

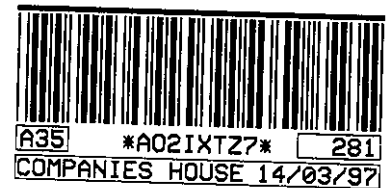
THE COMPANIES ACTS 1948 TO 1981

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

HARRODS (UK) PLC



1. ¹ The name of the company is Harrods (UK) plc.
2. The Company is to be a public company.
3. The registered office of the Company will be situate in England.
4. The objects for which the Company is established are:-
 - (A) to carry on the business of an investment company in all its branches, and to acquire by purchase, lease concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same and to vary any of the investments of the Company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations.
 - (B) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company.
 - (C) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.

¹ The name of the Company was changed from Watling (115) Plc to Alfayed Investment Holdings plc by Special Resolution passed on 7th March 1985. The name of the Company was changed from Alfayed Investment Holdings plc to House of Fraser Property Investment Plc by Special Resolution passed on 15th March 1988.

The name of the Company was changed from House of Fraser Property Investment Plc to Harrods Holdings plc by Special Resolution passed on 17th January 1994.

The name of the Company was changed from Harrods Holdings Plc to Harrods (UK) plc by Special Resolution passed on 25th July 1996.

- (D) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.
- (E) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm, or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.
- (F) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.
- (G) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.
- (H) To lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person, including any holding company, subsidiary or fellow subsidiary in any manner.
- (I) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.
- (J) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments.

- (K) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- (L) To enter into any arrangements with any government or authority (supreme, municipal, local or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges and concessions.
- (M) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stock, bonds, obligations or securities issued or guaranteed by any other company constituted or carry on business in any part of the world, and debentures, debenture stock, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.
- (N) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.
- (O) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.
- (P) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for cash, or for shares, debentures or securities of any company purchasing the same.
- (Q) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.
- (R) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

- (S) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling or guaranteeing the subscription of any shares or other securities of the Company.
- (T) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aim and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are to have been employed by, or who are serving or have served the Company or of any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or of the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependents of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependents; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.
- (U) To distribute among the Members of the Company in kind any property of the Company of whatever nature.
- (V) to procure the Company to be registered or recognised in any part of the world.
- (W) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.
- (X) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

The objects set forth in each sub-clause of this Clause shall not be restrictively construed but the widest interpretation shall be given thereto, and they shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause or from the terms of any other sub-clause or from the name of the Company. None of such sub-clauses or the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause, but the Company shall have as full a power to exercise all or any of the objects conferred by and provided in each of the said sub-clause as if each sub-clause contained the objects of a separate company. The word "company" in this

Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or incorporated and whether domiciled in the United Kingdom or elsewhere.

5. The liability of the Members is limited.
6. ²The share capital of the Company is £10,000,002 divided into 10,000,000 ordinary shares of £1 each, one 'A' special rights redeemable preference share of £1 and one 'B' special rights redeemable preference share of £1.

WE, the several persons whose names and addresses are subscribed, are desirous of being formed into a Company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, addresses and descriptions of Subscribers	Number of shares taken by each Subscriber
Leon Neal, 34, Hill Crest, Tunbridge Wells, Kent. Accountant	One
Bernd Ratzke, Blundel Lane, Stoke D'Abernon, Cobham, Surrey, KT11 2SF Solicitor	One

Dated 17th January 1985

Witnesses to the above Signatures:

June Pattinson
3 Victoria Court
Victoria Road
Romford
Essex

² The share capital of the Company was increased from £100,000 to £500,000 by Special Resolution passed on 18th April 1988 creating 400,000 new ordinary shares of £1 each.

The share capital of the Company was increased from £500,000 to £10,000,000 by Ordinary Resolution passed on 21st December 1993 creating 9,500,000 new ordinary shares of £1 each.

