

**THE COMPANIES ACTS 1985 AND 2006**

**COMPANY LIMITED BY SHARES**

**NEW ARTICLES OF ASSOCIATION**

**OF**

**STRATHDON INVESTMENTS LIMITED**

**(Adopted by a special resolution passed on [ ] December 2011)**

**1. INTERPRETATION**

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

<b>Act</b>	the Companies Act 2006 (as amended from time to time);
<b>Alternate Director</b>	has the meaning given in Article 12.1;
<b>Appointor</b>	has the meaning given in Article 12 1;
<b>Articles</b>	means the Company's articles of association for the time being in force;
<b>Business Day</b>	a day on which English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);
<b>Conflict</b>	has the meaning given in Article 8 1;
<b>Eligible Director</b>	a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter), and
<b>Model Articles</b>	means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise

1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

- (a) any subordinate legislation from time to time made under it, and
  - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall apply to the company, except in so far as they are modified or excluded by these Articles.
- 1.8 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.

## **2. SHARE CAPITAL**

2.1 The share capital of the Company is divided into ordinary shares of 1p each (the "Ordinary Shares") having such rights as are set out below and deferred shares of 1p each (the "Deferred Shares") the Deferred Shares having such rights as are set out in Article 2.2 below. In these Articles, references to "shares" shall mean only the Ordinary Shares except where the context precludes such an interpretation. The Ordinary Shares shall have and enjoy the following rights and be subject to the following restrictions:-

(a) As Regards Income

If, in respect of any financial year of the Company, the Company shall determine to distribute any profits available for distribution by way of dividend, then such sum shall be distributed amongst the holders of the Ordinary Shares ratably according to the amounts paid thereon.

(b) As Regards Capital

On a return of capital on liquidation or otherwise, the assets of the Company available for distribution amongst the members shall be distributed amongst holders of the Ordinary Shares ratably, according to the amounts paid on the Ordinary Shares held by them respectively.

(c) As Regards Voting

(i) The Ordinary Shares shall entitle the holders thereof to receive notice of and to attend (either in person or by proxy) at any general meeting of the Company and upon a show of hands every such holder who is present in person shall have one vote and upon a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

i. For the purposes of this paragraph (C) any member who (being a corporation) is present by a duly authorised representative at any general meeting of the Company shall be deemed to be present at that meeting in person.

2.2 The Deferred Shares:

- (a) will not entitle the holder to receive any dividend or other distribution;
- (b) will not entitle the holder to receive notice of or to attend, speak or vote at any general meeting of the Company whatsoever;
- (c) will entitle the holder on a return of capital or on a liquidation or capital reduction or otherwise only to the repayment of the amounts paid up or credited as paid up on the

Deferred Shares after payment in respect of each Ordinary Share of the capital paid up or credited as paid up on it and the further payment of 5 pence on each Ordinary Share; and

(d) will not entitle the holder to any further participation in the capital of the Company.

2.3 The creation of the Deferred Shares shall be deemed to confer an irrevocable authority on the Company at any time thereafter to:

(a) cancel and/or purchase the Deferred Shares (under the provisions of the Acts) without making any payment to or obtaining the sanction of the holders; and

(b) pending any transfer or cancellation or purchase of Deferred Shares to retain the certificate for those shares.

2.4 Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or, if the Company has not so determined, as the directors may determine).

2.5 Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by these Articles.

## **DIRECTORS**

### **3. UNANIMOUS DECISIONS**

3.1 A decision of the directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

3.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.

3.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

### **4. CALLING A DIRECTORS' MEETING**

Any director may call a directors' meeting by giving not less than three Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.

### **5. QUORUM FOR DIRECTORS' MEETINGS**

5.1 Subject to Article 5.2, the quorum for the transaction of business at a meeting of directors is any two Eligible Directors.

5.2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 8 to authorise a director's Conflict, if there is only one Eligible Director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

5.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision

- a. to appoint further directors, or
- b. to call a general meeting so as to enable the shareholders to appoint further directors.

## **6. CASTING VOTE**

- 6.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting has a casting vote.
- 6.2 Article 6.1 shall not apply in respect of a particular meeting (or part of a meeting) if, In accordance with the Articles, the chairman or other director is not an Eligible Director for the purposes of that meeting (or part of a meeting).

## **7. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:

- a. may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested,
- b. shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested,
- c. shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested,
- d. may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director,
- e. may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested, and
- (f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## **8. DIRECTORS' CONFLICTS OF INTEREST**

- 8.1 The directors may, in accordance with the requirements set out in this Article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an Interested director) breaching his duty under section 175 of the Act to avoid conflicts of interest.
- 8.2 Any authorisation under this Article 8 will be effective only if

- a. the matter in question shall have been proposed by any director for consideration at a meeting of directors in the same way that any other matter may be proposed to the directors for consideration at a meeting under the provisions of these Articles, and
- b. the matter was agreed to without his voting or would have been agreed to if the vote of the interested director had not been counted.

