:-

- (i) the holder or personal representatives of the holder of Ordinary Shares who has given or deemed to have given the Transfer Notice or Notices shall not be entitled to give notice of

cancellation under the provisions of Article 10.4;

- (ii) the price at which the Offered Shares are to be sold shall (notwithstanding Article 10.5.1) be the fair value determined in accordance with Article 10.4; and
- (iii) the Offered Shares may only be transferred to an employee of the Company or its subsidiaries nominated by the Directors and/or an employee share scheme (as defined in section 743 of the Act) and/or an employee benefit trust.

10.7 If the Proposing Transferor makes default in transferring any shares which he has become obliged to sell under any provision of this Article the Company may receive the purchase money in trust for the Proposing Transferor who shall be deemed to have appointed the Secretary of the Company to execute a transfer of such shares in favour of the applicant. The receipt of the Company for such purchase money shall be a good discharge to the applicant and after his name has been entered on the register in respect of such shares the validity of the proceedings shall not be questioned by any person.

10.8 Article 10.2 shall not apply to any transfer made in accordance with the following provisions of this Article 10.8 and any such transfer shall be registered notwithstanding Article 10.9:-

10.8.1 Any share transferred by any member or his/her personal representatives to a Family Trust or that member's spouse or that member's child;

- 10.8.2 Any share transferred by the trustees acting under a deed of trust either (i) to any person or persons who were beneficiaries under the terms of such deed of trust at the time the trustees were registered in respect of such shares or (ii) in order to give effect to any change of such trustees;
- 10.8.3 Any share transferred by any member (being a body corporate) to a body corporate which is its wholly owned subsidiary or to any holding company of which it is a wholly owned subsidiary or to any other wholly owned subsidiary of that holding company provided that any such share transferred pursuant to this paragraph shall only be transferred subject to an enforceable irrevocable undertaking in a form reasonably acceptable to the Directors being granted by the transferee to the effect that such transferee shall, in the event of it ceasing to be related as aforesaid to the transferor, forthwith transfer or procure that there be forthwith transferred, prior to its ceasing to be related as aforesaid, such shares back to the original transferor;
- 10.8.4 Any share transferred to an employee of the Company or its subsidiaries nominated by the Directors and/or an employee share scheme (as defined in section 743 of the Act) and/or an employee benefit trust provided in any such case that the transfer is being made pursuant to the provisions of Article 10.6.2.
- 10.9 Subject to Article 10.8 no transfer of Ordinary Shares shall be registered unless it be first approved by the Directors.

- 10.10 Any member who has acquired Ordinary Shares in terms of Articles 10.8.1 or 10.8.2 shall without prejudice to the other provisions of this Article 10 for the purposes of Article 10.6 be deemed to hold such shares on the basis that these shares are still registered in the name of the transferor.
- 10.11 Without prejudice to the other provisions of this Article 10 for the purposes of Article 10.6, all Ordinary Shares registered in the names of D.J. Macdonald and Others as Trustees for Roderick Macdonald and D.J. Macdonald and Others as Trustees for Marjory Macdonald and Mrs. C. Macdonald shall be deemed to be held by and registered in the name of D.J. Macdonald and all Ordinary Shares registered in the names of G.H. Smith and Others as Trustees for G.H. Smith's Children and Mrs. L.M. Smith shall be deemed to be held by and registered in the name of G.H. Smith and Article 10.8 shall not operate to disapply Article 10.2 in respect of any transfer of such shares. In addition, where the provisions of Article 10.6.1 have been triggered in respect of an Executive Director or former Executive Director and, subsequent to the date on which a Transfer Notice or Notices was or were served or deemed to be served pursuant to that Article, that Executive Director or former Executive Director or his personal representatives exercises any option or right to acquire Ordinary Shares then, immediately upon the issue or allotment or transfer of such shares a Transfer Notice shall be deemed to be served in respect of such shares and the provisions of Article 10.6.1 shall *mutatis mutandis* apply in respect of these shares.

PREFERENCE SHARES

11. 11.1 No Preference Shares in the Company shall be transferred otherwise than in accordance with the provisions of this Article 11.
- 11.2 Any member wishing to transfer or dispose of any beneficial interest in any Preference Shares (in this Article called a "Proposing Transferor") shall give the Directors notice in writing (in this Article called a "Transfer Notice") of such desire stating the number of Preference Shares which he wishes to transfer (in this Article called the "Offered Shares") and shall at the same time deposit with the Directors the share certificates in respect of the Offered Shares. Such notice (which shall be irrevocable, save as provided in this Article) shall constitute the Directors as the agents of the Proposing Transferor for the sale of the Offered Shares in accordance with, but subject to, the provisions of this Article. No Transfer Notice shall relate to more than one class of share.
- 11.3 The following provisions shall apply to every Transfer Notice:-
- 11.3.1 The price at which the Offered Shares are to be sold shall be fixed by agreement between the Directors and the Proposing Transferor or, failing such agreement within 15 days of the Transfer Notice having been given, at the par value.
- 11.3.2 Upon the price being fixed as aforesaid the Directors shall forthwith by notice in writing inform every Equity Member of the number and price of the Offered Shares and invite each such holder to apply in writing to the Directors within 30 days of the date of the notice having been given for such maximum number of the

Offered Shares (being all or any thereof) as he shall specify in such application.

