

DATED 27th June 2018

R&Q ALPHA COMPANY PLC

AND

R&Q ALPHA MALTA PLC

DRAFT TERMS OF MERGER

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TUESDAY



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26/06/2018 #3
COMPANIES HOUSE

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PARTIES

- (1) **R&Q ALPHA COMPANY PLC**, a public limited company incorporated under the laws of England and Wales and registered under company number 00218497, whose registered office is at 71 Fenchurch Street, London EC3M 4BS ("**R&Q UK**"); and
- (2) **R&Q ALPHA MALTA PLC** a public limited company incorporated under the laws of Malta and registered under company number C 86696, whose registered office is at 171 Old Bakery, Valletta, VLT 1455, Malta ("**R&Q Malta**").

(each a "**Party**" and together, the "**Parties**")

BACKGROUND

- (A) R&Q Malta is a public company limited by shares with an issued share capital of £40,716 divided into 40,716 25% paid up shares with a nominal value of £1 each, and of the same class (the "**R&Q Malta Shares**"). R&Q Malta is a member of the R&Q Group (as defined below) and is owned by R&Q UK, who is the holder of 30,537 75% paid up shares, and R&Q Central Services Limited ("**R&Q Central Services**") who is the holder of 10,179 25% paid up shares.
- (B) R&Q UK is a public company limited by shares with an issued share capital of £20,000,000 divided into 20,000,000 ordinary shares of £1 each, fully paid-up. R&Q UK is authorised and regulated by the PRA (as defined below) and regulated by the FCA (as defined below) to carry out contracts of general insurance. R&Q UK is a wholly-owned subsidiary of R&Q Holdings.
- (C) The Parties, each being of the type referred to in the SE Regulations (as defined below) intend to merge on the terms and subject to the conditions of this Merger Proposal (as defined below) to form a European public limited liability company in accordance with Articles 2(1) and 17(2)(a) of the SE Regulations.
- (D) It is proposed by these draft terms of merger ("**Merger Proposal**") that a merger (the "**Merger**") shall be implemented by way of: (i) R&Q UK, as the acquiring entity, acquiring all of the Assets (as defined below) and Liabilities (as defined below) of R&Q Malta; (ii) R&Q UK adopting the form of an SE (as defined below) to be registered with the Registrar of Companies in the UK; and (iii) R&Q Malta ceasing to exist by operation of law following the merger. Upon the re-registration of R&Q UK as an SE, it shall adopt the entity name, R&Q Alpha Company SE.
- (E) None of the Parties has been dissolved or declared bankrupt, nor has a suspension of payments been declared with respect to the Parties.
- (F) None of the Parties has a works council or trade union that has amongst its members employees of one of the Parties or any of their respective subsidiaries, where applicable.

IT IS PROPOSED

1 DEFINITIONS AND INTERPRETATION

1.1 In this Merger Proposal

"**Assets**" has the meaning given to it in Clause 4.1;

"**CA 2006**" means the UK Companies Act 2006;

"**Conditions**" mean the conditions to the Merger set out in Clause 9 (*Conditions to completion of the merger*);

"**Effective Date**" means the date upon which R&Q UK is re-registered as an SE by the UK Registrar of Companies in accordance with Article 27(1) of the SE Regulations and Regulations 5 and 12 of the English Regulations;

"**EU Merger Directive**" means Directive 2011/35/EU of the European Parliament and of the Council of 5 April 2011, concerning mergers of public limited liability companies (codification);

"**FCA**" means the UK Financial Conduct Authority or any successor UK insurance regulatory authority or authorities;

"**Liabilities**" has the meaning given to it in Clause 4.2;

"**Maltese Regulations**" means the Cross-Border Mergers of Limited Liability Companies Regulations (Subsidiary Legislation 386.12 of the Laws of Malta);

"**Maltese Employee Involvement Regulations**" means Employee Involvement (European Company) Regulations (Subsidiary Legislation 452.94 of the Laws of Malta);

"**Merger**" shall have the meaning given in Recital D;

"**Merger Proposal**" shall have the meaning given in Recital D;

"**PRA**" means the UK Prudential Regulation Authority, or any successor UK insurance regulatory authority or authorities;

"**R&Q Central Services**" shall have the meaning given in Recital A;

"**R&Q Group**" means R&Q Holdings and its subsidiary undertakings;

"**R&Q Holdings**" means Randall & Quilter Investment Holdings Ltd an exempted company limited by shares incorporated under the laws of Bermuda and registered under company number 47341 whose registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda;

"**R&Q Malta Shares**" shall have the meaning given in Recital A;

"**R&Q SE**" means R&Q Alpha Company SE, the SE formed pursuant to completion and registration of the Merger;

"**R&Q SE Shares**" has the meaning given in Clause 2.2;

"**SE**" means a Societas Europaea as defined in Article 1 of the SE Regulations;

"SE Regulation" means Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute of a European Company (SE);

"UK Employee Involvement Regulations" means the European Public Limited Company (Employee Involvement) (Great Britain) Regulations 2009 (SI 2009/2401);

"UK Regulations" means the UK's European Public Limited-Liability Company regulations 2004 (SI 2004/2326).

1.2 In this Merger Proposal (unless the context requires otherwise):

- (a) the terms **"company"**, **"body corporate"**, **"subsidiary"**, **"holding company"**, **"undertaking"**, **"subsidiary undertaking"**, **"parent undertaking"**, **"debenture"**, **"paid up"** and **"officer"** have the meanings given to them in the CA 2006; and
- (b) **"including"**, **"includes"** or **"in particular"** means including, includes or in particular without limitation.

1.3 In this Merger Proposal (unless the context requires otherwise), any reference to:

- (a) any gender includes all genders, and the singular includes the plural (and vice versa);
- (b) a company includes any company, corporation or body corporate, or any other entity having a separate legal personality, a person includes an individual, company, partnership, unincorporated association or Authority (whether or not having a separate legal personality); and any professional firm or company includes any firm or company effectively succeeding to the whole, or substantially the whole, of its practice or business;
- (c) **"law"** or **"laws"** includes all applicable laws (whether civil, criminal or administrative), common laws or civil codes, legislation, subordinate legislation, treaties, regulations, directives and bye-laws in any jurisdiction, in each case for the time being in force (whether before, on or after the date of this Merger Proposal);
- (d) legislation or a legislative provision includes the legislation or legislative provision as amended or re-enacted, any legislation or legislative provision which it amends or re-enacts and any subordinate legislation, in each case for the time being in force (whether before, on or after the date of this Merger Proposal);
- (e) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include the specific term stated in the language of such other jurisdiction immediately after it or, if no such term is stated, what most nearly approximates to such English term in such other jurisdiction; and any reference to any specific English law shall be deemed to include any equivalent or similar law in any other jurisdiction. Where the translation of a non-English legal term into English, from a jurisdiction outside England and Wales, causes an inconsistency between the meaning of the original term in its native language and the English translation, the original native language will prevail;

- (f) unless the context requires otherwise, any reference in this Merger Proposal to a clause or schedule is to a clause of or schedule to this Merger Proposal, any reference to a part or paragraph is to a part or paragraph of a schedule to this Merger Proposal, any reference within a schedule to a part is to a part of that schedule, and any reference within a part of a schedule to a paragraph is to a paragraph of that part of that schedule;
- (g) this Merger Proposal incorporates the schedules to it; and
- (h) the contents list, headings and any descriptive notes are for ease of reference only and shall not affect the construction or interpretation of this Merger Proposal.

