

Company No: 16705

THE COMPANIES ACTS 1985 AND 1989  
PUBLIC COMPANY LIMITED BY SHARES

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ARTICLES OF ASSOCIATION

of

THE FALMOUTH HOTEL PLC  
(as adopted by Special Resolution passed on 21st June 1995)

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Incorporated the 24th day of April 1882

OSBORNE CLARKE  
30 Queen Charlotte Street  
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BS99 7QQ  
Ref: ARJ/316234



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NEW ARTICLES OF ASSOCIATION

of

THE FALMOUTH HOTEL PLC  
(as adopted by special resolution passed on 21st June 1995)

PRELIMINARY

1. No regulations set out in any statute or in any statutory instrument made under any statute concerning companies apply as articles or regulations of the Company. The following shall be the Articles of Association of the Company.
2. In these Articles of Association (unless the subject or context otherwise requires):

"the Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

"the Statutes" means the Act and every other statute (including any orders, regulations or other subordinate legislation made under the Act or any such statute) for the time being in force concerning bodies corporate and affecting the Company;

"these Articles" means these Articles of Association of the Company as from time to time altered;

"clear days" in relation to the period of a 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;

"Director" means a director for the time being of the Company;

"executed"	includes any mode of execution of a document;
"the Group"	means the Company and its subsidiaries, if any;
"the Office"	means the registered office of the Company for the time being;
"the holder"	in relation to shares means the member whose name is entered in the Register as the holder of the shares;
"member"	means a member of the Company;
"Ordinary Shares"	means the ordinary shares of £1 each in the capital of the Company;
"person entitled by transmission"	means a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the Register;
"Preference Shares"	means the 3.5% cumulative preference shares of £1 each in the capital of the Company;
"the Register"	means the register of members of the Company to be kept pursuant to section 152 of the Act;
"Seal"	means the common seal of the Company;
"Securities Seal"	means an official seal kept by the Company pursuant to section 40 of the Act;
"Secretary"	means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
"Transfer Office"	means the place where the Register is situate for the time being;
"the United Kingdom"	means Great Britain and Northern Ireland;
"month"	means calendar month;
"year"	means calendar year;
"in writing"	means written or produced by any substitute for writing or any method of representing or reproducing words in a legible and non-transitory form (including printed, typewritten, telexed, lithographed, transmitted by facsimile) or partly one

and partly another;

"paid up"

means paid up or credited as paid up.

Words importing the singular number shall include the plural number and vice versa. Words importing the masculine gender shall include the feminine gender. Words denoting persons shall include corporations, partnerships and unincorporated bodies. Unless the subject or context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Articles become binding on the Company.

The expressions "debenture" and "debenture holder" shall respectively include "debenture stock" and "debenture stockholder".

Where for any purpose an ordinary resolution is expressed to be required under any provisions of these Articles, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.

Headings are inserted for convenience only and do not affect the construction of these Articles.

#### SHARE CAPITAL

3. The share capital of the Company at the date of adoption of this Article is £1,000,000 divided into 985,000 Ordinary Shares and 15,000 Preference Shares.
4. Subject to the provisions of the Statutes and to any rights previously conferred on the holders of any shares or class of shares for the time being in issue, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Directors may determine.
5. Any Preference Share may, with the sanction of a special resolution, be issued on the terms that it is, or at the option of the Company is liable, to be redeemed on such terms and in such manner as the Company before the issue of the Shares may by special resolution determine.
6. Subject to the provisions of the Statutes and to any rights previously conferred on the holders of any shares or class of shares for the time being in issue, the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed. The date on which or by which, or dates between which, any redeemable shares are to be or may be redeemed may be fixed by the Directors and in such a case must be fixed by the Directors before the shares are issued. Unless otherwise specified in these Articles, the amount payable on redemption of any redeemable shares shall be the nominal value of such shares.
7. Subject to the provisions of the Statutes relating to authority, pre-emption rights and

otherwise and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Directors and the Directors may, subject as aforesaid, allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

8. The Company may exercise the powers conferred by the Statutes to pay commissions to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company at any rate not exceeding ten per cent of the price at which the said Shares are issued. Subject to the provisions of the Statutes, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
9. Subject to the provisions of the Statutes and of these Articles, the Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share the right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
10. Except as required by law or by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as may otherwise be provided by these Articles or by law or by an order of court) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder.

#### VARIATION OF RIGHTS

11. Subject to the provisions of the Statutes, if at any time the share capital of the Company is divided into different classes of shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up either (a) in such manner (if any) as may be provided by such rights or (b) in the absence of any such provision, with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that:
  - (a) the necessary quorum at any such meeting other than at an adjourned meeting shall be two persons at least together holding or representing by proxy at least one-third of the capital paid up on the issued shares of the class in question and at any adjourned meeting shall be one person holding shares of the class present in person or by proxy; and

- (b) any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him.

The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- 12. Unless otherwise expressly provided by the rights attached to any shares or class of shares having preferential rights, those rights shall be deemed to be varied by the reduction of the capital paid up on those shares and by the allotment of further shares ranking in priority for payment of a dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by such first mentioned shares, but shall not otherwise be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto and shall not be deemed to be varied by the purchase by the Company of any of its shares.
- 13. The Company may by ordinary resolution:
  - (a) increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
  - (b) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
  - (c) subject to the provisions of the Statutes, sub-divide its shares, or any of them, into shares of smaller nominal value than is fixed by the Memorandum of Association but so that:
    - (i) the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
    - (ii) the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may, as compared with the others, have any such preferred or other special rights or may have such qualified or deferred rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares; and
  - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- 14. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the Directors may deal with such fractions in any manner they may



think fit and, in particular, may, on behalf of those members or, if the net proceeds in respect of any holding do not exceed £2.50, on behalf of the Company, sell all or any of the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the Statutes, the Company) and distribute the net proceeds of sale in due proportion among those members or the Company, as the case may be, and for the purpose of giving effect to any such sale the Directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the transferee. The transferee shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale.

15. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or undistributable reserve in any way.

#### PURCHASE OF OWN SHARES

16. Subject to and in accordance with the provisions of the Statutes, the Company may enter into any contract for the purchase of any of its own shares of any class (including any redeemable shares) and any contract under which it may, subject to any conditions, become entitled or obliged to purchase all or any of such shares. Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, shares in the Company shall be authorised by such resolution of the Company as may be required by the Statutes and sanctioned by an extraordinary resolution passed at a separate general meeting of the holders of each class of shares which at the date on which the contract is authorised by the Company in general meeting entitle them, either immediately or at any time thereafter, to convert all or any of the shares of that class held by them into equity share capital of the Company. Subject thereto, neither the Company nor the Directors shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares. Notwithstanding anything to the contrary contained in these Articles, the rights attached to any class of shares shall be deemed not to be varied by anything done by the Company or the Directors pursuant to this Article.

#### SHARE CERTIFICATES

17. Subject to the provisions of Article 18 below, any person whose name is entered as a holder of any share in the Register (except a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange (as defined in section 207 of the Financial Services Act 1986) in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) shall be entitled:
  - (a) without payment, to one certificate for all the shares of any one class registered in his name and to a separate certificate for each class of shares so registered; and where a member transfers part of his holding of shares the old certificate shall be cancelled and he shall be entitled without payment to a new certificate for the

balance of his holding;

- (b) upon payment for every certificate after the first in respect of shares of any one class of such reasonable sum as the Directors may determine, to several certificates, each for one or more of his shares.

Any certificates to which a person is entitled hereunder shall be delivered (i) in the case of issue within one month after allotment (or such longer period as the terms of issue shall provide) or (ii) in the case of a transfer of fully paid shares within two months after lodgment of transfer, and (iii) in the case of a transfer of partly paid shares within two months after lodgment of transfer. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one or more holders shall be a sufficient delivery to all of them.

- 18. (1) Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate representing all such shares issued in lieu, subject to the payment of such reasonable fee, if any, as the Directors may determine.
  - (2) If any member shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request subject to the payment of such fee (if any) as they may determine.
  - (3) If a share certificate shall be damaged, defaced or worn out or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the holder upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) subject to compliance with such conditions as to evidence and indemnity and the payment of any exceptional out of pocket expenses of the Company in connection with the request or incidental to its investigation of the evidence of such alleged loss, theft or destruction as the Directors may think fit.
  - (4) In the case of shares held jointly by several persons any such request may be made by any one or more of the joint holders.
19. Every definitive share certificate shall be executed under the Seal or otherwise in accordance with Article 115 (or in the case of shares on a branch register, an official seal for use in the relevant territory) and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. No certificate shall be issued representing shares of more than one class.

