

THE COMPANIES ACTS, 1985 AND 1989

Company Limited by Shares
EXTRACT RESOLUTION
OF

REGENTS ESTATES AND MORTGAGES LIMITED
(Company Number SC252333)

On the date hereof the Company passed the following composite resolution as a Special Resolution

" That 500 of the £1 shares in the share capital of the Company be redesignated as "A" Ordinary Shares and that the 1 £1 Share in the Share Capital of the Company owned by Gary Scott be re-designated as an "A" Ordinary Share;

That 500 of the £1 shares in the share capital of the Company be redesignated as "B" Ordinary Shares and that the 1 £1 Share in the Share Capital of the Company owned by Steven McAvoy be re-designated as a "B" Ordinary Share;

That the Articles of Association annexed and signed by us as relative hereto for the purposes of identification be adopted as the Articles of Association of the Company in total substitution for the existing Articles of Association of the Company;"

Certified a true copy

.....
Company Secretary

St McAvoy

27 September 2005



THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
NEW ARTICLES OF ASSOCIATION

of
REGENTS ESTATES AND MORTGAGES LIMITED

Company number: SC 252333

Adopted by special resolution on: [

27/9/2005

1. **PRELIMINARY**

- 1.1 In these Articles the undernoted expressions shall have the meanings set opposite them below:

the Act shall mean the Companies Act 1985 including any statutory modification or re-enactment for the time being in force;

Connected Persons shall have the meaning ascribed to it in Section 839 of the Income and Corporation Taxes Act 1988;

Family Trust shall mean in relation to any member a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of that member and/or a Privileged Relation of that member and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or such member or his Privileged Relations;

Flotation shall mean the becoming effective of a listing for any share capital of the Company on the Official List of The Stock Exchange or the granting of permission for any of the share capital of the Company to be dealt in on any recognised investment exchange (as defined by Section 207 of the Financial Services Act 1986) and/or on the Alternative Investment Market and/or on OFEX;

Privileged Relations shall mean in relation to a member the spouse or widow or widower of the member and the member's children and grandchildren (including

step and adopted children and their issue) and step and adopted children of the member's children;

Settlor shall mean a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member;

the Statutes shall mean the Act and any other statutory provisions from time to time affecting companies and applicable to the Company;

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

1.3 Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company. Regulation 6 of Table A shall be amended by the deletion of the words "shall be sealed with the seal" where they appear on the sixth line thereof.

2. SHARE CAPITAL

2.1 The share capital of the Company at the date of the adoption of these Articles is £1,000 divided into 500 'A' Ordinary Shares of £1 each (in these Articles referred to as "'A' Shares"), and 500 'B' Ordinary Shares of £1 each (in these Articles referred to as "'B' Shares").

2.2 The rights attaching to the respective classes of shares shall be as follows:-

2.2.1 Income

The profits of the Company in respect of any financial year shall be applied:-

2.2.1.1 First in paying to the holders of the 'A' Shares in cumulo a fixed preferential net cash dividend (hereinafter referred to as "A Dividend") of £36,000 per annum and to the holders of the 'B' Shares in cumulo a fixed preferential net cash dividend (hereinafter referred

to as " B Dividend") of £36,000 per annum, each such dividend to be payable in equal monthly instalments the first on the date of adoption of these Articles, and provided that if there are insufficient funds to pay the A Dividend and the B Dividend in full then each will be abated equally and an equal amount will be paid as A Dividend and B Dividend. The A Dividend and the B Dividend will rank *pari passu* with each other

2.2.1.3 Third, in paying to the holders of the 'A' Shares and 'B' Shares, in cumulo a net cash dividend (hereinafter referred to as "the Participating Dividend") of a sum equal to the amount, if any, (exclusive of tax credit) by which 75 per cent of the net profit for the relative financial year exceeds the aggregate of the A Dividend and the B Dividend paid in and for that financial year.

The Participating Dividend shall be payable not more than 14 days after the General Meeting at which the audited accounts of the Company for the relative financial year are presented provided in the event that the audited accounts of the Company for any financial year have not been presented to the members of the Company on the date (hereinafter called "the relevant date") four months after the end of such financial year then an interim dividend on account of the Participating Dividend will be paid within fourteen days of the relevant date and will be the same amount as the equivalent Participating Dividend in the immediately preceding financial year. If following the presentation of the audited accounts of the Company for the said period an overpayment or underpayment of the Participating Dividend shall be proved to have been made the directors shall (in the case of an underpayment) within 30 days of presentation of the relevant audited accounts, declare and pay a final dividend of an amount equal to any shortfall and (in the case of an overpayment) the amount of any overpayment shall be treated as discharging pro tanto the liability of the Company in respect of the next succeeding payment or payments of the Participating Dividend.