2 MERGER OF R&Q MALTA INTO R&Q UK

- 2.1 Subject to the Conditions, the Parties propose to merge R&Q Malta into R&Q UK by acquisition to form an SE in accordance with Articles 17(2)(a) and 29(1) of the SE Regulation, Article 3(1) of the EU Merger Directive and Regulations 5 and 12 of the UK Regulations and pursuant to Article 5(1) of the Maltese Regulations
- 2.2 Pursuant to the Merger and in consideration for the Transfer of the Assets and Liabilities by R&Q Malta to R&Q UK as from the Effective Date, R&Q UK shall in accordance with Article 3(1) of the EU Merger Directive, allot to R&Q Central Services 10,179 ordinary shares in the capital of R&Q SE each 25% paid up (or fully paid up if the R&Q Malta Shares have become fully paid up on or prior to the Effective Date) (the "**R&Q SE Shares**").
- 2.3 On the Effective Date, R&Q UK will:
 - (a) acquire the Assets and Liabilities in accordance with Clause 4 (*Assets and Liabilities of R&Q Malta*);
 - (b) re-register as an SE;
 - (c) in accordance with the share exchange ratio specified in Clause 5 (*Share Exchange ratio*) allot the R&Q SE Shares to R&Q Central Services; and
 - (d) enter R&Q Central Services in the register of members of R&Q SE.
- 2.4 R&Q Malta shall cease to exist as from the Effective Date.

3 VALUATION METHOD

- 3.1 The Assets and Liabilities of R&Q Malta shall be acquired by R&Q UK at the same value and in the same reporting currency established in the (unaudited) interim financial statements of R&Q Malta dated 27 June 2018.
- 3.2 R&Q UK shall record the Assets and Liabilities in accordance with the accounting principles to which it is subject, as set out in its published financial statements for the year ended 31 December 2017, and in the reporting currency of R&Q UK, being pounds sterling.

4 ASSETS AND LIABILITIES OF R&Q MALTA

- 4.1 R&Q UK shall acquire on the Effective Date any and all assets of R&Q Malta, valued in accordance with the provision of Clause 3.1 above ("**Assets**");

Fixed assets	€0
Investments	€0
Current assets	€0
Stocks	€0
Receivables	€34,940
Cash and cash equivalents	€11,647
Total contributed Assets	€46,587

- 4.2 For the avoidance of doubt, any assets not referred to in this Merger Proposal as a result of any error or omission or any over or under statement shall be deemed to be the property of R&Q SE and shall be rightfully transferred to R&Q SE without payment of additional consideration.
- 4.3 R&Q UK shall acquire on the Effective Date any and all liabilities of R&Q Malta, valued in accordance with the provisions of Clause 3.1 above ("**Liabilities**"):

Provisions for contingencies	€0
Financial debts	€0
Tax and social security debts	€0
Trade payables	€0
Other debts	€0
Total transferred Liabilities	€0

- 4.4 Should any liability appear over and above the liabilities referred to above as a result of any error or omission (or any over or under provisioning), R&Q SE shall assume such liability without any right of recourse against R&Q Malta.
- 4.5 R&Q UK shall acquire on the Effective Date any and all of the net assets of R&Q Malta, valued in accordance with the provisions of Clause 3.1 above.

Total contributed Assets	€46,587
Total assumed Liabilities	€0
Net assets transferred	€46,587

5 SHARE EXCHANGE RATIO

- 5.1 In consideration for the transfer of the Assets and Liabilities by R&Q Malta to R&Q UK, R&Q Central Services shall be allotted on the Effective Date 10,179 25% paid up (or fully paid up if the R&Q Malta Shares have become fully paid up on or prior to the Effective Date) ordinary shares in the capital of R&Q SE for each share in R&Q Malta held by R&Q Central Services immediately prior to the Effective Date.
- 5.2 R&Q Holdings shall retain 20,000,000 shares in R&Q SE as of the Effective Date.
- 5.3 On the basis of the share exchange ratio, R&Q SE's issued share capital will be increased upon the Effective Date from 20,000,000 ordinary shares of £1.00 each to 20,010,179 ordinary shares of £1.00 each.
- 5.4 R&Q Central Services shall not be entitled to an additional cash payment pursuant to the exchange ratio applied pursuant to Clause 5.1.
- 5.5 R&Q Holdings and R&Q Central Services shall, as from Effective Date, fully share in the profits of R&Q SE, in proportion to their shareholding in R&Q SE. The same rights shall attach to the R&Q SE Shares as attach to the other shares in R&Q SE which are in issue at the Effective Date.
- 5.6 R&Q UK (or R&Q SE upon the Effective Date) shall not cancel any shares in its share capital due to the Merger.

6 SPECIFIC BENEFITS TO BE GRANTED

- 6.1 No amount, benefit (in cash or otherwise) or other special advantages have been or will be given, paid or granted to the directors or the members of the control bodies of the Parties or to any third parties (including any independent expert) in relation to the Merger.

7 INDEPENDENT EXPERT'S REPORT

- 7.1 Pursuant to Article 10(4) of the EU Merger Directive the shareholder of R&Q UK resolved that the expert's report, required under Article 10(1) of the EU Merger Directive shall not be required in relation to the Merger.
- 7.2 Pursuant to Article 10(4) of the EU Merger Directive and Article 9(5) of the Maltese Regulations, the shareholder of R&Q Malta resolved that the expert's report, required under Article 10(1) of the EU Merger Directive and Article 9(1) of the Maltese Regulations, shall not be required in relation to the Merger.

8 DIRECTORS' REPORT

- 8.1 Pursuant to Article 9(3) of the EU Merger Directive and section 918A of the CA 2006, the shareholder of R&Q UK resolved that the directors' report, provided under Article 9(1) of the EU Merger Directive and section 908 of the CA 2006, shall not be required in relation to the Merger.
- 8.2 Pursuant to Article 9(1) of the EU Merger Directive and Article 8(1) of the Maltese Regulations, the directors of R&Q Malta have drawn up the director's report, explaining and justifying the legal and economic aspect of the Merger and explaining the implication of the Merger on the shareholders, creditors and employees, if any, in the same form as those attached in Schedule 1 (*R&Q Malta Director's Report*).

9 CONDITIONS TO COMPLETION OF THE MERGER

9.1 Completion of the Merger pursuant to this Merger Proposal is subject to the following:

- (a) approval of the terms of this Merger Proposal by the respective shareholders of R&Q UK and R&Q Malta;
- (b) delivery by the Maltese Registry of Companies of a pre-Merger compliance certificate confirming that R&Q Malta has properly completed the pre-Merger acts and formalities;
- (c) delivery by the High Court of England and Wales of an order pursuant to Article 25 of the SE Regulations and Regulation 75 of the English Regulations confirming that R&Q UK has properly completed the pre-merger acts and formalities;
- (d) delivery by the High Court of England and Wales of an order approving the Merger in accordance with Article 26 of the SE Regulations and Regulation 75 of the English Regulations; and
- (e) the consent to the Merger by any other regulatory supervisor to the extent required by local regulations,

(together the "**Conditions**").