#### CALLS ON SHARES

- 20. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such

shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be made payable by instalments. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

21. Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may, before receipt by the Company of an amount due under it, be revoked in whole or in part and payment of a call may be postponed in whole or in part as the Directors may determine.
22. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 10 per cent. per annum) as may have been fixed by the terms of allotment of the shares in question or in the notice of the call or otherwise as the Directors determine and together with all costs, charges and expenses that may have been incurred by the Company by reason of such non-payment but the Directors shall be at liberty in any case or cases to waive payment of such interest or costs, charges and expenses wholly or in part.
23. Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any other fixed date shall for all the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
24. Subject to the terms of allotment, the Directors may on the issue of shares differentiate between the allottees or holders as to the amounts and times of payment of calls on their shares.
25. The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him as a payment in advance of calls and any such payment shall extinguish pro tanto the liability upon the shares in respect of which it is advanced and the Company may pay interest upon the money so received (until and to the extent that the same would but for such advance become payable) at such rate (not exceeding 6 per cent. per annum) as the member paying such sum and the Directors may agree. No sum paid up in advance of calls shall entitle the holder of a share in respect thereof to any portion of a dividend subsequently declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

#### FORFEITURE AND LIEN

26. If a member fails to pay in full any call or instalment of a call on or before the due date

for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any costs, charges and expenses incurred by the Company by reason of such non-payment.

27. The notice shall name a further day (being not less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares in respect of which the call has been made or instalment is payable will be liable to be forfeited.
28. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest, costs, charges and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture by a resolution shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited.
29. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or, as the case may be, to the person entitled by transmission to the share and an entry that notice of the forfeiture has been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register opposite to the entry of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
30. A share so forfeited or surrendered shall become the property of the Company and (subject to the provisions of the Statutes) may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and, in the case of re-allotment, whether with or without all or any part of the amount previously paid up on the share being credited as so paid up and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any person to whom the share has been sold, re-allotted or disposed of.
31. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of such shares and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall notwithstanding the forfeiture or surrender remain liable (unless payment is waived in whole or in part by the Directors) to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares together with interest thereon from the date of forfeiture or surrender until payment at the rate at which interest was payable on those amounts before the forfeiture or, if no interest was so payable, at such rate not exceeding 10 per cent. per annum as the Directors may determine and the Directors may at their absolute

discretion enforce payment without any allowance for the value of such shares at the time of forfeiture or surrender or waive payment in whole or in part or for any consideration received on their disposal.

32. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Statutes given or imposed in the case of past members.
33. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The lien shall also extend to all distributions and other moneys from time to time declared or payable in respect of such share. Subject to the Statutes, the Company shall also have a first and paramount lien on every share (not being a fully paid share) standing registered in the name of a single member for all the debts and liabilities of such member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member and whether the period for the payment or discharge of the same shall have actually arrived or not and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member of the Company or not. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.
34. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of its intention to sell in default of payment shall have been given by the Company to the holder for the time being of the share or the person entitled thereto by transmission.
35. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities in respect whereof the lien exists so far as the same are then payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the member or the person entitled to the shares at the time of the sale. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer the shares sold to, or in accordance with the directions of, the transferee.
36. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of an instrument of transfer, if

required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

## TRANSFER OF SHARES

37. The instrument of transfer of a share may be in any usual or common form or in any other form which the Directors may approve and may be under hand only and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof.
38. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares. The Register shall not be closed for more than 30 days in any year.
39. No transfer of any share shall be made:
- (a) to a minor;
  - (b) to a bankrupt;
  - (c) to any person who is, or may be, suffering from mental disorder and either:
    - (i) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or any similar statute relating to mental health (whether in the United Kingdom or elsewhere); or
    - (ii) an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs,
- and the Directors shall refuse to register the purported transfer of a share to any such person.
40. The Directors may in their absolute discretion and without assigning any reason therefor refuse to register any transfer of any share which is not a fully paid share. The Directors may also refuse to register a transfer of shares (whether fully paid or not) over which the Company has a lien or in favour of more than four persons jointly.

The Directors may also decline to recognise any instrument of transfer unless the instrument of transfer is:

- (a) duly stamped;

- (b) in respect of only one class of share;
- (c) is lodged at the Transfer Office or at such other place as the Directors may appoint for registration accompanied by the relevant share certificate(s) and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

In the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgment of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question.

- 41. All instruments of transfer which are registered may be retained by the Company. If the Directors refuse to register a transfer they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal and (except in any case of actual or suspected fraud) return the instrument of transfer to the person lodging it.
- 42. No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register affecting the title to any shares.

#### TRANSMISSION OF SHARES

- 43. In the event of the death of a member, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in these Articles shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him solely or jointly with other persons.
- 44. Any person becoming entitled to a share by transmission may (subject as hereinafter provided), upon supplying to the Company such evidence as the Directors may reasonably require of his title to the share, elect either to be registered himself as holder of the share by notice to the Company signed by him to that effect or to have some person nominated by him registered as the transferee thereof in which case he shall testify his election by executing an instrument of transfer of such share in favour of such person. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death or bankruptcy of the member or other event had not occurred and the notice or transfer were a transfer executed by such member.
- 45. Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share by transmission shall (upon supplying to the Company such evidence as the Directors may reasonably require of his title to the share) be entitled to the same

dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to receive notice of or to attend or vote at any meeting of the Company or to receive notice of or to attend or vote at any separate meeting of the holders of any class of share in the Company until he shall have been registered as a member in respect of the share. The Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and, if the notice is not complied with within 90 days, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share and suspend any other advantages to which such person would otherwise be entitled in respect of the share until the requirements of the notice have been complied with.

### GENERAL MEETINGS

46. The Directors shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Statutes. Any general meeting of the Company other than an annual general meeting shall be called an extraordinary general meeting.
47. The Directors may call extraordinary general meetings whenever and at such times and places as they think fit and, on the requisition of members pursuant to the provisions of the Statutes, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or any member of the Company may call a general meeting. In the case of an extraordinary general meeting called in pursuance of a requisition, unless such meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the meeting shall be transacted.

### NOTICE OF GENERAL MEETINGS

48. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a Director or (save as provided by the Statutes) a resolution of which special notice has been given to the Company shall be called by at least 21 clear days' notice. All other extraordinary general meetings shall be called by at least 14 clear days' notice but a general meeting may be duly called by shorter notice than is specified above if it is so agreed:
  - (a) in the case of an annual general meeting, by all members entitled to attend and vote thereat; and
  - (b) in the case of any other meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
49. (1) Every notice calling a general meeting shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.



- (2) In the case of any general meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as an extraordinary resolution or as a special resolution, the notice shall contain a statement to that effect.
  - (3) There shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.
50. All business transacted at an extraordinary general meeting shall be deemed to be special. All business transacted at an annual general meeting shall also be deemed special with the exception of the following classes of business:
- (a) declaring dividends;
  - (b) receiving and/or adopting the accounts, the reports of the Directors and auditors and other documents required to be attached or annexed to the accounts;
  - (c) appointing or reappointing Directors (other than a Director in respect of whose appointment special notice is required by the Statutes) to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
  - (d) reappointing the retiring auditors (unless they were last appointed otherwise than by the Company in general meeting);
  - (e) fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed.
51. Notice of every general meeting shall be given:
- (a) to all members and to all persons entitled to a share by transmission, other than any such persons who, under the provisions of these Articles or the terms of issue of the shares they hold; are not entitled to receive such notices from the Company;
  - (b) to each of the Directors;
  - (c) to the auditors for the time being or, if more than one for the time being, to each of them.
52. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by these Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any such person shall not invalidate the proceedings at any general meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

53. (1) No business shall be transacted at any general meeting unless a quorum is present

at the time when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Articles, a quorum shall consist of not less than three members personally present.