For the purposes of this Article the expression "net profit" shall mean the net profit of the Company and its subsidiaries calculated on the historical cost accounting basis as shown in the profit and loss account of the Company and its subsidiaries for the relative financial year (to the nearest £1) but:-

2.2.1.3.1 before any provision is made for any dividend on any share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserve;

2.2.1.3.2 before deducting any corporation tax (or any other tax levied upon or measured by profits and gains) on the profits earned and gains realised by the Company and its subsidiaries;

2.2.1.4 No dividend shall be declared or paid to the holders of Ordinary Shares in respect of any financial year of the Company unless and until:-

2.2.1.4.1 the A Dividend the B Dividend and the Participating Dividend have been paid in full in respect of that financial year and in respect of all previous financial years of the Company;

Every dividend shall be distributed to the appropriate shareholders pro rata according to the number of fully paid up shares of the appropriate class held by them respectively and shall accrue on a daily basis.

2.2.1.5 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Statutes the A Dividend the B Dividend and the Participating Dividend shall (notwithstanding regulations 102 to 108 of Table A or any other provisions of these Articles and in particular

notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and be payable in priority to any other dividend.

4. CLASS RIGHTS

4.1 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of 75% of the issued shares of that class. Without prejudice to the generality of this Article, the special rights attached to A Shares and the B Shares respectively shall be deemed to be varied:-

- 4.1.1 by the grant of any option or other right to subscribe for shares and by any alteration or increase or reduction or sub-division or consolidation of the authorised or issued capital of the Company or of any of its subsidiaries, or any variation of the rights attached to any of the shares for the time being in the capital of the Company or of any of its subsidiaries; or
- 4.1.2 by the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any share in the capital of any subsidiary of the Company; or
- 4.1.3 by the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries; or
- 4.1.4 by the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company; or
- 4.1.5 by any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow, give guarantees or create charges; or
- 4.1.6 by the winding up of the Company; or

- 4.1.7 the redemption of any of the Company's shares (otherwise than pursuant to these articles) or by the entering into of a contract by the Company to purchase any of its shares; or
- 4.1.8 by any alteration of the Company's memorandum or articles of association; or
- 4.1.9 by any alteration of the Company's accounting reference date; or
- 4.1.10 by the entering into of a written service agreement with any director or Connected Person of such director or the material variation of any such existing service agreement with any such person; or
- 4.1.11 by the calling of a meeting of the Company to effect or approve any matter which would by virtue of this article be a variation of the class rights of any class.

5. TRANSFER OF SHARES - GENERAL

The directors shall refuse to register any transfer of shares made in contravention of the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register (and shall register) any transfer of shares. For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles, the directors may request the transferor, or the person named as the transferee in any transfer lodged for registration to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question.

6. TRANSFERS TO PRIVILEGED RELATIONS AND FAMILY TRUSTS

- 6.1 Notwithstanding any other provision in these Articles any member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation, or to trustees to be held upon a Family Trust.

7. TRANSFERS BY EMPLOYEE MEMBERS

- 7.1 If any person holding shares in the capital of the Company and being an employee of the Company or its subsidiaries (an 'Employee Member') ceases to be an employee of the Company or its subsidiaries a Transfer Notice (as hereinafter defined) shall be deemed to have been served (hereinafter referred to as a "deemed Transfer Notice") forthwith upon such cessation in respect of:-

7.1.1 all shares held by the Employee Member; and

7.1.2 all shares held by his Privileged Relations and/or Family Trusts at the time of such cessation.

For the avoidance of doubt and for the purposes of this Article 7, a director ceasing to be a director will not be deemed to be the cessation of employment for the purpose of this Article.

8. TRANSFER PROVISIONS

- 8.1 Save as otherwise provided in these Articles every member who desires to transfer any shares (hereinafter called 'the Vendor') shall give to the Company notice in writing of such desire (hereinafter called a 'Transfer Notice'). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called 'the Sale Shares') in one or more lots at the discretion of the directors to all the holders of Ordinary Shares in the Company (such shares being hereinafter in this Article 8 referred to as 'Equity Shares') other than the Vendor at the Sale Price. The Sale Price shall be the price agreed by the Vendor and the directors or if the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given or if the Transfer Notice is a deemed Transfer Notice the price which a chartered accountant (acting as an expert and not as an arbiter) nominated by agreement between the Vendor and the Company or in default of such agreement by the President for the time being of the Institute of Chartered Accountants of Scotland shall by writing under his hand certify to be in his opinion a fair value thereof on a going concern basis as between a willing seller and a willing buyer ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. Save for shares sold pursuant to a deemed Transfer Notice the Transfer Notice may contain a provision that unless all the shares comprised therein are sold

by the Company pursuant to this Article none shall be sold and any such provision shall be binding on the Company.

