

THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES  
NEW

ARTICLES OF ASSOCIATION



(adopted by Special Resolution passed on 28 January 2000)

OF  
BLENHEIM HOUSE LIMITED

**1. PRELIMINARY AND INTERPRETATION**

1.1 The regulations contained in Table A ("Table A") in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended at the date of adoption of these Articles) shall apply to the Company save insofar as they are excluded or varied hereby. If there is any inconsistency between these Articles and Table A, the provisions of these Articles shall prevail.

1.2. In these Articles and in the Regulations of Table A that apply to the Company:-

"Act"	means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force
"Articles"	means the articles for the time being of the Company
"Auditors"	means the auditors for the time being of the Company
" 'A' Directors"	means a Director appointed an 'A' Director pursuant to Article 13.2
" 'A' Shareholder"	means a Member registered as the holder of 'A' Shares
" 'A' Shares"	means 'A' ordinary shares of 1p each in the capital of the Company

“ ‘B’ Director”	means a Director appointed a ‘B’ Director pursuant to Article 13.2
“ ‘B’ Shareholder”	means a Member registered as the holder of ‘B’ Shares
“ ‘B’ Shares”	means ‘B’ shares of 1p each in the capital of the Company
“Clear days”	means in relation to a period of notice, that period excluding 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
“the Directors”	means the ‘A’ Directors and the ‘B’ Directors for the time being of the company
“The executed”	includes any mode of execution
“Founder Shareholders”	means Legist Jersey Trustees Limited, Hillgrove Trust Limited, Joyce Young, Julian Pedley and David Ewart for so long as such persons remain Members
“Holder”	means in relation to Shares the person or persons whose name or names is/are entered in the Register of Members as the holder(s) of Shares
“Holding company”	shall have the meaning ascribed to it by Section 736 of the Act
“Member”	means in relation to any Shares in the Company the person or persons named for the time being in the register of members as the holder(s) thereof
“Office”	means the registered office for the time being of the Company
“Seal”	means the common seal of the Company
“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
“Shares”	means ‘A’ Shares and ‘B’ Shares
“Subsidiary”	shall have the meaning ascribed to it by Section 736 of the Act
“United Kingdom”	means Great Britain and Northern Ireland

“A person of unsound mind” means a person who is, or may be, suffering from mental disorder and either:-

- 1.2.1 He is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1994; or
- 1.2.2 An order is made by a court having jurisdiction (whether in the United Kingdom of 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.
- 1.3 Unless the context otherwise requires, words or expressions contained in these Articles and in the Regulations of Table A that apply to the Company bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Regulations become binding on the Company.
- 1.4. Words importing the singular only shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and words importing natural persons shall include also corporations.
- 1.5. The headings in these Articles are for convenience only and shall be ignored in construing the language or meaning of the Articles. Regulation 1 of Table A shall not apply.

## **2. PRIVATE COMPANY**

- 2.1 The company is a Private Company within the meaning of Section 1 of the Act and accordingly no Shares in or Debentures of the Company shall be offered to the public (whether for cash or otherwise) and the Company shall not allot or agree to allot (whether for cash or otherwise) any Shares or Debentures being offered for sale to the public.

## **3. SHARE CAPITAL**

- 3.1. The Share capital of the Company at the date of adoption of these Articles is the sum of £1,000 divided into 85,000 ‘A’ Shares and 15,000 ‘B’ Shares. The said Shares shall rank pari passu in all respects save as hereinafter provided as regards the appointment of Directors and shall for all purposes be treated as one class of share.
- 3.2 Subject to Section 80 of the Act, all unissued Shares shall be at the disposal of the Directors and the Directors shall not be required to have regard to Sections 89(1) to (6) (inclusive) of the Act which Sections shall be excluded from applying to the Company.

#### **4. LIEN**

The Company shall have a first and paramount lien on every Share (whether or not it is a fully paid Share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that Share, and the Company shall also have a first and paramount lien on all Shares (whether fully paid or not) standing registered in the name of any person for all moneys presently payable by him or his estate to the Company, whether he shall be the sole registered holder thereof or shall be one of several joint holders; but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a Share shall extend to all dividends payable thereon. Regulation 8 of Table A shall not apply.