The share capital of the Company was increased from £10,000,000 to £10,000,002 by Ordinary Resolution passed on 4th March 1997 creating one 'A' special rights redeemable preference share of £1 and one 'B' special rights redeemable preference share of £1.

THE COMPANIES ACTS 1948 TO 1981
A PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION OF
HARRODS (UK) PLC
(FORMERLY HARRODS HOLDINGS PLC)

(As amended by special resolution passed on 4th March 1997)

PRELIMINARY

1. The Regulations contained or incorporated in Table A in the First Schedule to the Companies Act 1948 as amended by the Companies Acts 1967 to 1981 (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.
- 1A. In these Articles, except where the context otherwise requires, words denoting the singular number only shall include the plural number also and vice versa, words denoting a particular gender shall include either gender and words denoting a person shall include any body of persons, either corporate or unincorporate.
- 1B. In these Articles, reference to shares shall include securities of any nature.

ALLOTMENT OF SHARES

2. (A) The Directors are generally and unconditionally authorised for the purpose of Section 14 of the Companies Act 1980 to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the share capital of the Company created on incorporation of the Company at any time or times during the period of five years from that date and the Directors may after that period allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time be renewed or varied by Ordinary Resolution.
- (B) The Directors are empowered to allot any shares in the capital of the Company to which the foregoing authority relates as if Section 17(1) of the Companies Act 1980, which relates to pre-emption rights, did not apply to the allotment of any such shares by them.

SHARES

3. (A) Without prejudice to any special rights previously conferred on the holders of existing shares in the Company and subject, where relevant, to paragraph (B) below, any share in the Company may be issued with such preferred, deferred, or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, as the Company may from time to time by Ordinary Resolution determine (or in the absence of any such determination as the Directors may determine).
- (B) Subject to the provisions of Part III of the Companies Act 1981 any share may with the sanction of a Special Resolution be issued on the terms that it is, or at the option of the Company or the shareholder is liable, to be redeemed on such terms and in such manner as the Company before the issue of the share may by Special Resolution determine.
- (C) Clauses 2 and 3 in Table A shall not apply to the Company.
4. Save as authorised by the Statutes the Company shall not give, whether directly or indirectly, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company.
5. Subject to the provisions of Part III of the Companies Act 1981 the Company may purchase its own shares (including any redeemable shares).
6. Save as permitted by Section 22(4) of the Companies Act 1980, the shares of the Company shall not be allotted either at a discount or except as paid up at least as to one-quarter of their nominal value and the whole of any premium.
7. The power of the Directors to make calls conferred by Clause 15 in Table A shall be modified by deleting from such Clause the words "provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call".
8. The liability of any Member in default in respect of a call shall be increased by the addition at the end of Clause 33 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment."

GENERAL MEETINGS AND RESOLUTIONS

9. Every notice convening a General Meeting shall comply with the provisions of Section 136(2) of the Companies Act 1948 as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditor for the time being of the Company.
10. Subject to the provisions of the Companies Acts 1948 to 1981 a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend

and vote at General Meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held. Any such resolution in writing may consist of two or more documents in like form each signed by one or more of such members and Clause 73A in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

11. (A) Clause 75 in Table A shall not apply to the Company.
- (B) The number of the Directors shall be determined by Ordinary Resolution of the Company but unless and until so fixed there shall be no maximum number of Directors and the minimum number of Directors shall be two.
- (C) The Directors shall not be required to retire by rotation and accordingly
- (1) Clauses 89, 90, 91, 92 and 94 in Table A shall not apply to the Company; and
- (2) Clause 95 in Table A shall be ended at the words "shall then be eligible for re-election" and the succeeding words shall not apply to the Company; and
- (3) Clause 97 in Table A shall be ended at the words "additional directors" and the succeeding sentence shall not apply to the Company.

BORROWING POWERS

12. (A) The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and, subject to Section 14 of the Companies Act 1980 if applicable, to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- (B) Accordingly, Clause 79 in Table A shall not apply to the Company.