- 8.2 If a chartered accountant is asked to certify the fair value as aforesaid his certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and save for shares sold pursuant to a deemed Transfer Notice the Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall give notice of cancellation as aforesaid in which case the Vendor shall bear the cost.
- 8.3 Upon the price being fixed as aforesaid and provided the Vendor shall not give a valid notice of cancellation the Company shall forthwith offer the Sale Shares to all holders of Equity Shares (other than the Vendor) pro rata as nearly as may be in proportion to the existing numbers of Equity Shares held by such members giving details of the number and the Sale Price of such Sale Shares. The Company shall invite each such member as aforesaid to state in writing within twenty-one days from the date of the notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of twenty-one days there are any Sale Shares offered which any of the members hereinbefore mentioned have not so stated their willingness to purchase the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them. Such remaining shares shall be offered pro rata as nearly as may be in proportion to existing numbers of Equity Shares then held by such members which offer shall remain open for a further period of twenty-one days.
- 8.4 If the Company shall pursuant to the above provisions of this Article 8 find a member or members of the Company willing to purchase all or any of the Sale Shares the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale

Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holders of such of the Sale Shares as shall have been transferred to them as aforesaid.

8.5 If the directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of this Article 8 the Vendor shall at any time within six months after the final offer by the Company to its members be at liberty to sell and transfer such of the Sale Shares as have not been so sold to any person at a price being no less than the Sale Price.

9.6 A Transfer Notice shall be deemed to have been given to the Company by any member who purports to transfer any shares other than in accordance with these Articles without giving a Transfer Notice to the Company and, in those circumstances, the deemed Transfer Notice shall:-

9.6.1 be deemed to apply to the number and class of shares purported to have been transferred;

9.6.2 entitle the Company to require delivery to it of the certificate for the shares purported to have been transferred

and, where the context admits, references in these Articles to a Transfer Notice shall include a deemed Transfer Notice and references in these Articles to a Vendor shall include a member deemed to have served a Transfer Notice.

10. VOTING RIGHTS

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by a representative shall have one vote for every share in the capital of the Company of which he is the holder;

11. SPECIAL DIRECTORS

- 11 The holders of the 'A' Shares as a group and the holders of the "B" Shares as a group shall each be entitled to appoint as a director of the Company any person and to remove from office any person so appointed and to appoint another person in his place. Any appointments or removals in terms of this paragraph shall be effected by notice in writing apparently issued by or on behalf of such holders and delivered to the registered office of the Company. Any director appointed in terms of this Article shall not be required to hold any share qualification nor shall he be subject to retirement by rotation and the remuneration to be paid to him shall be payable by the Company and shall be such sum as shall for the time being be agreed for that purpose between the Company and him

12. APPOINTMENT OF DIRECTORS

- 12.1 The maximum number of directors at any one time holding office shall be 2 and the minimum number 1.
- 12.2 No one may be a director who is not appointed as a director pursuant to Article 11 hereof.

13. PROCEEDINGS OF DIRECTORS

- 13.1 Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.
- 13.2 The quorum for a meeting of the Directors is two, but no meeting of the Directors will be held unless either (1) not less than seven days written notice of the meeting shall have been given to each Director (which notice may be given by fax) or (2) each Director has consented to shorter notice. A meeting of the Directors held by telephone conference call will be competent.

14. DIRECTORS INTERESTS

14.1 Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:-

14.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;

14.1.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

14.1.3 may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;

14.1.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

14.1.5 shall be entitled to vote and be counted in the quorum on any matter concerning the foregoing paragraphs of this article.

14.2 For the purpose of this article:

14.2.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

14.2.2 an interest 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; and

14.2.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

15. DIRECTORS' BORROWING POWERS

15.1 Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied):-

15.1.1 of borrowing or securing the payment of money;

15.1.2 of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and

15.1.3 of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures

but so that:-

15.1.4 the directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations by the Company and all subsidiaries of the Company and by virtue of any like operations by the Company and all subsidiaries of the Company (including any liability (whether ascertained or contingent) under any guarantee for the time being in force and including amounts due under any hire purchase, credit sale, conditional sale or leasing agreements (other than leases of real or heritable property) which can in accordance with current accounting practice be attributed to capital but excluding inter-company loans, mortgages and charges) shall not without the previous sanction of all of the directors of the Company exceed £10,000;

15.1.5 no such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded;

15.1.6 no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article 15 is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded;

15.1.7 except with the previous sanction of all of the directors of the Company no mortgage or charge shall be created on any part of the undertaking, property or assets of the Company or any subsidiary of the Company

16. INDEMNITY

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or 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 relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
NEW ARTICLES OF ASSOCIATION
of

PC MCFARLANE & CO
LAW HOUSE
FAIRBAIRN PLACE
LIVINGSTON