9.2 If this Merger Proposal terminates for any reason then each Party's further rights, obligations and liabilities shall cease immediately on termination except for:

- (a) each Party's accrued rights (including the rights to claim any remedy for breach or non-performance), obligations and liabilities as at the date of termination, and
- (b) each Party's continuing rights, obligations and liabilities under this Clause 9 (*Conditions to completion of the merger*), Clause 1 (*Definitions and Interpretation*), Clause 13 (*Costs and Duties*), and Clause 14 (*Applicable Law*).

10 R&Q ALPHA COMPANY SE

10.1 Upon the Effective Date, R&Q UK will adopt the legal form of an SE pursuant to Article 17(2)(a) and 29(1)(d) of the SE Regulations. The name of that SE will be "R&Q Alpha Company SE".

10.2 Upon the Effective Date, R&Q SE shall adopt new statutes (subject to shareholder approval), being the statutes substantially in the same form as those attached in Schedule 2 (*Draft Statutes of R&Q SE*).

10.3 The share capital of R&Q SE shall be as set out in Clause 5.3 above and will, therefore, exceed the minimum level of €120,000, as required by Article 4(2) of the SE Regulations.

10.4 The registered and head office of R&Q SE will be at 71 Fenchurch Street, London EC3M 4BS, or such other UK address as is occupied by R&Q UK immediately prior to the Effective Date.

- 10.5 There are no persons who hold any securities other than the shares in either of R&Q UK or R&Q Malta and neither company has in issue any shares, or other securities such as bonds or debentures, with special rights attached (being rights which differ to those rights attached to the other shares in the company). As such, no special rights or restrictions will be granted and no compensation will be paid to any members of the Parties (pursuant to Article 20(1)(f) of the SE Regulations) at the expense of R&Q UK (or R&Q SE following the Effective Date).

11 EMPLOYEES

- 11.1 R&Q UK has no employees, no subsidiaries (other than R&Q Malta) and no establishments.
- 11.2 R&Q Malta has no employees, no subsidiaries and no establishments.
- 11.3 The provisions of the UK Employee Involvement Regulations and the Maltese Employee Involvement Regulations regarding employee participation arrangements in SEs do not therefore apply.

12 ACCOUNTING BOOKS AND DOCUMENTS

- 12.1 The accounting books, documents, contracts, archives, titles to property, securities, originals of the incorporation acts and amendments and other files of R&Q Malta shall be delivered to R&Q SE as from the Effective Date.
- 12.2 As from 00:01 am on the Effective Date, all transactions of R&Q Malta and R&Q UK shall be treated for accounting purposes as transactions of R&Q SE, and the financial data of R&Q Malta shall be accounted for as from the Effective Date in the annual accounts of R&Q SE.

13 COSTS AND DUTIES

All costs, duties and fees relating to the Merger shall be borne by R&Q UK (or R&Q SE following the Effective Date) who undertakes to pay such costs, duties and fees.

14 APPLICABLE LAW

This Merger Proposal is in line with and interpreted in accordance with the SE Regulations. This Merger Proposal shall be governed by and interpreted in accordance with English law.

Schedule 1
R&Q Malta Director's Report

DIRECTORS REPORT IN RELATION TO THE CROSS-BORDER MERGER BETWEEN

R&Q ALPHA COMPANY PLC

AND

R&Q ALPHA MALTA PLC

In terms of Regulation 8 of the Cross-Border Mergers of Limited Liability Companies Regulations (S.L. 386.12 of the Laws of Malta) the Board of Directors of **R&Q ALPHA MALTA PLC** has drawn up the following report in relation to the cross border merger between:

- (i) **R&Q ALPHA COMPANY PLC**, a public limited company incorporated under the laws of England and Wales and registered under company number 00218497, whose registered office is at 71 Fenchurch Street, London EC3M 4BS ("**R&Q UK**"); and
- (ii) **R&Q ALPHA MALTA PLC** a public limited company incorporated under the laws of Malta and registered under company number C 86696, whose registered office is at 171 Old Bakery, Valletta, VLT 1455, Malta ("**R&Q Malta**")

And together the "**Parties**"

1. Reasons for the cross-border merger

The parties intend to form a European Company pursuant to Articles 2(1) and 17(2)(a) of Council Regulation (EC) No 2157/2001 of 8 October 2001 (the "**SE Regulation**").

The formation of R&Q SE will occur as a consequence of a merger between R&Q UK and R&Q Malta whereby R&Q UK will acquire all the assets and liabilities of R&Q Malta by operation of law and subsequently be re-registered as a European Company in England and Wales pursuant to Article 29 of the SE Regulation.

2. Expected consequences for the activities

R&Q UK will continue to hold and manage the operational and financial interests of R&Q Malta

3. Explanation from a legal, economic and social perspective

Legal

As soon as the cross-border merger becomes effective:

- (a) The assets, rights, liabilities and obligations of R&Q Malta shall become those of R&Q UK;
- (b) R&Q Malta shall cease to exist

Economic

The merger is not expected to have any negative economic consequences.

Social

The merger is not expected to have any adverse effect on employment and employment conditions, as the parties do not have any employees.

This report was approved by the Board of Directors of R&Q Malta by means of a resolution adopted on, 2018

.....

Director

R&Q Alpha Malta plc

Schedule 2
Draft Statutes of R&Q SE

Company No: 00218497

STATUTES
OF
R&Q ALPHA COMPANY SE

As adopted by a special resolution passed 2018

**BRYAN
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STATUTES OF ASSOCIATION

of

R&Q ALPHA COMPANY SE (the "Company")

Adopted by a special resolution passed on 2018

PRELIMINARY

15 REGULATIONS AND ARTICLES NOT TO APPLY

No regulations or articles set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, including the regulations contained in Table A in the schedule to the Companies (Table A to F) Regulations 1985 and the model articles contained in the schedule to the Companies (Model Articles) Regulations 2008, shall apply to the Company.

PART 1:

INTERPRETATION AND LIMITATION OF LIABILITY

16 INTERPRETATION

16.1 *In these statutes, unless the context requires otherwise,*

"Act" means the Companies Act 2006;

"address" includes a number or address used for the purposes of sending or receiving notices, documents or information by electronic means and/or by means of a website;

"appointor" means, in relation to an alternate director, the director who has appointed him as his alternate;

"Approved Person" means a person in relation to whom the FCA or the PRA has given its approval under section 59 of FSMA for the performance of a controlled function;

"Associated Company" has the same meaning as in section 256 Companies Act 2006;

"auditors" means the auditors for the time being of the Company;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"board" means the board of directors for the time being of the Company or the directors present or deemed to be present at a duly convened meeting of the directors or any committee at which a quorum is present;

"capitalised sum" has the meaning given to it in Paragraph 69.1(b);

"Chairman" has the meaning given to it in Paragraph 48 (*Chairing of Directors' Meetings*);

"Chairman of the Meeting" has the meaning given to it in Paragraph 77 (*Chairman*);

"clear days" in relation to a period of notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"committee" means a committee of the board;

"Companies Acts" means every statute for the time being in force concerning companies (including any statutory instrument or other subordinate legislation made under any such statute), so far as it applies to the Company;

"Controller" has the meaning set out in section 422 of FSMA;