- (2) If within thirty minutes from the time appointed for a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such other day and at such other time and place as may have been specified for the purpose in the notice convening the meeting or (if not so specified) as the Directors may determine and the provisions of Article 56 as to adjournment, as to notices and as to business to be transacted shall apply. If at an adjourned meeting a quorum is not present within thirty minutes from the time appointed for the meeting, any member or members (whatever their number) present in person or by proxy and entitled to vote at the meeting shall constitute a quorum and may transact the business for which the meeting was called and if no such member is present, the meeting shall be dissolved.
54. The Chairman of the Directors (if any), or, if he is absent or unwilling, the Deputy Chairman (if any), shall preside as chairman at every general meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within thirty minutes after the time appointed for holding the meeting and be willing to act, the Directors present shall elect one of their number to be chairman of the meeting and, if there is only one Director present and willing to act, he shall be chairman of the meeting. If no Director is willing to act as chairman of the meeting, or if no Director is present within thirty minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman of the meeting.
55. A Director shall be entitled to attend and speak at all general meetings of the Company and at any separate general meeting of the holders of any class of shares in the Company.
56. The chairman of any general meeting may, with the consent of a meeting at which a quorum is present or without such consent if in his opinion it is not practicable to obtain such consent but it appears to him necessary in order to facilitate the business of the meeting, and shall if so directed by the meeting, adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die or to some other place, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
57. Save as expressly provided above, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
58. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting any proceedings on the

substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special or extraordinary resolution no amendment thereto (other than a merely clerical amendment to correct a patent error) may in any event be considered or voted upon.

59. A resolution put to the vote of the meeting at any general meeting shall be decided on a show of hands unless before, or immediately after the declaration of the result of, the show of hands, or on the withdrawal of any other demand for a poll, a poll is properly demanded:

- (a) by the chairman of the meeting; or
- (b) by not less than two members present in person or by proxy having the right to vote at the meeting; or
- (c) by a member or members present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or
- (d) by a member or members present in person or by proxy and holding shares conferring the right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right,

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

60. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution has been carried or has been carried unanimously, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

61. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If the demand for a poll is withdrawn, the chairman or any other member or members entitled in accordance with Article 59 may demand a poll.

62. If a poll is properly demanded, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting directs and he may, and if so directed by the meeting shall, appoint scrutineers who need not be members and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

63. A poll demanded on the election of a chairman or on a question of adjournment shall be

taken forthwith. A poll demanded on any other question shall be taken forthwith or at such time and place as the chairman directs not being more than 30 days after the poll is demanded. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting in respect of which it is demanded (in any other case, at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken). The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

64. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, as the case may be, shall be entitled to a casting vote in addition to any other vote he may have.

#### VOTES OF MEMBERS

65. Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles or otherwise to any class of shares, whenever any resolution or proposal is put to the vote, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member so present shall have one vote for every share of which he is the holder. Provided nevertheless that the holders of the Preference Shares shall be entitled to receive notice of and to attend and speak but not to vote at all general meetings of the Company unless the Company shall have failed to make payment of the redemption moneys due on a redemption of the Preference Shares and shall have been so in default for a period of not less than six months when the holders of the Preference Shares shall be entitled to receive notice of, to attend and until payment or redemption to vote at any general meeting of the Company and (save as provided in these Articles) on a show of hands each holder of Preference Shares present in person or by proxy shall have one vote and on a poll shall have 1 vote for every Preference Share of which he is the holder which has remained unredeemed for the period of not less than six months referred to above.
66. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names of the holders stand in the Register in respect of the share.
67. A member who is a patient within the meaning of Part VII of the Mental Health Act 1983 or in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder or for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court or official, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the

satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not later than the last time at which an instrument of proxy could be so delivered in order to be valid and in default the right to vote shall not be exercisable.

68. No member shall, unless the Directors otherwise determine, be entitled in respect of any share held by him to vote either personally or by proxy at a general meeting or a meeting of the holders of any class of shares of the Company or to exercise any other right conferred by membership in relation to general meetings of the Company or meetings of the holders of any class of shares of the Company if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.
69. (1) If any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 212 of the Act (a "section 212 notice") and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Directors may, in their absolute discretion at any time thereafter by notice (a "direction notice") to such member direct that:
- (a) in respect of the shares in relation to which the default occurred (the "default shares", which expression shall include any further shares which are issued in respect of such shares) the member shall not be entitled to vote either personally or by proxy at a general meeting of the Company or at a meeting of the holders of any class of shares of the Company or to exercise any other right conferred by membership in relation to general meetings of the Company or meetings of the holders of any class of shares of the Company;
  - (b) where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, then the direction notice may additionally direct in respect of the default shares of that class that:
    - (i) except on a winding up of the Company, no payment shall be made of any sums due from the Company on or in respect of the default shares, whether in respect of capital or dividend or otherwise and any such sums shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member; and/or
    - (ii) no other distribution shall be made in relation to the default shares; and/or
    - (iii) no transfer of any of the default shares held by such member shall be registered unless:
      - (aa) the member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the member in

a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that none of the shares the subject of the transfer are default shares; or

(bb) the transfer is an approved transfer.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

- (4) Any direction notice shall cease to have effect:
  - (a) in relation to any shares which are transferred by such member by means of an approved transfer; or
  - (b) when such member and any other person appearing to be interested in shares held by such member has given to the Company the information required by the relevant section 212 notice.
- (5) The Directors may at any time give notice cancelling a direction notice.
- (6) For the purposes of this Article:
  - (a) a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said section 212 which either (i) names such person as being so interested or (ii) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant section 212 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;
  - (b) the prescribed period in respect of any particular person is 28 days from the date of service of the said section 212 notice except that if the shares in respect of which the said notice is given represent at least 0.25 per cent. in nominal value of the issued shares of that class at the time of the giving of the relevant section 212 notice, the prescribed period is 14 days from such date;
  - (c) a transfer of shares is an approved transfer if but only if:
    - (i) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a take-over offer for a company (as defined in section 14 of the Company Securities (Insider Dealing) Act 1985); or
    - (ii) the Directors are satisfied that the transfer is made pursuant to a bona fide sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the transferring member and/or with any other persons appearing to be interested in such shares (including any such sale made through a recognised investment

exchange as defined in the Financial Services Act 1986 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded). For the purposes of this sub-paragraph any associate (as that term is defined in section 435 of the Insolvency Act 1986) shall be included amongst the persons who are connected with the member or any person appearing to be interested in such shares.

(7) The provisions of this Article are in addition to and without prejudice to the provisions of the Statutes.

70. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered. Subject to any objection made in due time, every vote counted and not disallowed at the meeting shall be valid for all purposes and every vote disallowed or not counted shall be invalid. Any such objection made in due time shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman of the meeting decides that the same may have affected the decision of the meeting. The decision of the chairman of the meeting on such matters shall be final and conclusive.

71. On a poll votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorised representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

#### PROXIES

72. A member may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.

73. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. No signature on any instrument need be witnessed. Any such instrument given by a corporation shall be executed as a deed or signed on its behalf by an attorney or duly authorised agent or officer. Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it.

74. An instrument appointing a proxy shall be in the following form, or in any other form which the Directors may approve:

#### THE FALMOUTH HOTEL COMPANY PLC

I, \_\_\_\_\_, of \_\_\_\_\_, being a Member of the above-named Company, hereby appoint \_\_\_\_\_, of \_\_\_\_\_, failing him, \_\_\_\_\_, as my proxy to vote for me and on my behalf at the Annual (or Extraordinary, as the case may be) General Meeting of the Company to be held on \_\_\_\_\_, 19\_\_\_\_, and at any adjournment thereof.  
Signed on \_\_\_\_\_ 19\_\_\_\_.

75. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form, or in any form of which

the Directors may approve:

THE FALMOUTH HOTEL COMPANY PLC

I, \_\_\_\_\_, of \_\_\_\_\_, being a Member of the above-named Company, hereby appoint \_\_\_\_\_, of \_\_\_\_\_, or failing him \_\_\_\_\_, of \_\_\_\_\_, as my proxy to vote for me on my behalf at the Annual (or Extraordinary, as the case may be) General Meeting of the Company to be held on \_\_\_\_\_, 19\_\_\_\_, and at any adjournment thereof. Signed on, \_\_\_\_\_ 19\_\_\_\_.