ALTERNATE DIRECTORS

13. (A) Each Director shall have the power at any time to appoint as an alternate Director either another Director or any other person approved for that purpose by a resolution of the Directors, and, at any time, to terminate such appointment. Every appointment and removal of an alternate Director shall be in writing signed by the appointor and (subject to any approval required) shall (unless the Directors agree otherwise) only take effect upon receipt of such written appointment or removal at the registered office of the Company.
- (B) An alternate Director so appointed shall not be entitled as such to receive any remuneration from the Company except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but shall otherwise be subject to the provisions of Table A and to these articles with respect to

Directors. An alternate Director shall, during his appointment, be an officer of the Company and shall not be deemed to be an agent of his appointor.

- (C) An alternate Director shall (subject to his giving to the Company an address at which notices may be served upon him) be entitled to receive notices of all meetings of the Directors and of any committee of the Directors of which his appointor is a member and to attend and to vote as a Director at any such meeting at which his appointor is not personally present and generally in the absence of his appointor to perform and exercise all functions, rights, powers and duties as Director of his appointor and to receive notice of all General Meetings.
- (D) The appointment of an alternate Director shall automatically determine on the happening of any event which if he were a Director would cause him to vacate such office or if his appointor shall cease for any reason to be a Director otherwise than by retiring and being re-appointed at the same meeting.
- (E) 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 or any committee 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.

POWERS OF DIRECTORS

- 14. A Director may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration; and Clause 84 in Table A shall be modified accordingly.
- 15. (A) The Directors may exercise the powers of the Company conferred by Clause 4(t) of the Memorandum and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.
(B) Accordingly, Clause 87 in Table A shall not apply to the Company.
- 16. It shall not be necessary for Directors to sign their names in any book which may be kept for the purpose of making minutes or recording attendance at meetings; and Clause 86 in Table A shall be modified accordingly.
- 17. Clause 88 in Table A shall be read and construed as if the words "becomes incapable by reason of mental disorder, illness or injury of managing and administering his property and affairs" were substituted for the words "becomes of unsound mind".
- 18. A resolution in writing pursuant to Clause 106 in Table A may consist of two or more documents in like form each signed by one or more of the Directors in such Clause referred to and the said Clause 106 shall be modified accordingly. The said Clause 106, modified as aforesaid, shall also apply to any resolution of a committee of Directors.

INDEMNITY

19. (A) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 448 of the Companies Act 1948 or Section 36 of the Companies Act 1980, in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 205 of the Companies Act 1948.
- (B) Accordingly, Clause 136 in Table A shall not apply to the Company.

ACCOUNTS

20. The accounts and other documents to be prepared by the Directors under Clause 126 in Table A shall be prepared in accordance with Sections 150 and 157 of the Companies Act 1948 as amended by Sections 16 to 22 inclusive of the Companies Act 1967 and in accordance with Sections 1, 6 and 7 of the Companies Act 1976.

TRANSFER OF SHARES

21. A transfer of a fully paid share need not be executed by or on behalf of the transferee; and Clause 22 in Table A shall be modified accordingly.

SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARES

- 22.1 In this Article, "'A' Special Share " means the 'A' special rights redeemable preference share of £1.00 in the capital of the Company and "'B' Special Share" means the 'B' special rights redeemable preference share of £1.00 in the capital of the Company, each being a "Special Share" and the holder of either being the "'A' Special Shareholder " or the "'B' Special Shareholder" (as appropriate) and a "Special Shareholder".
- 22.2 A Special Share may only be issued to, held by and transferred to a Relevant Trustee or a person wholly owned, directly or indirectly, by a Relevant Trustee. "Relevant Trustee" means the trustee(s) for the time being of an Approved Trust, acting in such capacity. "Approved Trust" means a trust approved by the Board of Directors as the original holder (through its trustees or a person wholly owned, directly or indirectly, by them) of a Special Share. No restrictions relating to the transfer of any share (including any right of the directors to refuse to register any transfer) set out in these Articles of Association, other than the restrictions set out in this Article 22, shall apply to any transfer of any Special Share.