"director" means a director of the Company, and includes any person occupying the position of director, by whatever name called;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic form" and **"electronic means"** have the meanings given to them by section 1168 of the Act;

"FCA" means the Financial Conduct Authority, or any successor regulatory authority or authorities;

"FSMA" means the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force;

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

"hard copy" and **"hard copy form"** have the meanings given to them by section 1168 of the Act;

"holder" means, in relation to any share, the person whose name is entered in the register as the holder of that share and includes two or more joint holders of that share;

"Interested Directors" has the meaning given in Paragraph 38.2(b) of these statutes;

"Office" means the registered office for the time being of the Company;

"ordinary resolution" has the meaning given in section 282 of the Act;

"paid" and **"paid up"** mean paid or credited as paid;

"payee" has the meaning given in Paragraph 64.3;

"persons entitled" has the meaning given in Paragraph 69.1(b);

"PRA" means the Prudential Regulation Authority, or any successor regulatory authority or authorities;

"proxy notice" has the meaning given in Paragraph 83.1;

"register" means the register of shareholders of the Company to be kept pursuant to the Companies Acts;

"Relevant Company" has the meaning given in Paragraph 39.5;

"relevant director" has the meaning given in Paragraph 93.4(b), "relevant loss" has the meaning given in Paragraph 94.2;

"seal" means the common seal of the Company or any official or securities seal that the Company may have or may be permitted to have under the Companies Acts;

"secretary" means the secretary for the time being of the Company and includes any assistant or deputy secretary and any person appointed by the board to perform the duties of the secretary;

"SE Regulations" means Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) including any statutory modification or re-enactment thereof for the time being in force;

"share" means a share in the Company;

"shareholder" means a person who is a holder of a share;

"special resolution" has the meaning given in section 283 of the Act;

"statutes" means these statutes of association or such other statutes of association of the Company for the time being in force;

"subsidiary" has the meaning given in section 1159 of the Act;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law;

"the United Kingdom" means Great Britain and Northern Ireland;

"working day" means a day that is not a Saturday or Sunday, Christmas Day, Good Friday or any day that is a bank holiday under the Banking and Financial Dealings Act 1971 (c80) in England and Wales; and

"written" and "in writing" includes any method of representing or reproducing words in a legible and non-transitory form whether sent or supplied in electronic form or otherwise.

16.2 Unless the context requires otherwise, any word or expression contained in these statutes and not defined in the statutes shall have the meaning as in the Companies Act as in force on the date when these statutes become binding on the Company.

16.3 Words which refer to the singular number only include the plural number, and vice versa.

- 16.4 Words which refer to one gender only include the other genders.
- 16.5 Words which refer to persons or people include companies.
- 16.6 Where these statutes refer to months or years, these are calendar months or years.
- 16.7 Any headings in these statutes are included for convenience only, and shall not affect the meaning of these statutes.

17 LIMITED LIABILITY

The liability of the shareholders of the Company is limited to the amount, if any, unpaid on the shares held by them.

PART 2:

DIRECTORS

NUMBER OF DIRECTORS

18 NUMBER OF DIRECTORS

Unless and until otherwise determined by the Company by ordinary resolution, there shall be no maximum number of directors, but the number of directors shall not be less than two.

APPOINTMENT OF DIRECTORS

19 REQUIREMENTS OF DIRECTORS

No person may be appointed as a director unless he shall first have been approved by the PRA or the FCA (as applicable) as an Approved Person to perform their director role for the Company.

20 METHODS OF APPOINTING DIRECTORS

- 20.1 Subject to these statutes, any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

- (a) by ordinary resolution of the Company;
- (b) by a decision of the board; or
- (c) by a notice given in accordance with Paragraph 21 (*Appointment of Directors by Majority Shareholders*).

21 APPOINTMENT OF DIRECTORS BY MAJORITY SHAREHOLDERS

A shareholder or shareholders holding in aggregate a majority of the nominal value of the shares may, by notice to the Company, appoint any person to be a director to fill a vacancy or to be an additional director.

22 RETIREMENT OF DIRECTORS AT ANNUAL GENERAL MEETINGS

Each director shall retire at the Annual General Meeting held in the third calendar year following the year in which he was elected or last re-elected by the Company.

23 **ELIGIBILITY FOR RE-ELECTION**

A director who retires at any Annual General Meeting shall be eligible for re-election unless the board otherwise determines.

REMOVAL AND DISQUALIFICATION OF DIRECTORS

24 **TERMINATION OF A DIRECTOR'S APPOINTMENT**

24.1 A person ceases to be a director as soon as:

- (a) that person loses their status as an Approved Person to perform their director role for the Company;
- (b) a finding against that person is made following any enforcement action taken by the PRA and/or FCA pursuant to their powers under FSMA;
- (c) that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director under the law of any EEA state;
- (d) a bankruptcy order is made against that person or they make any arrangement or composition with their creditors generally;
- (e) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (f) notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (g) the director is removed from office by the shareholders in accordance with Paragraph 11; or
- (h) the director is removed from office by notice addressed to his last known address and signed by all his co-directors.

24.2 A resolution of the board declaring a director to have vacated office under the terms of this Paragraph 24 (*Termination of a Director's Appointment*) shall be conclusive as to the fact and grounds of vacation stated in the resolution.

24.3 If the office of a director is vacated for any reason, he shall cease to be a member of any committee of the board.

25 **REMOVAL OF DIRECTORS BY ORDINARY RESOLUTION OR MAJORITY SHAREHOLDERS**

25.1 In addition to any power of removal conferred by the Act, the Company may by ordinary resolution remove a director before the expiry of his period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may (subject to these statutes) by ordinary resolution appoint another person who is willing to act to be director in his place. A person appointed in this way is treated, for the purposes of determining the time at which he or another director is to retire, as if he had become director on the date on which the person in whose place he is appointed was last appointed or reappointed a director.

- 25.2 A shareholder or shareholders holding in aggregate a majority of the nominal value of the shares may, by notice to the Company, terminate any director's appointment.

ALTERNATE DIRECTORS

26 APPOINTMENT

- 26.1 Any director (other than an alternate director) may, by notice sent to or received at the Office or at an address specified by the Company for the purpose of communication by electronic means, or in any other manner approved by the board, appoint any other director or any other person who is approved by the board and is willing and permitted by law to act to be his alternate. No appointment of an alternate director who is not already a director shall be effective until his consent to act as a director has been received at the Office or at an address specified by the Company for the purpose of communication by electronic means and his appointment has been approved by the board.

- 26.2 An alternate director need not be a shareholder and shall not be counted in reckoning the number of directors for the purpose of Paragraph 18 (*Number of Directors*).

27 REVOCATION OF APPOINTMENT

- 27.1 An alternate director's appointment as an alternate terminates:

- (a) when the alternate'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 of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- (c) on the death of the alternate's appointor; or
- (d) when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

28 PARTICIPATION IN BOARD MEETINGS

- 28.1 Every alternate director shall (subject to him giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notice of all meetings of the board and all committees of which his appointor is a member and, in the absence from such meetings of his appointor, an alternate director shall be entitled to attend and vote at such meetings and to exercise all the powers, rights, duties and authorities of his appointor.
- 28.2 A person who is an alternate director but not a director may be counted for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating).
- 28.3 A director acting as alternate director shall have, in addition to his own vote, a separate vote at board and committee meetings for each director for whom he acts as alternate director, however, he shall count as only one director for the purpose of determining whether a quorum is present.