This Form is to be used in favour of/against\* the resolution. Unless otherwise instructed, the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting as he thinks fit. (\*Strike out whichever is not desired).

76. (1) The instrument appointing a proxy and (if required by the Directors) any authority under which it is executed or a copy of the authority, certified notarially or in some other manner approved by the Directors, shall:
- (a) be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
  - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of the meeting or to the Secretary or to any Director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid and the person named in the instrument of proxy shall not be entitled to vote in respect of the shares in question.

- (2) The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting to which it relates. An instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.
- (3) No instrument of proxy shall be valid after the expiration of twelve months from the date stated in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve months from such date. When two or more valid but differing instruments of proxy are delivered in respect of the same share for use at the



same meeting, the one which was delivered last (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was delivered last, none of them shall be treated as valid in respect of that share.

- (4) An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting. Such an instrument shall also be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.
77. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll (by reason of the previous death or incapacity of the appointor or revocation of the proxy or of the authority under which it was executed, or the transfer of the share in respect of which the vote is given) unless notice in writing of the determination was received by the Company at the Office (or at such other place in the United Kingdom as was specified for the delivery of instruments of proxy in the notice convening the meeting or other accompanying document) not later than the last time at which an instrument of proxy should have been delivered in order to be valid for use at the meeting or adjourned meeting at which the vote was given or the poll demanded or, in the case of a poll not taken on the same day as the meeting or adjourned meeting, the time appointed for the taking of the poll at which the vote is cast.

#### CORPORATIONS ACTING BY REPRESENTATIVES

78. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if the person so authorised is present thereat. A Director, the Secretary or some person authorised for the purpose by a Director or the Secretary may require the representative to produce a certified copy of the resolution so authorising him before permitting him to exercise his powers.

#### NUMBER OF DIRECTORS

79. Unless and until otherwise determined by ordinary resolution the number of Directors (other than alternate directors) shall not be less than four nor more than eight.

#### APPOINTMENT OF DIRECTORS

80. Subject to the provisions of these Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a Director either to fill a casual vacancy or as an additional Director and may also determine the rotation in which any additional Directors are to retire. Without prejudice thereto, the Directors shall also have power at any time so

to appoint, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these Articles. Any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

81. Except as otherwise authorised by the Statutes or these Articles, the appointment of any person proposed as a Director shall be effected by a separate resolution. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void. For the purposes of this Article, a resolution for approving a person's appointment or for nominating a person for appointment as a Director shall be treated as a resolution for his appointment.
82. No person other than a Director retiring at the meeting (whether by rotation or otherwise) shall be eligible for appointment or reappointment as a Director at any general meeting unless:
  - (a) he is recommended for election by the Directors; or
  - (b) not less than 7 nor more than 35 clear days before the date appointed for the meeting there shall have been lodged at the Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election stating the particulars which would, if that person were so appointed or reappointed, be required to be included in the Company's Register of Directors, together with notice in writing signed by the person to be proposed of his willingness to be appointed or reappointed.
83. The qualification of every Director shall be the holding in his own right and as sole holder of Ordinary Shares of the Company to the nominal value of not less than £100. A Director may act before acquiring his qualification within one month after being appointed a Director.

#### RETIREMENT OF DIRECTORS

84. (1) At every annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office by rotation provided that, if there is only one Director who is subject to retirement by rotation, he shall retire.
- (2) Subject to the provisions of the Statutes, the Directors to retire by rotation shall include (so far as is necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last appointment or reappointment, but as between persons who became or

were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A Director who retires (whether by rotation or otherwise) shall be eligible for re-election and may, if willing to act, be reappointed. The Directors to retire on each occasion (both as to numbers and identity) shall be determined by the composition of the Directors at the date of the notice convening the annual general meeting and no Director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

- (3) If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy created by his retirement the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is expressly resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost or if the retiring Director has given notice in writing to the Company that he is unwilling to be re-elected or where the default in filling the vacancy is due to the moving of a resolution in contravention of the next following Article or where such Director has attained any retirement age applicable to him as a Director.
- (4) The retirement of any Director retiring at a general meeting in accordance with this Article shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost in which case the retirement shall take effect at the time of election of his replacement or the time of the losing of that resolution, as the case may be. A retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

#### CHAIRMAN AND OTHER OFFICERS

85. (1) Subject to the provisions of the Statutes, the Directors may appoint one or more of their number to any office or employment under the Company (including, but without limitation, that of Chairman, Deputy Chairman, Chief Executive, Managing Director or Joint Managing Director but not including that of auditor), and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director and may also permit any person appointed to be a Director to continue in any office or employment held by him before he was so appointed. Any such appointment, agreement or arrangement may be made for such period and upon such terms as the Directors determine and they may remunerate any such Director for his services as they think fit in accordance with Article 87 below.
- (2) Without prejudice to the generality of the foregoing, the Directors may entrust to and confer upon any Director holding any such office or employment any of the powers exercisable by them as Directors with power to sub-delegate upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, authorities and discretions, and may from time to time revoke, withdraw, alter or vary all or any of such powers but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

- (3) The Directors may also (without prejudice to any claim for damages for breach of any agreement between the Director and the Company) remove a Director from any such office and appoint another in his place.
86. A Director appointed pursuant to the preceding Article to the office of Chairman, Deputy Chairman, Managing Director, Chief Executive or any other executive office shall automatically and immediately cease to hold that office if he ceases to hold the office of Director from any cause, but he shall not (unless any agreement between him and the Company shall otherwise provide) cease to hold his office as a Director by reason only of his ceasing to be Chairman, Deputy Chairman, Managing Director, Chief Executive of the Company or to hold any other such executive office, as the case may be.

#### REMUNERATION OF DIRECTORS

87. The remuneration of the Directors shall be such sum or sums as may from time to time be determined by the Company in general meeting.
88. Any Director who:
- (a) holds any executive office; or
  - (b) who goes to or resides abroad in connection with the conduct of the affairs of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director (including for this purpose the holding of the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity),

may be paid such special or other remuneration by way of lump sum, salary, commission, participation in profits or by any or all of those modes or otherwise as the Directors may determine. Such special or other remuneration may be made payable to such Director either in addition to or in substitution for his ordinary remuneration as a Director payable pursuant to Article 87.

#### DIRECTORS' EXPENSES

89. A Director shall be paid out of the funds of the Company all reasonable travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of Directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties.

#### DIRECTORS' GRATUITIES AND PENSIONS

90. (1) The Directors may exercise all the powers of the Company to pay for and agree to provide benefits whether by the payment of gratuities or pensions or other retirement, superannuation, death or disability benefits or by insurance or in any other manner whether similar to the foregoing or not for any Director or former Director or employee of the Company or any of its subsidiaries or any company associated with,

or any business acquired by, any of them, and for any member of his family (including a spouse or a former spouse) or any person who is or was dependent on him, and may (whether before or after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

- (2) The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons or otherwise to advance the interests and well-being of the Company or of any such other company, or its members and may make or procure payments for or towards the insurance of any such persons and subscriptions or guarantees for charitable or benevolent objects or for any exhibition or for any public, general or useful object.
- (3) Without prejudice to the generality of the foregoing paragraphs of this Article, the Directors may exercise any of the powers conferred by the Statutes to make provision for the benefit of any such persons in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiaries.
- (4) The Directors may procure any of the above matters to be done by the Company either alone or in conjunction with any other company.
- (5) No Director or former Director shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

#### DISQUALIFICATION AND REMOVAL OF DIRECTORS

91. The office of a Director shall be vacated if:

- (a) he ceases to be a Director by virtue of any provision of the Statutes or he otherwise becomes prohibited by law from being a director; or
- (b) he has a receiving order made against him or makes any arrangement or composition with his creditors generally or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- (c) he is, or may be, suffering from a mental disorder and either:
  - (i) he is admitted to hospital in pursuance of an application for admission for treatment under any statute for the time being in force in the United Kingdom relating to mental disorder or, in any other territory, in pursuance of an application for admission under analogous legislation or regulations; or
  - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers

with respect to his property or affairs; or

- (d) he shall for more than six consecutive months have been absent without the permission of the Directors from meetings of Directors held during the period (whether or not an alternate director appointed by him attends) and the Directors resolve that his office is vacated; or
  - (e) he resigns his office by notice in writing to the Company; or
  - (f) being a Director holding an executive office, his appointment as such is terminated or expires and the Directors resolve that his office be vacated; or
  - (g) he is requested in writing by all the other Directors to resign and all of the other Directors are not less than three in number; or
  - (h) he is convicted of an indictable offence and the Directors shall resolve that it is undesirable in the interests of the Company that he remains a Director thereof; or
  - (i) he is removed from office pursuant to these Articles.
92. In addition to any power of removal conferred by the Statutes, the Company may by ordinary resolution remove from office any Director notwithstanding anything in these Articles or in any agreement between the Company and such Director and without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company and may by ordinary resolution appoint another person in place of a Director so removed from office. Any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