11.3.3 If the said Equity Members apply for all the Offered Shares the Directors shall allocate them to and amongst the applicants in accordance (as nearly as possible) with their applications but in case of competition *pro rata* (as nearly as possible) according to the number of Ordinary Shares held by them (and for this purpose an Equity Member who is a holder of Mezzanine Warrants shall in addition to any Ordinary Shares registered in his name be deemed to be the holder of the number of Ordinary Shares for which he could have subscribed on the date on which the Transfer Notice was given or deemed to have been given on the assumption that he had exercised the subscription rights conferred by his Mezzanine Warrants on that day provided that nothing in this Article shall oblige the said holder to make any payment to the Company) provided that no applicant shall be obliged to take more than the maximum number of shares specified by him as aforesaid; and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.

11.3.4 If the said Equity Members do not apply for all the Offered Shares:-

- (i) if the Transfer Notice contains such stipulation as is referred to in Article 11.3.6 then the Directors shall return the share

certificates in respect of the Offered Shares to the Proposing Transferor and advise accordingly the Proposing Transferor and the members who have made application for the Offered Shares; and

- (ii) if the Transfer Notice contains no such stipulation the Directors shall allocate to the applicants for the Offered Shares the number of the Offered Shares agreed to be taken by them respectively, and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.

11.3.5 If any shares comprised in a Transfer Notice do not fall to be allocated in accordance with Article 11.3.3 and paragraph (ii) of Article 11.3.4 such shares may within two months of the expiration of the period of 30 days referred to in Article 11.3.2 be transferred by the Proposing Transferor to any person subject always to Article 11.8 and Article 12 provided that:-

- (i) the price per share payable in respect of such transfer shall be not less than the price per share fixed in accordance with Article 11.3.1;
- (ii) if the Transfer Notice contained such a stipulation as is referred to in Article 11.3.6 the Proposing Transferor shall only be entitled to transfer under this paragraph the exact number of shares comprised in the Transfer Notice.

- 11.3.6 A Transfer Notice may stipulate that unless all the Offered Shares are applied for pursuant to Articles 11.3.2 and 11.3.3, none shall be sold.
- 11.3.7 Any application for shares made by an Equity Member to the Directors pursuant to Article 11 shall constitute an irrevocable obligation to purchase all or any of the shares specified in such application at the price per share stated in the invitation by the Directors to submit such application.
- 11.3.8 Completion of any transfer of shares of the Company to be effected in terms of Article 11 shall take place at the Registered Office of the Company or such other place as may be agreed between the parties thereto, and that no later than 15 days after the giving of notice of allocation by the Directors pursuant to Article 11.3.3 or paragraph (ii) of Article 11.3.4.
- 11.4 If any holder (or deemed holder) of Preference Shares (being an individual) shall become bankrupt, apparently insolvent, absolutely insolvent, execute a Trust Deed for behoof of creditors, enter into any composition or arrangement with creditors or die or (being a company) shall have a receiver, administrator, administrative receiver or manager appointed of all or part of its property or undertaking or shall go into liquidation (whether compulsory or voluntary, other than a members' voluntary liquidation for the purpose of a reconstruction or amalgamation) that holder or his representatives shall forthwith give notice of the happening of such event to the Directors and shall at the same time deposit with the Directors the share certificates in respect of the shares

in the Company then held by that holder. The holder shall be deemed to have given a Transfer Notice or Notices in respect of those shares to the Directors on the date on which such notice is given or (if earlier) on the date on which the happening of such event becomes known to the Directors provided that the Transfer Notice deemed to have been given as aforesaid shall be deemed to contain such a stipulation as is referred to in Article 11.3.6.

11.5 If the Proposing Transferor makes default in transferring any shares which he has become obliged to sell under any provision of this Article the Company may receive the purchase money in trust for the Proposing Transferor who shall be deemed to have appointed the Secretary of the Company to execute a transfer of such shares in favour of the applicant. The receipt of the Company for such purchase money shall be a good discharge to the applicant and after his name has been entered on the register in respect of such shares the validity of the proceedings shall not be questioned by any person.

11.6 Article 11.2 shall not apply to any share transferred by any member (being a body corporate) to a body corporate which is its wholly owned subsidiary or to any holding company of which it is a wholly owned subsidiary or to any other wholly owned subsidiary of that holding company provided that any such share transferred pursuant to this paragraph shall only be transferred subject to an enforceable irrevocable undertaking in a form acceptable to the Directors being granted by the transferee to the effect that such transferee shall, in the event of it ceasing to be related as aforesaid to the transferor, forthwith transfer or procure that there be forthwith transferred, prior to

its ceasing to be related as aforesaid, such shares back to the original transferor.