29 **RESPONSIBILITY**

Every person acting as an alternate director shall be deemed to be an officer of the Company, shall alone be responsible for his own acts and defaults, and shall not be deemed to be the agent of his appointor.

30 **REMUNERATION AND EXPENSES**

An alternate director shall not be entitled as against the Company to any fees for his services as an alternate. An alternate director shall be paid by the Company such expenses as might properly have been repaid to him if he had been a director.

POWERS OF THE BOARD

31 **ONE-TIER SYSTEM**

The Company shall operate under a one-tier management system pursuant to Article 43 of the SE Regulations and the business of the Company shall be managed by the board, as the administrative organ of the Company.

32 **GENERAL AUTHORITY OF THE BOARD**

Subject to the statutes, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

33 **SHAREHOLDERS' RESERVE POWER**

33.1 The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

33.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

DELEGATION OF DIRECTORS' POWERS

34 **DIRECTORS MAY DELEGATE**

34.1 Subject to these statutes, the directors may delegate any of the powers which are conferred on them under these statutes:

- (a) to such person (who need not be a director) or committee (comprising any number of persons, who need not be directors);
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions,

as they think fit.

34.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

34.3 Any reference in these statutes to the exercise of a power or discretion by the directors shall include a reference to the exercise of a power or discretion by any person or committee to whom it has been delegated.

34.4 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

35 COMMITTEES

The directors may make regulations in relation to the procedures of committees or sub-committees to whom their powers or discretions have been delegated or sub-delegated. Subject to any such regulations, the meetings and procedures of any committee or sub-committee shall be governed by the provisions of these statutes regulating the meetings and procedures of directors.

REMUNERATION AND EXPENSES

36 DIRECTORS' REMUNERATION

36.1 Directors may undertake any services for the Company that the board decide.

36.2 Directors are entitled to such remuneration as the board determines:

- (a) for their services to the Company as directors; and
- (b) for any other service which they undertake for the Company.

36.3 Subject to the statutes, a director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

36.4 Unless the board decides otherwise, directors' remuneration accrues from day to day.

36.5 Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

37 DIRECTORS' EXPENSES

The Company may pay any reasonable expenses which the directors (and any alternate directors) properly incur in connection with their attendance at:

- (a) meetings of the board or of any committees;
- (b) general meetings or separate meetings of the holders of any class of shares or debentures of the Company; or
- (c) otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

DIRECTORS' INTERESTS

38 **AUTHORISATION OF DIRECTORS' INTERESTS**

38.1 For the purpose of section 175 of the Act, the directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of duty of a director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

38.2 Such authorisation of a matter under this Paragraph 38 (*Authorisation of Directors' Interests*) shall be effective only if:

- (a) the matter in question shall have been proposed for consideration at a meeting of the directors, in accordance with the usual procedures for such meetings or in such other manner as the directors may resolve;
- (b) any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together the "**Interested Directors**"); and
- (c) the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

38.3 Any authorisation of a matter under this Paragraph 38 (*Authorisation of Directors' Interests*) may:

- (a) extend to any actual or potential conflict of interest which may arise out of the matter so authorised;
- (b) be subject to such conditions or limitations as the directors may resolve, whether at the time such authorisation is given or subsequently; and
- (c) be terminated by the directors at any time,

and a director shall comply with the obligations imposed on him by the directors pursuant to any such authorisation.

38.4 A director shall not, by reason of his holding office as a director (or of the fiduciary relationship established by holding that office), be liable to account to the Company for any remuneration, profit or other benefit resulting from any matter authorised under this Paragraph 38 (*Authorisation of Directors' Interests*) and no contract shall be liable to be avoided on the grounds of any director having any type of interest authorised under this Paragraph 38 (*Authorisation of Directors' Interests*), nor shall the receipt of any such remuneration, profit or other benefit constitute a breach of his duties under sections 172 to 176 of the Act.

39 **PERMITTED INTERESTS**

39.1 Subject to compliance with Paragraph 39.2, a director, notwithstanding his office, may have an interest of the following kind:

- (a) where a director (or a person connected with him) is a director or other officer of, or employed by, or otherwise interested (including by the holding of shares) in any Relevant Company;

- (b) where a director (or a person connected with him) is a party to, or otherwise interested in, any contract, transaction or arrangement with a Relevant Company, or in which the Company is otherwise interested;
- (c) where a director has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (d) where a director has an interest, or a transaction or arrangement gives rise to an interest, of which he is not aware; or
- (e) where he has any other interest authorised by ordinary resolution.

No authorisation under Paragraph 38 (*Authorisation of Directors' Interests*) shall be necessary in respect of such an interest.

39.2 A director shall declare the nature and extent of any interest permitted under Paragraph 39.1 and not falling within Paragraph 39.3, at a meeting of the directors or in such manner as the directors may resolve.

39.3 No declaration of interest shall be required by a director in relation to an interest:

- (a) falling within Paragraph 39.1(a), Paragraph 39.1(c) or Paragraph 39.1(d);
- (b) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware); or
- (c) if, or to the extent that, it concerns terms of his service contract (as defined in section 227 of the Act) that have been or are to be considered by a meeting of the directors or by a committee of the directors appointed for the purpose under these statutes.

39.4 A director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any Relevant Company or for such remuneration, each as referred to in Paragraph 39.1, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

39.5 For the purposes of this Paragraph 39 (*Permitted Interests*), "**Relevant Company**" shall mean:

- (a) the Company;
- (b) a subsidiary of the Company;
- (c) any holding company of the Company or a subsidiary of any such holding company;
- (d) anybody corporate promoted by the Company; or
- (e) anybody corporate in which the Company is otherwise interested.

40 **QUORUM AND VOTING**

- 40.1 A director shall not be entitled to vote on any resolution in respect of any contract, transaction or arrangement, or any other proposal, in which he (or any person connected with him) has an interest, unless the interest is solely of a kind permitted by Paragraph 39.1.
- 40.2 A director shall not be counted in the quorum at a meeting of directors in relation to any resolution on which he is not entitled to vote.

41 **DIRECTORS' INTERESTS - GENERAL**

- 41.1 For the purposes of Paragraph 38 (*Authorisation of Directors' Interests*) and Paragraph 39 (*Permitted Interests*):
- (a) a person is connected with a director if that person is connected for the purposes of Section 252 of the Act; and
 - (b) an interest (whether of the director or of such a connected person) of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.
- 41.2 Where a director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the director may, and shall if so required by the directors, take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the directors for the purpose of or in connection with the situation or matter in question, including, without limitation:
- (a) absenting himself from any meetings of the directors at which the relevant situation or matter falls to be considered, and
 - (b) not reviewing documents or information made available to the directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him to have access to such documents or information.
- 41.3 The Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of Paragraph 38 (*Authorisation of Directors' Interests*) and Paragraph 39 (*Permitted Interests*).

PROCEEDINGS OF THE BOARD AND COMMITTEES

42 **BOARD MEETINGS**

- 42.1 Subject to the statutes, the board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit.
- 42.2 Notwithstanding Paragraph 45.1, the board shall meet at least once every three months, at intervals as the board thinks fit, to discuss the progress and foreseeable development of the Company's business.