#### **5. PERMITTED TRANSFER OF SHARES**

5.1.1 The 'A' Shareholder may at any time transfer all (but not some only) of the shares in the capital of the Company held by it to a member of the same group (as hereinafter defined);

5.1.2 Where shares have been transferred under Article 5.1.1 (whether directly or by a series of transfer thereunder) from a body corporate ("the transferor company"), which expression shall not include a second or subsequent transferor in such a series of transfers) to a member of the same group ("the transferee company") and subsequently the transferee company ceases to be a member of the same group as the transferor company then the transferee company shall forthwith transfer the relevant shares (as hereinafter defined) to the transferor company; and failure so to transfer such shares within 28 days of the transferee company ceasing to be a member of the same group as the transferor company shall result in a Transfer Notice (as defined in Article 6.2.) being deemed immediately to be given in respect of all relevant shares and the provisions of Article 6 shall apply accordingly;

5.1.3. For the purposes of this Article:-

- (1) the expression "a member of the same group" means a company which is from time to time a holding company of which the transferor company is a wholly owned subsidiary or a wholly owned subsidiary of the transferor company or of any holding company of which the transferor company is a wholly owned subsidiary: and
- (2) the expression "relevant shares" means and includes (so far as the same remain from time to time held by the transferee company) the shares originally transferred to the transferee company and any additional shares issued or transferred to the transferee company by virtue of the holding of the relevant shares or any of them.

5.2 Where shares are held by trustees, such shares may on any change of trustees be transferred to the new trustees of that trust PROVIDED THAT such trustees have executed a deed of adherence in a form satisfactory to the 'A' Shareholder.

- 5.3 An obligation to transfer a share under the provisions of Article 5.1.2. shall be deemed to be an obligation to transfer the entire legal and beneficial interest in all the relevant shares but for the purposes of Article 6.2.2 the Transfer Notice shall be deemed to be a notice from the Proposed Transferor (as defined in Article 6.2.) to sell all or any or the relevant shares.
- 5.4 The Selling Price for the relevant shares referred to in Article 5.1.2. shall be ascertained in accordance with Article 6.3.
- 5.5 A member may at any time transfer all or any of his shares to any person with the prior written consent of all the other members.

## **6 TRANSFER OF SHARES**

- 6.1 Notwithstanding anything contained in the articles, the directors shall not decline to register any transfer of shares, nor may they suspend the registration thereof, where such transfer is executed by any bank or institution to whom such shares have been charged by way of security, or by any nominee or nominees of such a bank or institution, pursuant to the power of sale under such security and certificate by any official of such bank or institution if the shares were so charged and the transfer was so executed shall be conclusive evidence of such facts.
- 6.2 If at any time under the provisions of these Articles a member or any other person entitled to be registered in respect of a share or shares of the Company (hereinafter referred to as the "Proposed Transferor") shall desire to transfer or otherwise dispose of any shares in the capital of the Company registered in his name or any interest therein he shall give notice (hereinafter called a "Transfer Notice") to the Company that he desires to sell or transfer some or all of his shares. If the Proposed Transferor shall be the holder of shares of more than one class then he shall be deemed to have given a separate Transfer Notice in respect of each such class. Except as hereinafter provided a Transfer Notice once given or deemed to be given shall not be revocable without the written consent of all the members. A Transfer Notice shall constitute the Company the agent of the Proposed Transferor to sell the shares comprised therein (hereinafter referred to as the "Offered Shares") at the price determined and fixed under Article 6.3 (hereinafter referred to as the "Selling Price") and in accordance with the following provisions:-
- 6.2.1 upon the Selling Price being fixed as provided in Article 6.3 the Directors shall forthwith by notice in writing inform each member (other than the Proposed Transferor) of the number and price of the Offered Shares and invite each member to whom such notice is given to apply in writing to the Company within 30 days ( the "Notice Period") of the date of dispatch of the notice (which shall be specified therein) for such maximum number of the Offered Shares (being all or any thereof) as he shall specify in such application (which such application shall be irrevocable unless otherwise agreed in writing by all the members);