#### ALTERNATE DIRECTORS

93. Any Director (other than an alternate director) may appoint, by writing under his hand and deposited at the Office or delivered at a meeting of the Directors or in any other manner approved by the Directors, any other Director, or any other person approved by a resolution of the Directors and willing to act, to be an alternate director in his place and may in like manner remove from office an alternate director so appointed by him.
94. An alternate director shall (except when absent from the United Kingdom) be entitled to receive notice of all meetings of Directors, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to exercise and discharge all the functions, powers and duties of his appointor, but shall not be required to hold or acquire a Share qualification, as a Director in his absence at such meetings and for the purposes of the proceedings at any such meeting the provisions of these Articles shall apply as if he were a Director.
95. A Director or any other person may act as alternate director to represent more than one

Director, and an alternate director shall be entitled at meetings of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present. Execution by an alternate director of any resolution in writing of the Directors shall, unless the notice of his appointment provides to the contrary, be as effective as execution by his appointor. An alternate director shall not (save as aforesaid) have power to act as a Director.

96. An alternate director shall cease to be an alternate director if his appointor ceases for any reason to be a Director; but, if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment. The appointment of an alternate director shall also determine on the happening of any event which if he were a Director would cause him to vacate such office.
97. An alternate director may be repaid by the Company such expenses as might properly have been repaid to him if he had been a Director but shall not in respect of his services as an alternate director be entitled to receive any remuneration from the Company but shall look to the Director whom he represents solely for his remuneration as an alternate director. An alternate director shall be entitled to be indemnified by the Company to the same extent as if he were a Director.
98. Save as otherwise provided in these Articles, an alternate director shall be subject in all respects to the provisions of these Articles relating to Directors, shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.

#### POWERS OF DIRECTORS

99. (1) The business and affairs of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these Articles required to be exercised by the Company in general meeting subject nevertheless to these Articles, to the provisions of the Statutes and to such directions (being not inconsistent with these Articles or such provisions) as may be prescribed by special resolution of the Company. No alteration of the Memorandum or these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if such alteration had not been made or such direction had not been given.
- (2) The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article or by any resolution of the Company in general meeting and a meeting of the Directors at which a quorum is present may exercise all powers exercisable by the Directors.

#### DELEGATION OF DIRECTORS' POWERS

100. The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated

directly or indirectly by the Directors, to be the agent or agents or attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit. The Directors may remove any person so appointed and may annul, vary or revoke any such delegation. Any such appointment or power of attorney may contain such provisions for the protection and convenience of persons dealing with any such agent or attorney as the Directors may think fit, and may also authorise any such agent or attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

101. All acts bona fide done by any meeting of Directors, or by any person acting as a Director, or alternate director shall as regards all persons dealing in good faith with the Company, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified from holding or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.
102. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

#### PROCEEDINGS OF DIRECTORS

103. (1) Subject to the provisions of these Articles, the Directors may meet for the despatch of business and otherwise regulate their proceedings as they think fit.
- (2) A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Notice of a meeting of the Directors shall be deemed to be properly given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. A Director absent or intending to be absent from the United Kingdom may request the Directors that notices of meetings of the Directors shall during his absence be sent in writing to him at an address given by him to the Company for this purpose, but such notices need not be given any earlier than notices given to Directors not so absent and, if no such request is made to the Directors, it shall not be necessary to give notice of a meeting of the Directors to any Director who is for the time being absent from the United Kingdom. Any Director may waive notice of any meeting and any such waiver may be retrospective.
- (3) Questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote. A Director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote and an alternate director who is appointed by two or more Directors shall be entitled to a separate vote on behalf of each of his appointors, in their absence.



104. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. A meeting of the Directors at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being exercisable by the Directors. Any Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting of the Directors if no Director objects and if otherwise a quorum of Directors would not be present.
105. The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but if and so long as the number of Directors is less than the number fixed as the quorum by or in accordance with these Articles, the continuing Directors or Director may act only for the purpose of filling vacancies in their number or of calling a general meeting, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors.
106. (1) Unless he is unwilling to do so, the Director appointed as Chairman pursuant to Article 85, or in his stead, the Director appointed as Deputy Chairman, shall preside at every meeting of the Directors at which he is present. If no Chairman or Deputy Chairman has been appointed or if at any meeting of the Directors no Chairman or Deputy Chairman shall be present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.
- (2) If at any time there is more than one Deputy Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.
107. A resolution in writing signed by all the Directors, for the time being entitled to receive notice of a meeting of Directors (not being less than the number of Directors required to form a quorum) shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held and may consist of several documents to the same effect each signed by one or more Directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

#### DIRECTORS' INTERESTS

108. Subject to the provisions of the Statutes and of Article 109 below, a Director notwithstanding his office:
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (b) may continue to be or become a member or director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any

body corporate promoted by or promoting the Company or in which the Company is otherwise interested whether as vendor, member or otherwise; and

- (c) shall not, by reason of his office, be accountable to the Company for any dividend, remuneration, superannuation payment or other benefit which he may derive from any such membership, office 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. In particular, a Director may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

109. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a transaction or arrangement with the Company shall declare the nature of his interest at the meeting of the Directors at which the question of entering into the transaction or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Directors after he knows that he is or has become so interested. For the purposes of this Article:

- (a) a general notice given 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 firm, company, or other person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction or arrangement of the nature and extent so specified provided that no such notice shall be effective unless either it is given at a meeting of the Directors or the Director takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given; and
- (b) 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.

110. (1) Save as otherwise herein provided, a Director shall not vote at a meeting of the Directors in respect of any contract or arrangement or any other proposal whatsoever in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company) and, if he shall do so, his vote shall not be counted. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

- (2) Subject to the provisions of the Statutes, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning the subscription or purchase by him of shares, debentures or other securities of the Company pursuant to an offer or invitation to members or debenture holders of the Company, or any class of them, or to the public or any section of them;
- (d) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any of its subsidiaries for subscription, purchase or exchange in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (e) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the issued equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances). For the purpose of this sub-paragraph of this Article there shall be disregarded any shares held by the Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which his interest is in reversion or remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorised unit trust scheme in which he is interested only as a unit holder;
- (f) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which relates both to Directors and employees of the Company or of any of its subsidiaries and does not accord to any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates or which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;
- (g) any proposal concerning the adoption, modification or operation of any contract or arrangement for the benefit of employees of the Company or any of its subsidiaries, including but without being limited to an employees' share scheme, under which he may benefit and which either has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes or does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates Provided that a Director shall not vote (or be counted in the quorum) on any matter solely relating to his own participation in such arrangement;

- (h) any proposal concerning the purchase or maintenance of insurance for or for the benefit of any Directors of the Company or for persons who include Directors of the Company against liability;
- (i) any proposal concerning the amount of the ordinary remuneration of the Directors payable pursuant to Article 87.

For the purposes of this paragraph (2) of this Article, an interest of any person who is for any purpose of the Act (excluding any statutory modification thereof not in force when these Articles became binding on the Company) connected with a Director shall be taken to be the interest of that 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.