43 DIRECTORS TO TAKE DECISIONS COLLECTIVELY

The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken by directors' written resolution in accordance with Paragraph 44 (*Directors' written resolutions*).

44 DIRECTORS' WRITTEN RESOLUTIONS

44.1 Any director may propose a written resolution by giving written notice to the other directors or may request the secretary to give such notice.

44.2 A directors' written resolution is adopted when all the directors who would have been entitled to vote on such resolution if it had been proposed at a meeting of the directors have:

- (a) signed one or more copies of it; or
- (b) otherwise indicated their agreement to it in writing,

44.3 A directors' written resolution is not adopted if the number of directors who have signed it is less than the quorum for directors' meetings.

45 CALLING A DIRECTORS' MEETING

45.1 Any director may, and the secretary at the request of a director shall, summon a board meeting at any time by notice (which need not be in writing) served on the members of the board.

45.2 Notice of any directors' meeting must indicate:

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

45.3 A director may waive his entitlement to notice of any meeting, either prospectively or retrospectively and any retrospective waiver shall not affect the validity of the meeting or of any business conducted at the meeting.

46 PARTICIPATION IN DIRECTORS' MEETINGS

46.1 Subject to these statutes, directors participate in a directors' meeting, or part of a directors' meeting, when:

- (a) the meeting has been called and takes place in accordance with these statutes; and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

46.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

- 46.3 If all the directors participating in the meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

47 QUORUM FOR DIRECTORS' MEETINGS

- 47.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

- 47.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.

- 47.3 If the total number of directors 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.

48 CHAIRING OF DIRECTORS' MEETINGS

- 48.1 The directors shall appoint a director to chair their meetings.

- 48.2 The person so appointed for the time being is known as the "Chairman".

- 48.3 The directors may terminate the appointment of the Chairman, deputy or assistant Chairman at any time.

- 48.4 If neither the Chairman nor any director appointed generally to chair directors' meetings in the Chairman's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors may appoint one of themselves to chair it.

49 CASTING VOTE

- 49.1 If the numbers of votes for and against a proposal are equal, the Chairman or other director chairing the meeting has a casting vote.

- 49.2 But this does not apply if, in accordance with the statutes, the Chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

50 VALIDITY OF PROCEEDINGS OF THE BOARD OR COMMITTEE

All acts done by a meeting of the board, or of a committee or sub-committee of the directors, or by any person acting as a director, alternate director or member of a committee shall as regards all persons dealing in good faith with the Company be valid, notwithstanding that there was some defect in the appointment of the director or any such persons, or that any such persons were disqualified or had vacated office, or were not entitled to vote.

51 RECORD OF DECISIONS TO BE KEPT

The secretary must ensure that the Company keeps a record, in writing, of every majority decision taken by the directors and of every directors' written resolution for at least 10 years from the date of the decision or resolution.

52 DIRECTORS' DISCRETION TO MAKE FURTHER RULES

Subject to these statutes, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

53 CHANGE OF NAME

The Company may change its name by a decision of the directors.

PART 3:

SHARES AND DISTRIBUTIONS

SHARE CAPITAL

54 POWER TO ISSUE DIFFERENT CLASSES OF SHARES

54.1 Subject to these statutes, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

54.2 The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

55 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS

Unless ordered by a court of competent jurisdiction or required by law, the Company shall not recognise any person as holding any share upon any trust and shall not be bound by or be otherwise compelled to recognise (even if it has notice of it) any equitable, contingent, future, partial or other claim to or interest in any share other than an absolute right in the holder to the whole of the share.

SHARE CERTIFICATES

56 RIGHT TO CERTIFICATES

56.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

56.2 Every certificate of shares shall specify:

- (a) the number and class of the shares to which it relates;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) the distinguishing numbers (if any) assigned to them.

56.3 No certificate may be issued in respect of shares of more than one class.

56.4 Certificates must:

- (a) have affixed to them the Company's common seal, or

- (b) be otherwise executed in accordance with the Companies Acts.

57 REPLACEMENT CERTIFICATES

- 57.1 If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, the shareholder shall be issued a new certificate representing the same shares upon request.
- 57.2 No new certificate will be issued pursuant to this Paragraph 43 unless the relevant shareholder has:
- (a) first delivered the old certificate to the Company for cancellation; or
 - (b) complied with such conditions as to evidence and indemnity as the directors may think fit; and
 - (c) paid such reasonable fee as the directors may decide.
- 57.3 In the case of shares held jointly by several persons, any request pursuant to this Paragraph 43 may be made by any one of the joint holders.

TRANSFERS OF SHARES

58 THE TRANSFER OF SHARES

- 58.1 Subject to the provisions of these statutes, a shareholder may transfer all or any of his shares to another person.
- 58.2 Shares may be transferred by means of an instrument of transfer executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. Such instrument of transfer must be in hard copy form but may otherwise be in any usual form or any other form approved by the directors.
- 58.3 The transferor shall be deemed to remain the holder of any share transferred until the name of the transferee is entered in the register in respect of it.
- 58.4 No fee shall be charged by the Company for the registration of any transfer or any other change relating to or affecting the title to any share or the right to transfer it or for making any other entry in the register.
- 58.5 The Company is entitled to retain any instrument of transfer which is registered.

TRANSMISSION OF SHARES

59 GENERAL PROVISIONS

- 59.1 If title to a share passes to a transferee, the Company may only recognise the transferee as having title to that share.
- 59.2 A transferee who produces such evidence of entitlement to shares as the directors may reasonably require:
- (a) may, subject to the statutes, choose either to become the holder of those shares or to have them transferred to another person; and

(b) subject to the statutes, and pending any transfer of the shares to another person, has the same rights as the holder had.

59.3 A transmittee does not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which it is entitled, by reason of the holder's death or bankruptcy or otherwise, unless it becomes the holder of those shares.

60 EXERCISE OF TRANSMITTEE'S RIGHTS

60.1 A transmittee who wishes to become the holder of shares to which he has become entitled must give notice to the Company to that effect.

60.2 If the transmittee elects to have another person registered, he shall execute an instrument of transfer in hard copy form in respect of it.

60.3 Any transfer made or executed under Paragraph 59.2 is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

61 TRANSMITTEES BOUND BY PRIOR NOTICE

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name was entered in the register.

BOARD'S RIGHT TO REFUSE REGISTRATION

62 RIGHT TO REFUSE REGISTRATION

62.1 The board may refuse to register the transfer or transmission of a share, and if they do so, the instrument of transfer or transmission must be returned to the transferee or transmittee with the notice of the refusal unless they suspect that the proposed transfer or transmission may be fraudulent.

62.2 The board shall not register the transfer or transmission of any share in the Company if such transfer or transmission would result in a person becoming a Controller, unless the board is (in its absolute discretion) satisfied that the PRA has been notified of the proposed transfer or transmission and the PRA has either given its unconditional written confirmation that it approves or does not object to, or is deemed due to the expiry of any applicable statutory deadline to have approved or not to have objected to, such person becoming a Controller as a result of such transfer or transmission.

DIVIDENDS AND OTHER PAYMENTS

63 DECLARATION OF DIVIDENDS

63.1 Subject to these statutes, the Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

63.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.