- 6.2.2 the Directors shall, within 7 days after the expiration of the Notice Period referred to in Article 6.2.1, notify the Proposed Transferor of the number of Offered Shares if any for which they have found a purchaser or purchasers pursuant to Article 6.2.1 and (a) if the proposed Transferor has notified his desire to transfer all the shares registered in his name and Directors have found a purchaser or purchasers in respect of some only of the Offered Shares then the Proposed Transferor may, notwithstanding the provisions of Articles 5 and 6.1, withdraw the Transfer Notice by giving notice to the Company within 4 days of receipt of the notice from the Directors as aforesaid, or (b) if the Proposed Transferor has noticed his desire to transfer part only of all the shares registered in his name and if the Directors have found such a purchaser or purchasers in respect of some only of the Offered Shares then the Proposed Transferor shall not have the right to withdraw the Transfer Notice and the provisions in relation to allocation and completion of transfer of the Offered Shares herein shall apply to the Offered Shares so taken up:
- 6.2.3 If the Transfer Notice has been withdrawn under Article 6.2.2(a) or the members have not applied for all the Offered Shares the Proposed Transferor shall during the 6-month period following the expiry of the period of 7 days referred to in Article 6.2.2 hereof be at liberty to transfer all the Offered Shares to any person or persons at a price not being less than the Selling Price determined and fixed under Article 6.3 and otherwise on terms no less favorable PROVIDED THAT if such Offered Shares have not been transferred accordingly by the end of such period of six months the Proposed Transferor shall no longer be at liberty to transfer the Offered Shares without first complying with the provisions of Article 6;
- 6.2.4 If the said members shall within the Notice Period referred to in Article 6.2.1 apply for all or (except where the Transfer Notice is withdrawn as aforesaid) any of the Offered Shares, the Directors shall allocate the Offered Shares (or so many of them as shall be applied for as aforesaid) first, to and amongst the members holding shares of the same class so applying (and in the case of competition for the Offered Shares between such members pro rata, as nearly as possible, according to the number of shares of the Company in respect of which they are registered or unconditionally entitled to be registered as holders) and, second, to and amongst the remaining members of the Company so applying (and in the case of Competition for the Offered Shares between such members pro rata, as nearly as possible, according to the number of shares of the Company in respect of which they are registered or unconditionally entitled to be registered as holders); Provided, that no applicant shall be obliged to take more than the maximum number of Offered Shares specified by him as aforesaid;
- 6.2.5 the Directors shall forthwith give notice in writing of allocations of Offered Shares pursuant to Article 6.2.5 (hereinafter called an "Allocation Notice") to the Proposed Transferor and to the persons to whom Offered Shares of its right to withdraw the Transfer Notice under Article 6.2.2 (a) the Proposed Transferor shall thereupon be bound to transfer the offered Shares allocated upon payment of the Selling Price thereof on the date specified in the Allocation Notice. An Allocation Notice shall state the name and addresses of the purchasers and the number of shares agreed to be purchased by them respectively and the purchases shall be completed at such place and such time as shall be specified by the secretary in such Allocation Notice being not less than 2 weeks nor more than 4 weeks after the date of such Allocation Notice;