11.7 The preceding provisions of this Article 11 may, at any time, be waived in whole or in part by a unanimous written resolution of the Equity Members.

11.8 No transfer of Preference Shares shall be registered unless it be first approved by the Directors.

TAKEOVER

12. Notwithstanding anything contained in these Articles, no sale or transfer of, or of any interest in, any Shares to any person whomsoever conferring the right to vote at general meetings of the Company which would result if made and registered in a person whether or not then a member of the Company obtaining or increasing a controlling interest in the Company (together with one or more persons acting in concert with such person) (the "Specified Shares") shall be made or registered unless before the transfer is lodged for registration the proposed transferee or his nominees has made an offer ("a General Offer") to purchase all the other Ordinary Shares and all the Ordinary Shares arising or which may arise on exercise of the Mezzanine Warrants and on the exercise of all other warrants giving the option or right to subscribe for shares in the share capital of the Company at the Specified Price (as hereinafter defined). It shall be a term of any General Offer and of any agreement to acquire any Specified Shares that a controlling interest is only obtained or increased in consequence of such offer or agreement if such General Offer becomes wholly unconditional. Any General Offer shall be made in writing (stipulated to be open for acceptance for at least 28 days) to all shareholders and to all holders of Mezzanine Warrants and to all holders of all other warrants giving the option or right to subscribe for shares in the share

capital of the Company and shall include an undertaking by the offeror that neither he nor any person acting in concert with him have prior to the making of the General Offer entered into more favourable terms or agreed more favourable terms with any other shareholder for the purchase of any Shares. Any transfer of Shares pursuant to a General Offer which has become wholly unconditional shall not be subject to the restrictions on transfer otherwise herein contained.

13. For the purpose of Article 12:-

- (i) the expression "acting in concert" shall have the meaning attributed to it in the City Code on Take-overs and Mergers;
- (ii) without prejudice to paragraph (i) above an Executive Director and his spouse (or former spouse) and his children and his Family Trusts shall be deemed to be "acting in concert";
- (iii) the expression "a controlling interest" shall mean shares conferring in aggregate 35% or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring at the date of sale or transfer the right to vote at general meetings in all circumstances;
- (iv) the expression "transfer", "transferor" and "transferee" shall include respectively the renunciation of the renounceable letter of allotment, the original allottee and the renouncee under any such letter of allotment;
- (v) the "Specified Price" shall mean a price per share at least *pari passu* to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction

as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of a disagreement the calculation of the Specified Price shall be referred to an umpire (acting as an expert and not as an arbiter) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants of Scotland) whose decision shall be final and binding.

CO-SALE

14. If at any time any Management Holder wishes to sell any Ordinary Shares to any person other than an existing Equity Member (or pursuant to and in accordance with Article 10.8), each Mezzanine Holder shall have the right to require (without prejudice to Article 11), as a condition to such sale, that the proposed purchaser purchases from the said Mezzanine Holder at the same aggregate price and on the same terms and conditions an equal number of Ordinary Shares or, Mezzanine Warrants, conferring a right to subscribe for such number of Ordinary Shares.

GENERAL MEETINGS

15. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and fixing of the remuneration of the auditors.
16. It shall not be necessary to give any notice of an adjourned meeting and Regulation 45 of Table A shall be construed accordingly.

DIRECTORS

17. A Director shall require no share qualification but nevertheless shall be entitled to receive notice of, attend and speak at any General Meeting of the Company.
18. Save as otherwise provided herein or in Table A, an alternative director while so acting shall exercise and discharge all functions, powers and duties of the director whom he represents and shall be responsible for his own acts and defaults and shall not be deemed to be the agent of the director appointing him.
19. All appointments and removals of an alternative director shall be effected by instrument in writing delivered to the Office and Regulation 68 of Table A shall not apply.

PROVISION FOR EMPLOYEES

20. The power which the Company may exercise pursuant to the provision of the Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of any of the undertaking of the Company or any of its subsidiaries may, before the commencement of any winding up, be exercised by a resolution of the directors and any payment made under this Article may be made out of the profits of the Company which are available for dividend.

NOTICES

21. If a member has no registered address in the United Kingdom and has not supplied to the Company an address within the United Kingdom for the giving of notices to him a notice addressed to him at his last known address in the United Kingdom shall be deemed to be duly given to him on the day on which it is posted.

INDEMNITY

22. Subject to the provisions of the Act every director, managing director, agent, secretary and other officer for the time being of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the provisions of the Act in which relief is granted to him by the Court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company, and no director, managing director, agent, secretary 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 thereof.

BORROWING POWERS

23. The Directors may exercise all the powers of the Company to borrow money without limits to amount and upon such terms and in such manner as they think fit and to grant any mortgage or charge (either fixed or floating) over the undertaking, property and uncalled capital or any part thereof of the Company and, subject to Section 80 of the Act, 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.