- 63.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 63.4 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 63.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred right if, at the time of payment, any preferential dividend is in arrear.
- 63.6 The directors may pay fixed dividends on any class of shares carrying such a dividend expressed to be payable on fixed dates on the dates prescribed for payment if it appears to them that the profits available for distribution justify the payment.
- 63.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

64 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

- 64.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- (a) transfer to a bank or building society account specified by the payee either in writing or as the directors may otherwise decide;
 - (b) sending a cheque made payable to the payee by post to the payee at the payee's registered address (if the payee is a holder of the share), or (in any other case) to an address specified by the payee either in writing or as the directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the payee has specified in writing or as the directors may otherwise decide; or
 - (d) any other means of payment as the directors agree with the payee either in writing or by such other means as the directors decide.
- 64.2 Subject to the provisions of these statutes and to the rights attaching to any shares, any dividend or other sum payable on or in respect of a share may be paid in such currency as the directors may resolve, using such exchange rate for the currency conversions as the directors may select.
- 64.3 In these statutes, the "payee" means, in respect of a share in respect of which a dividend or other sum is payable:
- (a) the holder of the share; or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of shareholders; or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee; or

- (d) such other person or persons as the holder (or, in the case of Joint holders, all of them) may direct.

65 NO INTEREST ON DISTRIBUTIONS

65.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the holder of that share and the Company.

66 UNCLAIMED DISTRIBUTIONS

66.1 All dividends or other sums which are:

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

66.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

66.3 If:

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment; and
- (b) the payee has not claimed it,

the payee is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

67 NON-CASH DISTRIBUTIONS

67.1 Subject to the terms of the issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, direct the payment of a dividend in whole or in part by the transfer of non-cash assets of equivalent value (including, without limitation, shares or other securities in any company) and the directors shall give effect to such resolution.

67.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;
- (b) paying cash to any payee on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

68 **WAIVER OF DISTRIBUTIONS**

68.1 Payees may waive their entitlement to a dividend or other distribution payable in respect of a share in whole or in part by giving the Company notice in writing to that effect, but if:

- (a) the share has more than one holder; or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS AND RESERVES

69 **AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

69.1 Subject to these statutes, the board may, if it is so authorised by an ordinary resolution of the Company:

- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account, capital redemption reserve or other undistributable reserve; and
- (b) appropriate any sum which it so decides to capitalise (a "**capitalised sum**") to the persons who would have been entitled to it if it were distributed by way of dividend ("**persons entitled**") and in the same proportions.

69.2 Capitalised sums must be applied:

- (a) on behalf of the persons entitled; and
- (b) in the same proportions as a dividend would have been distributed to them.

69.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum, which are then allotted, credited as fully paid, to the persons entitled or as they may direct.

69.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company, which are then allotted, credited as fully paid, to the persons entitled or as they may direct.

69.5 Subject to these statutes, the board may:

- (a) apply capitalised sums in accordance with Paragraph 69.3 and Paragraph 69.4 partly in one way and partly in another;
- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Paragraph 69 (*Authority to capitalise and appropriation of capitalised*

sums) (including to disregard fractional entitlement or for the benefit of them to accrue to the Company),

- (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares, debentures or other securities to them under this Paragraph 69 (*Authority to capitalise and appropriation of capitalised sums*); and
- (d) generally do all acts and things required to give effect to the ordinary resolution of the Company.

PART 4:

DECISION-MAKING BY SHAREHOLDERS

GENERAL MEETINGS

70 ANNUAL GENERAL MEETINGS

The Company must in each period of six months beginning with the day following its accounting reference date hold a general meeting as its annual general meeting (in addition to any other meetings held in that year). The board must decide the time and place for each annual general meeting.

71 CONVENING GENERAL MEETINGS

- 71.1 The board may convene a general meeting of the Company whenever it thinks fit.
- 71.2 The board, on the requirement of the shareholders pursuant to the Act, shall call a general meeting (i) within 21 days from the date on which the board becomes subject to the requirement; and (ii) to be held on a date not more than 28 days after the date of the notice convening the meeting.
- 71.3 A general meeting may also be convened in accordance with Paragraph 47.3.

NOTICE OF GENERAL MEETINGS

72 LENGTH AND FORM OF NOTICE

- 72.1 An annual general meeting shall be called by not less than 21 clear days' notice. All other general meetings shall be called by not less than 14 clear days' notice.
- 72.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted.
- 72.3 The notice of the meetings shall be given to the shareholders (other than any who, under the provisions of these statutes or the terms of the allotment or issue of shares, are not entitled to receive notice), to the directors and auditors.

73 SHORT NOTICE

- 73.1 A general meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in Paragraph 72.1 be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote thereat; and
- (b) in the case of any other general meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority who together hold not less than 95 per cent in nominal value of the shares giving that right, or such percentage, not being less than 90 per cent, as may be specified in or pursuant to any elective resolution passed by the Company.

74 **POSTPONEMENT OF GENERAL MEETINGS**

- 74.1 If the board, in its absolute discretion, considers that it is impractical or undesirable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone the meeting to another date, time and/or place.
- 74.2 When a meeting is so postponed, notice of the date, time and place of the postponed meeting shall be placed in at least one national newspaper in the United Kingdom. Notice of the business to be transacted at such postponed meeting shall not be required.

75 **OMISSION TO SEND NOTICE**

The accidental omission to give any notice of a meeting, or to send or supply any document or other information relating to any meeting, to any person entitled to receive the notice, document or other information, or the non-receipt for any reason of any such notice, document or other information by that person, shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

76 **QUORUM**

- 76.1 No business other than the appointment of the Chairman of the Meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. Two shareholders attending the meeting shall be a quorum unless the Company has a single member.

77 **CHAIRMAN**

- 77.1 If the directors have appointed a Chairman, the Chairman shall chair general meetings if present and willing to do so.
- 77.2 If the directors have not appointed a Chairman, or if the Chairman is unwilling to chair the meeting or is not present within 10 minutes of the time at which a meeting was due to start:
 - (a) the directors present; or
 - (b) If no directors are present) the shareholders present,
 must appoint a director or shareholder to chair the meeting, and such appointment must be the first business of the meeting.
- 77.3 The person chairing a meeting in accordance with this Paragraph 77 (*Chairman*) is referred to as the **"Chairman of the Meeting"**.

78 RIGHT TO ATTEND AND SPEAK

78.1 A director shall be entitled, whether or not he is a shareholder, to attend and speak at any general meeting.

78.2 The Chairman of the Meeting may permit other persons who are not:

- (a) shareholders of the Company; or
- (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

79 ADJOURNMENT

79.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the Meeting must adjourn it.

79.2 The Chairman of the Meeting may adjourn a general meeting at which a quorum is present if:

- (a) the meeting consents to an adjournment; or
- (b) the Chairman of the Meeting considers that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

79.3 The Chairman of the Meeting must adjourn a general meeting if directed to do so by the meeting.

79.4 When adjourning a general meeting, the Chairman of the Meeting must specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors.

79.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

- (a) to the same persons to whom notice of the Company's general meetings is required to be given; and
- (b) containing the same information which such notice is required to contain.

79.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING

80 VOTING GENERAL

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the statutes.

81 ERRORS AND DISPUTES

- 81.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 81.2 Any such objection must be referred to the Chairman of the Meeting, whose decision is final.