8.3 Any authorisation of a Conflict under this Article 8 may (whether at the time of giving the authorisation or subsequently)

- a. extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
- b. provide that the Interested director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict,
- c. provide that the Interested director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict,
- d. impose upon the Interested director such other terms for the purposes of dealing with the Conflict as the directors think fit,
- e. provide that, where the Interested director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the affairs of the company where to do so would amount to a breach of that confidence, and
- f. permit the interested director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

8.4 Where the directors authorise a Conflict, the interested director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

8.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the interested director, prior to such revocation or variation, in accordance with the terms of such authorisation.

8.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## **9. RECORDS OF DECISIONS TO BE KEPT**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

## **10. NUMBER OF DIRECTORS**

Unless otherwise determined by ordinary resolution, the number of directors shall not be less than two.

**11. APPOINTMENT OF DIRECTORS**

In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

**12. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

12.1 Any director (Appointor) may appoint any other director, or any other person approved by resolution by the directors as an alternate (Alternate Director), to

- a. exercise that directors powers, and,
- b. carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the Alternate Director's Appointor.

12.2 Any appointment or removal of an Alternate Director must be effected by notice in writing to the company signed by the Appointor, or in any other manner approved by the directors.

12.3 The notice must:

- a. identify the proposed Alternate Director, and
- b. in the case of a notice of appointment, contain a statement signed by the proposed Alternate Director that the proposed Alternate Director is willing to act as the Alternate Director of the director giving the notice.

**13. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

13.1 An Alternate Director may act as Alternate Director to more than one director and has the same rights in relation to any decision of the directors as the Alternate Director's Appointor.

13.2 Except as the Articles specify otherwise, Alternate Directors:

- a. are deemed for all purposes to be directors,
- b. are liable for their own acts and omissions,
- c. are subject to the same restrictions as their Appointor, and
- d. are not deemed to be agents of or for their Appointor,

and, in particular (without limitation), each Alternate Director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a

member.

- 13.3 A person who is an Alternate Director but not a director
- a. may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating),
  - b. may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate); and
  - c. shall not be counted as more than one director for the purposes of Article 13.3(a) and Article 13.3(b).
- 13.4 A director who is also an Alternate Director is entitled, in the absence of his Appointor, to a separate vote on behalf of his Appointor, in addition to his own vote on any decision of the directors (provided that his Appointor is an Eligible Director in relation to that decision).
- 13.5 An Alternate Director may be paid expenses and may be indemnified by the company to the same extent as his Appointor but shall not be entitled to receive any remuneration from the company for serving as an Alternate Director except such part of the remuneration of the Alternate Director's Appointor as the Appointor may direct by notice in writing made to the company.

#### **14. TERMINATION OF ALTERNATE DIRECTORSHIP**

- 14.1 An Alternate Director's appointment as an Alternate Director terminates:
- a. when the Alternate Director's 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 Director, of any event which, if it occurred in relation to the Alternate Director's Appointor, would result in the termination of the appointment of the Appointor as a director,
  - c. on the death of the Alternate Director's Appointor, or
  - d. when appointment of the Alternate Director's Appointor terminates.

#### **15. REMUNERATION OF DIRECTORS**

The directors shall be paid out of the funds of the Company, by way of remuneration for their services provided in their capacity as directors, such remuneration as the directors shall determine (the aggregate fees for all directors shall not exceed £55,000 per annum or such larger amount as the Company may from time to time by ordinary resolution approve). Such remuneration shall be divided among them in such proportion and manner as the board may determine and, in default of such determination within a reasonable period, equally. The remuneration shall be deemed to accrue from day to day.

#### **16. SECRETARY**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

## **DECISION MAKING BY SHAREHOLDERS**

### **17. POLL VOTES**

- 17.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 17.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that Article.

### **18. PROXIES**

- 18.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 18.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that Article.

## **ADMINISTRATIVE ARRANGEMENTS**

### **19. MEANS OF COMMUNICATION TO BE USED**

- 19.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- a. if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
  - b. if properly addressed and delivered by hand, when it was given or left at the appropriate address,
  - c. if properly addressed and sent or supplied by electronic means, one hour(s) after the document or information was sent or supplied, and
  - d. if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.
- 19.2 For the purposes of this Article, no account shall be taken of any part of a day that is not a working day
- 19.3 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address

permitted for the purpose by the Act.

## **20. INDEMNITY**

20.1 Subject to Article 20.2 but without prejudice to any indemnity to which a relevant officer is otherwise entitled

(a) each relevant officer shall be indemnified out of the assets of the company against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer

(i) in the actual or purported execution and/or discharge of his duties, or in relation to them, and

(ii) in relation to the activities of the company (or any activities of an associated company) as trustee of an occupational pension scheme (as defined in section 235(6) of the Act).

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company (or any affairs of an associated company), and

(b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 20.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

20.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

20.3 In this Article:

a. companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

b. a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act))

## **21. INSURANCE**

21.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss.

21.2 In this Article:

a. a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act)),

- b. a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- c. companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

## **22. PROCEDURE FOR DISPOSING OF FRACTIONS OF SHARES**

22.1 This Article applies where

- (a) there has been a consolidation or division of shares, and
- (b) as a result, members are entitled to fractions of shares.

22.2 The directors may

- a. sell the shares representing the fractions to any person, including the company, for the best price reasonably obtainable,
- b. in the case of a certificated share, authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and
- (c) distribute the net proceeds of sale in due proportion among the holders of the shares.

22.3 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.

22.4 The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.

22.5 The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.