- (3) Where proposals are under consideration concerning the appointment or termination of appointment (including fixing or varying the terms of appointment or termination of appointment) of two or more Directors to or from offices or employments or places of profits with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under subparagraph (2)(e) of this Article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment or termination of appointment.
- (4) If any question shall arise at any meeting of the Directors as to the extent or materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall (unless the Director concerned is the chairman in which case he shall withdraw from the meeting and the Directors shall elect (if they shall not already have done so) a Deputy Chairman to consider the question in place of the Chairman) be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed and provided that any such question shall, for the purposes of disclosure of the interest in the accounts of the Company, be finally and conclusively decided by a majority of the Directors (other than the Director concerned). For the purpose of deciding whether or not a Director's interest is material the chairman of the meeting or, if appropriate, the majority of Directors (other than the Director concerned) shall (save as provided by the Act) be entitled to ignore the interest of any person who is for the purpose of Part X of the Act connected with the Director concerned.
- (5) The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or authorise the exercise thereof by the Directors or any of them as directors of such other company in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing its members or any of them directors or other officers of such company, or voting or providing for the payment of remuneration to the directors or other officers of such company). Any Director of the Company may, subject to Article 107 and

paragraphs (2) and (3) of this Article, be counted in the quorum and may vote in favour of the exercise of such voting rights in the manner described above (other than in respect of a resolution appointing himself director of that company, or voting or providing for the payment to himself of remuneration, superannuation payments or other benefits), notwithstanding that he may be, or be about to be, appointed a director of or holder of any other office or place of profit under that other company and as such is, or may become, interested in the exercise of those voting rights in that manner.

- (6) Subject to the provisions of the Statutes, the Company may by ordinary resolution either generally or in respect of any particular matter suspend or relax the provisions of this Article to any extent or ratify any transaction or arrangement not duly authorised by reason of a contravention of this Article.

### BORROWING POWERS

111. (1) Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge all or any part of its undertaking, property, assets (in each case, present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (2) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate principal amount for the time being remaining outstanding of all moneys borrowed by the Group (which expression in this Article means and includes the Company and its subsidiary undertakings for the time being) and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 1.5 times the Adjusted Capital and Reserves.
- (3) For the purpose of the foregoing limit the following provisions shall apply:
- (a) the Adjusted Capital and Reserves shall mean the aggregate from time to time of:
- (i) the amount paid up on the issued share capital of the Company; and
- (ii) the total of the capital and revenue reserves of the Group (including, without limitation, any share premium account, capital redemption reserve fund, credit or debit balance on the consolidated profit and loss account and credit or debit balance on any other undistributable reserves) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account,

all based on the then latest audited balance sheet of the Group (prepared on the historical cost basis, modified to such extent as may be stated in the accounting

policies used for the preparation of such balance sheet) but after:

- (A) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital or any such reserves subsequent to the relevant balance sheet date and so that for this purpose (1) if any issue or proposed issue of shares by the Company for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription moneys payable in respect thereof (not being moneys payable later than six months after the date of allotment) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional) and (2) subject as aforesaid, share capital (including any premium) shall be deemed to have been paid up as soon as it has been unconditionally agreed to be subscribed or taken up (within six months of such agreement) by any person;
  - (B) making such adjustments as may be appropriate in respect of any distributions declared, recommended or made by the Company or its subsidiary undertakings (otherwise than attributable directly or indirectly to the Company) out of profits earned up to and including the date of the latest audited balance sheet of the Company or subsidiary undertaking (as the case may be) to the extent that such distribution is not provided for in such balance sheet;
  - (C) making such adjustments as may be appropriate in respect of any variation in the interests of the Company in its subsidiary undertakings since the date of such balance sheet;
  - (D) making all such adjustments, if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary undertaking, as would be appropriate if such transaction had been carried into effect;
- (b) there shall be deemed, subject as hereinafter provided, to have been borrowed and to be outstanding as borrowed moneys of the relevant member of the Group (to the extent that the same would not otherwise fall to be taken into account):
- (i) the principal amount of all debentures of any member of the Group which are not for the time being beneficially owned within the Group;
  - (ii) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking of the Company not for the time being beneficially owned by other members of the Group;
  - (iii) the nominal amount of any other issued and paid up share capital and the principal amount of any other debentures or other borrowed moneys

(not being shares or debentures which or borrowed moneys the indebtedness in respect of which is for the time being beneficially owned within the Group) of any body whether corporate or unincorporated the redemption whereof is guaranteed or wholly or partly secured by any member of the Group provided that any amount which falls to be treated as borrowed money under this sub-paragraph (iii) and which has been incurred in connection with the sale of any product or service of any member of the Group or of any other entity in which any member of the Group has an interest shall be reduced by a sum equal to the aggregate of (1) the estimated realisable value of any security available to any member of the Group or other such entity (otherwise than from any other member of the Group) in respect of such amount and (2) the amount of any insurance cover available to any such member or other such entity in respect of such amount. For this purpose the Directors may act in reliance on a bona fide estimate of the estimated realisable value of any such security or the amount of any such insurance cover but if a certificate by the auditors as to such value or such amount is requested such certificate shall be conclusive evidence of the same;

- (iv) any fixed or minimum premium payable on final redemption or repayment of any share capital, debentures or other borrowed moneys falling to be taken into account;
  - (v) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading which are outstanding for six months or less) by any member of the Group or by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;
  - (vi) any fixed amount in respect of any Finance Lease or Hire Purchase Agreement (as those expressions are hereinafter defined) payable by the Company or any of its subsidiaries which would be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the latest available audited balance sheet; for this purpose "Finance Lease" means a contract between a lessor and a member of the Group as lessee or sub-lessee where substantially all the risks and rewards of the ownership of the asset leased or sub-leased are to be borne by the lessee or sub-lessee and "Hire Purchase Agreement" means a contract of hire between a hire purchase lender and the Company or a member of the Group as hirer;
- (c) moneys borrowed by any member of the Group for the purpose of repaying or redeeming (with or without premium) in whole or in part any other borrowed moneys of that or any other member of the Group falling to be taken into account and intended to be applied for such purpose within six months after the borrowing thereof shall not during such period, except to the extent so applied, themselves be taken into account;

- (d) moneys borrowed by a partly-owned subsidiary undertaking and not owing to another member of the Group shall be taken into account subject to the exclusion of a proportion thereof equal to the relevant proportion and moneys borrowed and owing to a partly owned subsidiary undertaking by another member of the Group shall be taken into account to the extent of a proportion thereof equal to the relevant proportion; for the purposes aforesaid "relevant proportion" shall mean the proportion of the issued equity share capital of such partly owned subsidiary undertaking which is not attributable to the Company;
- (e) moneys borrowed by any member of the Group at the time it becomes a subsidiary undertaking of the Company and for a period of six months thereafter and moneys borrowed remaining secured on any asset acquired by a member of the Group at the time of such acquisition and for a period of six months thereafter shall be deemed not to be borrowed moneys;
- (f) there shall be credited against the amount of any moneys borrowed any amounts beneficially owned by the Company or any of its subsidiary undertakings which are deposited with any bank or other person (whether on current account or otherwise) not being the Company or one of its subsidiary undertakings and which are repayable to the Company or any of its subsidiary undertakings on demand or within three months of any demand, subject, in the case of money deposited by a partly owned subsidiary undertaking, to the exclusion of the relevant proportion (as defined in sub-paragraph (d) above);
- (g) commitments of any member of the Group under hire purchase agreements, operating and other leases (except any lease which constitutes a Finance Lease or Hire Purchase Agreement which would not be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the latest available audited balance sheet) shall be deemed not to be borrowed moneys;
- (h) for the avoidance of doubt it is hereby expressly provided that for the purposes of the limit set out in paragraph (2) of this Article the following sums shall be deemed not to be borrowed moneys of the Group:-
  - (i) any and all sums retained by any member of the Group (or their agent or nominee) under the terms of any contract or other arrangement relating to the construction of capital projects where the retention is made for the purposes of securing satisfactory completion and entry into service of the project for so long as, and to the extent that, any member of the Group is entitled to retain such sums under the relevant contract or arrangement;
  - (ii) sums advanced or paid to any member of the Group (or their agent or nominee) by customers of any member of the Group as prepayments or progress payments or payments on account or by way of deposit or security in respect of any products or services or under any sales contracts or settlements systems; and