82 POLL VOTES

- 82.1 A poll on a resolution may be demanded:
- (a) In advance of the general meeting where it is to be put to the vote; or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 82.2 A poll may be demanded by
- (a) the Chairman of the Meeting;
 - (b) the directors;
 - (c) two or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than 10% of the total voting rights of all the shareholders having the right to vote on the resolution.
- 82.3 A demand for a poll may be withdrawn if:
- (a) the poll has not yet been taken; and
 - (b) the Chairman of the Meeting consents to the withdrawal.
- 82.4 Polls must be taken immediately and in such manner as the Chairman of the Meeting directs.

83 VOTING BY PROXY

- 83.1 Proxies may only be validly appointed by a notice in writing (a "proxy notice") which:
- (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the Company in accordance with these statutes and any instructions contained in the notice of the general meeting to which they relate.

83.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

83.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

84 DELIVERY OF PROXY NOTICES

84.1 Proxy notices in hard copy or electronic form must be received at such place and by such deadline specified in the notice convening the meeting. If no place is specified, then the proxy notice must be received at the Office. If no deadline is specified, proxy notices must be received, before the start of the meeting or adjourned meeting or, if a poll is taken otherwise than at or on the same day as the meeting or adjourned meeting, at the time for the taking of the poll at which it is to be used.

84.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

84.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

84.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointer's behalf.

85 VALIDITY OF PROXY VOTES

Any vote cast or poll demanded by a proxy shall not be invalidated by the previous death or insanity of the shareholder or by the revocation or termination of the appointment of the proxy or of the authority under which the appointment was made unless notice of such death, insanity, revocation or termination was received in writing at the place specified in the notice of the meeting for the receipt of proxy notices (or, if no place is specified, the Office) before the start of the meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll.

86 CORPORATE REPRESENTATIVES

86.1 A shareholder which is a corporation may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any separate meeting of the holders of any class of shares. The provisions of the Companies Acts shall apply to determine the powers that may be exercised at any such meeting by any person or persons so authorised.

86.2 The corporation shall, for the purposes of these statutes, be deemed to be present in person at any such meeting if any person or persons so authorised is or are present at it, and all references to attendance and voting in person shall be construed accordingly.

86.3 A director, the secretary or some person authorised for the purpose by the secretary may require any representative to produce a certified copy of the resolution so authorising him before permitting him to exercise his powers.

87 AMENDMENTS TO RESOLUTIONS

87.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the Meeting may determine); and
- (b) the proposed amendment does not, in the reasonable opinion of the Chairman of the Meeting, materially alter the scope of the resolution.

87.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

- (a) the Chairman of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
- (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

87.3 If the Chairman of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman of the Meeting's error does not invalidate the vote on that resolution.

PART 5:

ADMINISTRATIVE ARRANGEMENTS

AUTHENTICATION OF DOCUMENTS

88 AUTHENTICATION OF DOCUMENTS

88.1 Any director or the secretary or any person appointed by the board for the purpose shall have power to authenticate:

- (a) any documents affecting the constitution of the Company (including these statutes);
- (b) any resolutions passed by the Company or the board or a committee; and
- (c) any books, records, documents and accounts relating to the business of the Company,

and to certify copies of them or extracts from them as true copies or extracts, and any such authentication or certification shall be conclusive and binding on all concerned.

88.2 If any books, records, documents and accounts are not kept at the Office, the person who holds them shall be deemed to be the person so appointed by the board for the purposes of Paragraph 88.1.

88.3 Any books, records, documents and accounts which are held by the Company in electronic form may be authenticated under this Paragraph 88 (*Authentication of documents*) as if they were books, records, documents or accounts held in hard copy form.

ACCOUNTS

89 INSPECTION OF ACCOUNTS

Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder.

COMMUNICATIONS

90 MEANS OF COMMUNICATION TO BE USED

- 90.1 Subject to these statutes, anything sent or supplied by or to the Company under these statutes may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 90.2 Any notice, document or information which is sent or supplied by the Company by electronic means shall be deemed to have been received by the intended recipient 24 hours after it was transmitted, and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed.
- 90.3 The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document or information relating to any meeting or other proceeding shall not invalidate the relevant meeting or proceeding.
- 90.4 Subject to these statutes, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 90.5 A director may agree with the Company that notices, documents or information sent to that director in a particular way are to be deemed to have been received within a specific time of their being sent, and for the specified time to be less than that provided in this Paragraph 90 (*Means of communication to be used*).

DESTRUCTION OF DOCUMENTS

91 DESTRUCTION OF DOCUMENTS

- 91.1 The Company is entitled to destroy:
- (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of shareholders, from six years after the date of registration;
 - (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded;
 - (c) all share certificates which have been cancelled from one year after the date of the cancellation;
 - (d) all paid dividend warrants and cheques from one year after the date of actual payment; and

- (e) all proxy notices from one year after the end of the meeting to which the proxy notice relates.

91.2 If the Company destroys a document in good faith, in accordance with these statutes, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the Company that:

- (a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made;
- (b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- (c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
- (d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the Company.

91.3 This Paragraph 91 (*Destruction of documents*) does not impose on the Company any liability which it would not otherwise have if it destroys any document before the time at which this paragraph permits it to do so.

91.4 In this Paragraph 91 (*Destruction of documents*), references to the destruction of any document include a reference to its being disposed of in any manner.

COMPANY SEALS

92 SEALS

- 92.1 Any common seal may only be used by the authority of the directors.
- 92.2 The directors may decide by what means and in what form any common seal is to be used.
- 92.3 Unless otherwise decided by the directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 92.4 For the purposes of this Paragraph 92 (*Seals*), an authorised person is:
- (a) any director of the Company;
 - (b) the Company secretary; or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.
- 92.5 The Company may exercise all powers conferred by the Act with regard to having an official seal for use abroad and such powers shall be vested in directors.

DIRECTORS' INDEMNITY AND INSURANCE

93 **DIRECTORS' INDEMNITY**

93.1 Subject to Paragraph 93.2, a relevant director may be indemnified out of the Company's assets against:

- (a) any liability incurred by or attaching to that director in connection with any negligence, breach of duty or breach of trust in relation to the Company or an associated company;
- (b) any liability incurred by or attaching to that director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act); and/or
- (c) any other liability incurred by that director as an officer of the Company or an associated company.

93.2 This Paragraph 93 (*Directors' Indemnity*) 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.

93.3 Where a relevant director is indemnified against any liability in accordance with this Paragraph 93 (*Directors' Indemnity*), such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.

93.4 In this Paragraph 93 (*Directors' Indemnity*) and Paragraph 94 (*Insurance*):

- (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 director**" means any director or former director of the Company or an Associated Company.

94 **INSURANCE**

94.1 The directors shall have the power to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant director in respect of any relevant loss.

94.2 In this Paragraph 94 (*Insurance*), "**relevant loss**" means any loss or liability which has been or may be incurred by a relevant director in connection with the director'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.

EXECUTION PAGE

Signed for and on behalf of **R&Q ALPHA
COMPANY PLC:**

Michael L. Glover
Director / Authorised Signatory


)
)
)


Director

Signed for and on behalf of **R&Q ALPHA
MALTA PLC:**

) *M. A. Langridge*
)
Mr. Mark Langridge

Director


Secretary
Dr. Elaine Magni