- 22.3 The Company shall only create or issue one 'A' Special Share and one 'B' Special Share.
- 22.4 Notwithstanding any provision in these Articles to the contrary, the rights attaching to the 'A' Special Share and the rights attaching to the 'B' Special Share shall include the right to approve or disapprove of each of the following matters:-
- (a) the amendment removal or alteration of the effect of (which for the avoidance of doubt, shall be taken to include the ratification of any breach of) this Article 22;
 - (b) any disposal or transfer of any shares in the Company or of any interest in any such shares, other than a disposal or transfer to a Permitted Person in circumstances where the whole of the beneficial interest so disposed of or transferred is acquired by such person. A "Permitted Person" means Alfayed Investment and Trust Pvt L.P. (an exempted limited partnership formed under the laws of Bermuda) ("AIT") or any company or body corporate which is wholly owned by AIT or any wholly owned subsidiary of such a company or body corporate and which has itself issued to the Relevant Trustee of each Approved Trust a special rights share having substantially the same rights as the rights under these Articles attaching to the 'A' Special Share and the 'B' Special Share;
 - (c) any issue of any shares in the Company, other than an issue to a Permitted Person in circumstances where the whole of the beneficial interest in the Shares will be vested in such person;
 - (d) a proposal for the voluntary winding-up or dissolution of the Company;
 - (e) a proposal for a voluntary arrangement of the Company pursuant to Section 1 of the Insolvency Act 1986;
 - (f) any disposal by the Company of any shares in the capital of any Relevant Subsidiary, or of any interest in any such shares, or the entering into of any agreement or arrangement by the Company which at any time requires or would on satisfaction of any condition require the disposal by it of any such shares or any such interest, save in any such case for a disposal to a Permitted Person acquiring the whole of the beneficial interest so disposed of. "Relevant Subsidiary" means any person which is wholly owned by AIT or by a subsidiary of such a person and which owns or carries on the Harrods Business, or any substantial part of such business or which owns, directly or indirectly (including through any other person) any shares in any company which owns or carries on such business or any substantial part of it. "Harrods Business" means the business of owning and operating the Harrods department store in Knightsbridge, London, SW1;
 - (g) any disposal of, or of any substantial part of, the Harrods Business or assets forming part of the Harrods Business other than the disposal of trading assets in the ordinary course of business;

- (h) the termination or cessation of the appointment of any Senior Executive of the Company or the Harrods Business (other than by resignation, death or retirement on reaching the Company's normal retirement age). A "Senior Executive" means any executive director or person holding any position of equivalent or greater executive importance, whether or not a director; and
- (i) the appointment of any person as a Senior Executive of the Company or the Harrods Business;

and in the event that, in respect of any such matter, the approval of the A Special Shareholder and the B Special Shareholder shall not be forthcoming and evidenced by prior written consent, there shall be deemed to be a variation of the rights attaching to the A Special Share and of the rights attaching to the B Special Share and the matter shall not be effective.

- 22.5 The 'A' Special Shareholder and the 'B' Special Shareholder shall each be entitled to receive notice of and to attend and to speak at any general or other meeting of the Company and any meeting of the holders of any class of shares of the Company (other than of the other Special Shares), but the Special Shares shall not carry any entitlement to vote at any such meeting.
- 22.6 On any distribution of capital on a winding-up of the Company, the holder of the 'A' Special Share and the holder of the 'B' Special Share shall each be entitled to be paid a sum equal to an amount paid up or treated for the purposes of the Act as paid up on the Special Share held by it, in priority to any distribution of capital to any other member. Neither Special Share confers any other right to participate in the capital or profits of the Company.
- 22.7 Subject to the provisions of the Act, a Special Shareholder may require the Company to redeem the Special Share held by it at par at any time by serving written notice upon the Company. The Company shall have no right to redeem a Special Share.

Dated: 17 January 1985