- (iii) sums which otherwise would fall to be treated as borrowed moneys of any member of the Group which were treated with the concurrence of the auditors and in accordance with any current Statement of Standard Accounting Practice or other accountancy principle or practice generally accepted for the time being in the United Kingdom in the latest audited balance sheet of the relevant member of the Group on which such consolidation was based as otherwise than borrowed moneys of that member of the Group;
  - (i) any guarantee or indemnity given by any member of the Group in respect of any amount or obligation deemed not to be borrowed moneys under any of the provisions of this Article shall be deemed not to be borrowed moneys;
  - (j) when the aggregate amount of moneys borrowed at any material time is being ascertained, where under the terms of any borrowing the amount of money which would be required to discharge the principal amount of moneys borrowed in full if it fell to be repaid (whether at the option of the company borrowing the same or by reason of default) at such material time is less than the amount which would otherwise be taken into account in respect of such moneys borrowed for the purposes of this Article, the amount of such moneys borrowed to be taken into account shall be such lesser amount.
- (4) (a) For the purposes of this Article "audited balance sheet" means the audited balance sheet of the Company prepared for the purposes of the Act or, if an audited consolidated balance sheet dealing with the state of affairs of the Company and all its subsidiary undertakings to be dealt with in group accounts has been prepared for those purposes for the same financial year, that audited consolidated balance sheet, in which event all references to reserves and profit and loss shall be deemed to be references to consolidated reserves and consolidated profit and loss respectively and any amounts attributable to outside interests in subsidiary undertakings shall be excluded.
- (b) A certificate or report by the auditors as to the amount of the Adjusted Capital and Reserves or the amount of any borrowings or to the effect that the limit imposed by this Article has not been or will not be exceeded at any particular time or times shall be conclusive evidence of such amount or fact for the purposes of this Article.

Nevertheless for the purposes of this Article the Directors may at any time act in reliance on a bona fide estimate of the amount of the Adjusted Capital and Reserves and if, in consequence, the limit set out in paragraph (2) of this Article is inadvertently exceeded, an amount borrowed equal to the excess may be disregarded until the expiration of three months after the date on which by reason of a determination of the auditors or otherwise the Directors become aware that such a situation has or may have arisen.

Save as otherwise provided in this Article, the latest audited balance sheet shall be definitive for the purposes of establishing the amount of the Adjusted Capital

and Reserves.

- (c) If as a result of any change in legislation relating to or affecting taxation matters, any fixed amount payable by the Company or any of its subsidiary undertakings in respect of any Finance Lease (as hereinbefore defined) shall increase and, if in consequence the limit hereinbefore contained is exceeded, an amount of borrowed moneys equal to the excess may be disregarded until the expiration of six months after the date on which the Directors become aware that such a situation has arisen.
- (5) No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether the limit imposed by the provisions of this Article is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security was given, express notice that the said limit had been or would thereby be exceeded.

#### SECRETARY

- 112. Subject to the provisions of the Statutes, the Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit two or more persons may be appointed as Joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit a Deputy Secretary or one or more Assistant Secretaries and, subject as otherwise provided by the Directors, anything required or authorised to be done by or to the Secretary may be done by or to any such Deputy Secretary or Assistant Secretary so appointed.

#### MINUTES

- 113. The Directors shall cause minutes or records to be made in books kept for the purpose:
  - (a) of all appointments of officers made by the Directors; and
  - (b) of all resolutions and proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the Directors, including the names of the Directors present at any such meetings.

#### THE SEAL

- 114. (1) The Directors shall provide for the safe custody of the Seal and any Securities Seal and neither shall be used without the authority of the Directors.
- (2) Except where otherwise provided by these Articles, and unless and until the Directors shall otherwise determine, every instrument to which the Seal shall be affixed shall be signed autographically by one Director and the Secretary or by two Directors. Every share certificate shall be issued under the Seal or under the Securities Seal or in such

other manner as the Directors, having regard to the terms of issue, the Statutes may authorise. As regards signatures on any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine, either generally or in any particular case or cases, that such signatures or either of them shall be dispensed with or affixed to or printed on by some method or system of mechanical signature.

- (3) The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.
  - (4) Where the Statutes so permit, any instrument signed by one Director and the Secretary or by two Directors and expressed (in whatever form of words) to be executed by the Company shall have the same effect as if it were executed under the Seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed (in whatever form of words) without the authority of the Directors.
115. The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

#### AUTHENTICATION OF DOCUMENTS

116. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors [or any committee] which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company in reliance thereon that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

#### RESERVES

117. Before recommending a dividend on the Ordinary Shares, the Directors may from time to time after payment of the Cumulative Preferential Dividend on the Preference Shares set aside out of the profits after tax of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any

profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions of the Statutes.

## DIVIDENDS

118. The profits of the Company available for distribution among the Members shall first be applied in paying to the holders of the Preferences Shares a Cumulative Preferential dividend of 3.5% gross per annum, which shall be paid net by the Company to the holders of the Preference Shares and the balance shall (subject to Article 122) belong to and be divisible among the holders of Ordinary Shares.
119. The Directors shall lay before the Company in general meeting a recommendation as to the amount (if any) which they consider should be paid by way of dividend, and the Company may by ordinary resolution declare the dividend to be paid, but such dividend shall not exceed the amount recommended by the Directors.
120. Subject to the provisions of the Statutes, the Directors may declare and pay interim dividends if it appears to the Directors that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may declare and pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be declared or paid on shares carrying deferred or non-preferred rights if, at the time of declaration of the payment, any preferential dividend is in arrear. The Directors may also declare and pay at intervals settled by them any dividend payable at a fixed rate if it appears to the Directors that the profits available for distribution justify the payment. If the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss which they may suffer in consequence of the declaration or lawful payment of an interim dividend on any shares having non-preferred or deferred rights.
121. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid; but no amount paid on a share in advance of the date on which a call is payable shall be treated for the purposes of this Article as paid on the share. All dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
122. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
123. Subject to the provisions of the Statutes, where any interest in the share capital of a company or where any asset, business or property is acquired by the Company as from a past date (whether such date be before or after the incorporation of the Company) the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the

Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Directors be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof.

124. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.
125. (1) The Directors may deduct from any dividend or other moneys payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to that share.  
(2) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.  
(3) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
126. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death, bankruptcy or mental disorder of the holder or otherwise by operation of law) and delivered to the Company and only if or to the extent that the same is accepted as such or acted upon by the Company.
127. The payment by the Directors of any unclaimed dividend or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof and any dividend unclaimed after a period of twelve years from the date when it became due for payment shall be forfeited and shall revert to the Company.
128. The Company may upon the recommendation of the Directors by ordinary resolution direct payment or satisfaction of a dividend in whole or in part by the distribution of specific assets (and in particular of paid up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the difficulty as they think expedient and in particular may issue fractional certificates, or authorise any person to sell and transfer any fractions or disregard fractions altogether, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Directors.
129. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or, if two or more persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder or otherwise by

operation of law, to the registered address of that one of those persons who is first named in the register of members or to such person and such address as such member or person or persons may by writing direct. Unless otherwise directed by that member or person, every such cheque or warrant shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share. Any such dividend or other moneys may also be paid by any other method (including direct debit, bank transfer and dividend warrant) which the Directors may consider appropriate.

130. If on two consecutive occasions cheques or warrants in payment of dividends or other moneys payable on or in respect of any share have been sent through the post in accordance with the provisions of Article 144 but have been returned undelivered or left uncashed during the periods for which the same are valid, the Company need not thereafter despatch further cheques or warrants in payment of dividends or other moneys payable on or in respect of the share in question until the member or other person entitled thereto shall have communicated with the Company and supplied in writing to the Transfer Office a new registered address or address within the United Kingdom for the service of notices.

#### RECORD DATES

131. Notwithstanding any other provisions of these Articles, but without prejudice to any rights attached to any existing shares or to the rights inter se in respect thereof of transferors and transferees of any shares, any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

#### CAPITALISATION OF PROFITS AND RESERVES

132. (1) The Directors may with the sanction of an ordinary resolution of the Company:
- (a) subject as hereinafter provided, resolve to capitalise any profits of the Company not required for the payment or provision of any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or other fund, including the Company's share premium account and capital redemption reserve, if any;
  - (b) appropriate the sum resolved to be capitalised to the members or any class of members on the record date specified in the relevant resolution who would have been entitled to it if it were distributed by way of dividend and in the same

proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares, debentures or other obligations of the Company of a nominal amount equal to that sum, and allot the shares, debentures or other obligations credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to members credited as fully paid.

- (2) The Directors may generally do all acts and things required to give effect to such a resolution and where any difficulty arises in respect of any such distribution, the Directors may settle the difficulty as they think expedient, and in particular they may:
- (a) make such provisions as they think proper for the case of shares or debentures becoming distributable in fractions (including, but without limitation, provisions for the issue of fractional certificates, for the sale and distribution of the proceeds of sale of shares or debentures representing the fractions, and provisions whereby the benefit of fractional entitlements accrue to the Company rather than the members concerned);
  - (b) fix the value for distribution of any fully paid up shares or debentures;
  - (c) make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights;
  - (d) vest any shares or debentures in trustees upon such trusts for the persons entitled to share in the distribution as may seem just and expedient to the Directors; and
  - (e) when deemed requisite, authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for either:
    - (i) the allotment to such members respectively, credited as fully paid, of any shares, debentures or other obligations to which they are entitled upon such capitalisation; or
    - (ii) the payment up by the Company on behalf of such members (by the application thereto of their respective proportions of the profits resolved to be capitalised) of the amounts or any part of the amounts, remaining unpaid on their existing shares

and any agreement made under such authority shall be binding on all such members.

## ACCOUNTS

133. The Directors shall procure that accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or at such other place as the Directors think fit, and such records shall always be open to inspection by the officers of the Company. Subject as aforesaid, no member of the Company or other person shall have any right of inspecting any accounting records or other book or document of the Company except as conferred by law or ordered by a court of competent jurisdiction or authorised by the Directors or by ordinary resolution of the Company.
134. A copy of every balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than 21 clear days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notice of meetings from the Company under the provisions of the Statutes or of these Articles. Provided that this Article shall not require a copy of these documents to be sent to more than one of joint holders or to any person of whose address the Company is not aware, but any member or holder of debentures to whom a copy of these documents has been sent shall be entitled to receive a further copy free of charge on application at the Office. If all or any of the shares or debentures of the Company shall for the time being be listed or dealt in on any stock exchange there shall be forwarded to the appropriate officer of that stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

#### AUDITORS

135. Subject to the provisions of the Statutes, all acts done by any person acting as an auditor to the Company shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there is some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.
136. An auditor shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any member is entitled to receive and to be heard at any general meeting on any part of the business of the meeting which concerns him as auditor.

#### UNTRACED SHAREHOLDERS

137. (1) The Company shall be entitled to sell at the best price reasonably obtainable any share of a member or any share to which a person is entitled by transmission if and provided that:
- (a) for a period of twelve years no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled by transmission to the share at his address on the Register or other the last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication indicating his current address has been received by the



Company from the member or the person entitled by transmission provided that in any such period of twelve years the Company has paid at least three cash dividends whether interim or final and no such dividend has been claimed; and

- (b) the Company has, at the expiration of the said period of twelve years by advertisement in both a leading London daily newspaper and in a newspaper circulating in the area in which the last known address referred to in sub-paragraph (a) above is located, given notice of its intention to sell such share; and
- (c) the Company has not during the further period of three months after the date of the later of such advertisements and prior to the exercise of the power of sale received either any communication from the member or person entitled by transmission or any indication of the whereabouts or of the existence of such member or person.

If during any twelve year period as is referred to in sub-paragraph (a) above, further shares have been issued in right of those held at the beginning of such period or of any previously issued during such period and all the other requirements of this Article (other than the requirement that they be in issue for twelve years) have been satisfied in regard to the further shares, the Company may also sell such further shares.

- (2) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such share and such instrument of transfer shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such share. The transferee shall not be bound to see to the application of the purchase moneys, nor shall his title to the shares be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.
- (3) The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of it and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the Directors may from time to time think fit.

#### DESTRUCTION OF DOCUMENTS

138. The Company shall be entitled to destroy:

- (a) all instruments of transfer of shares or debentures or other forms of security of the Company, all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfer and applications for allotment which have been registered or in respect of which an entry shall have been made on the Register at any time after the expiration of six years from the date of registration or entry

thereof;

- (b) all dividend mandates and other written instructions as to the payment of dividends or interest and notification of change of address at any time after the expiration of two years from the date of recording thereof;
- (c) all registered certificates for shares or debentures or representing any other form of security of the Company (being certificates for shares, debentures or other securities in the name of a transferor and in respect whereof the Company has registered a transfer) which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof;
- (d) any other document on the basis of which an entry in the Register is made at any time after the expiration of six years from the date an entry was first made in the Register in respect of it;
- (e) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment thereof; and
- (f) all instruments of proxy which have been used for the purpose of a poll at any time after the expiration of one year from the date of such use and all instruments of proxy which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the instrument of proxy relates and at which no poll was demanded.

It shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:

- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice of any claim (regardless of the parties thereto) in relation to which the preservation of such document might be relevant;
- (ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article;
- (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

#### NOTICES

139. Any notice or document (including a share certificate) to be given pursuant to these Articles shall be in writing, except that a notice calling a meeting of the Directors need not be in writing.
140. The Company may give any such notice or document to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the Register in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. In the case of a member registered on a branch register any such notice or document may be posted either in the United Kingdom or in the territory in which such branch register is maintained.
141. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
142. A member present, either in person or by proxy, or in the case of a member which is a corporation by a duly authorised representative, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
143. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register, has been duly given to a person from whom he derives his title other than any notification issued under section 212 of the Act or pursuant to the provisions of Article 69.
144. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall, unless the contrary is proved, be deemed to be served or given:
- (a) in the case of a notice sent by post:
    - (i) if sent by first class post from an address in the United Kingdom to another address in the United Kingdom, 24 hours after the time at which the envelope containing it was posted;
    - (ii) if sent by airmail from an address in the United Kingdom to an address in Europe or the United States, 48 hours after the time at which the envelope containing it was posted;
    - (iii) in any other case, on the fifth day following that on which the envelope containing it was posted;
  - (b) in the case of any notice served or given by facsimile transmission, on the day on which the notice was sent or if that day is not a business day on the next business day, following the time of transmission, at the time at which offices in the area of receipt of the facsimile transmission customarily open for business.

Any notice or document not sent by post but left at a registered address shall be deemed to have been served or delivered or given on the day on which it was so left.

The expression "date of service" as used in these Articles shall be construed in accordance with this Article.

145. A notice may be given by the Company to the persons entitled to a share in consequence of the death, bankruptcy or mental disorder of a member or by operation of law by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustees of the bankrupt or other person or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death, bankruptcy or other event had not occurred.
146. If the Company has suspended the despatch of cheques or warrants to any member in accordance with the provisions of these Articles or if notices in respect of two consecutive Annual General Meetings have been sent through the post to any member at his registered address but have been returned undelivered, such member shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company and supplied in writing to the Transfer Office a new registered address or address for the service of notices.
147. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised on the same date in at least one local and one national daily newspaper. Such notice shall be deemed to have been duly served on all members and other persons entitled thereto at noon on the day the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.
148. Nothing in Articles 139 to 147 inclusive shall affect any requirement of the Statutes that any particular offer, notice or other document be served in any particular manner.

#### WINDING UP

149. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
150. If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up, or ought to have been paid up, on the shares held by them respectively and, the balance (if any) shall be distributed among the members in proportion to the number of Shares held by them respectively. However, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be the losses are borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares

held by them respectively. Provided that this Article is to be subject to the rights attached to any shares which may be issued on special terms or conditions.

151. If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the court), the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes:
- (a) divide among the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out as between the members or different classes of members; and
  - (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines,

but no member shall be compelled to accept any assets upon which there is a liability.

#### INDEMNITY

152. (1) Subject to the provisions of and so far as may be consistent with the Statutes, but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director, auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company out of its own funds against all costs, charges, losses, discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer, employee or auditor of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court.
- (2) Subject to the provisions of the Statutes, the Directors shall have the power to purchase and maintain at the expense of the Company insurance for or for the benefit of any persons who are or were at any time directors, officers, employees of the Company or any other company or in which the Company has any interest whether direct or indirect, or who are or were at any time trustees of any pension fund, retirement benefits scheme or employee benefits trust in which employees of the Company or any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking, pension fund, retirement

benefits scheme or employee benefits trust; and for the purposes of this Article "holding company" and "subsidiary undertaking" shall have the same meanings as in the Act as amended by the Companies Act 1989.