- 6.2.6 If in any case the Proposed Transferor having become bound as aforesaid makes default in accepting payment of the Selling Price for any Offered Share or as the case may be in transferring the same then the secretary may (and shall at the request of the purchaser of such share) receive such purchase money and may nominate some person to execute an instrument of transfer of such share in the name and on behalf of the proposed Transferor and thereafter when such instrument has been duly stamped the secretary shall cause the name of the purchaser to be entered in the register of members as the holder of such shares and where applicable shall hold the purchase money in trust without interest for the Proposed Transferor. The receipt of the secretary for the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof) and after his name has been entered in the register of members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.
- 6.3 The Selling Price of the shares to be transferred pursuant to the provisions of Article 6.2 shall be such amount per share as is equal to the amount which has been offered by a third party to the Proposed Transferor and is specified in the Transfer Notice PROVIDED THAT the Directors will have the right to be provided with such evidence that they reasonably require to satisfy themselves of the bona fide nature of such offer.
- 6.4 Any member may waive in writing (with specific reference to this Article) his right to receive a Transfer Notice from the Company under Article 6.2 in respect of any proposed transfer and upon so doing shall cease to have any right of pre-emption in respect of the shares the subject of such proposed transfer under this Article 6 and if all the members entitled waive their rights to such Transfer Notice the provisions of Article 6.1 shall not apply and the Directors of the Company shall (subject to Article 6.6) be bound to register any transfer of the shares concerned as a permitted transfer.
- 6.5.1 the Directors shall refuse to register any proposed transfer of a share other than a transfer made pursuant to or permitted by the provisions of Article 5 or this Article 6, and save as provided in Articles 6.5.2, 6.5.3 and 6.5.4 of this Article the Directors shall register any transfer of a share so made or permitted;
- 6.5.2 the Directors may refuse to register the transfer of a share on which the Company has a lien;
- 6.5.3 the Directors may refuse to register a transfer unless:-
- (i) it is lodged at the office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
  - (ii) it is in respect of only one class of shares; and
  - (iii) it is in favour of not more than four transferees
- 6.5.4 No share shall be transferred to any infant, bankrupt or person of unsound mind.

- 6.6 The provisions of this Article 6 shall apply to any agreement for the transfer of a share or any attempt to transfer a share or to any renunciation of the allotment of any share as they would apply to any transfer of that share.
- 6.7 No transfer of a share will be registered by the Directors unless the proposed transferee has entered into a deed of adherence in a form satisfactory to the 'A' Shareholder.
- 6.8 Regulation 24 of Table A shall not apply.

## **7. VARIATION OF RIGHTS.**

If at any time the Share capital is divided into different classes of Shares, the rights attached to any class may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the Shares of the class. To every such separate General Meeting the provisions of these regulations relating to General Meetings shall apply, but so that the necessary quorum shall be one person holding or representing by proxy one-third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.

## **8. NOTICE OF GENERAL MEETINGS**

- 8.1 An annual General Meeting and an Extraordinary General Meeting called for the passing of a Special Resolution shall be called by at least twenty-one clear days' notice. All other Extraordinary General Meetings shall be called by at least fourteen clear days' notice but a General Meeting may be called by shorter notice if it is so agreed:-
- 8.1.1 in the case of an Annual General Meeting, by all the Members entitled to attend and vote thereat; and
- 8.1.2 in the case of any other Meeting, by a majority in number of the Members having a right to attend and vote being a majority together holding not less than ninety-five percent in nominal value of the Shares giving that right.
- 8.2 The notice 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.
- 8.3 Subject to the provisions of the Articles and to any restrictions imposed on any Shares, the notice shall be given to all the Members, to all persons entitled to a Share in consequence of the death or bankruptcy of a Member and to the Directors and Auditors.
- 8.4 Regulation 38 of Table A shall not apply.



## **9. PROCEEDINGS AT GENERAL MEETINGS.**

- 9.1 No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business and whilst the business of the meeting is being transacted. A quorum shall consist of a Member or Members holding not less than one half in nominal value of the issued 'A' Shares and two holders of 'B' Shares each of which is present in person or by proxy or (being a corporation) represented in accordance with Section 375 of the Act. Regulation 40 of Table A shall not apply.
- 9.2 If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall be dissolved. In the event that a meeting is adjourned, notice in accordance with these Articles must be given of the adjourned meeting and a quorum must be present at the adjourned meeting. Regulation 41 of Table A shall not apply.
- 9.3 A poll may be demanded at any General Meeting by the Chairman, or by any member present in person or by proxy and entitled to vote. Regulation 46 of Table A shall be modified accordingly.
- 9.4 The Chairman of the Board of Directors shall preside at every General Meeting and in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall not be entitled to a further or casting vote in addition to the votes to which he may be entitled as a Member. Regulation 50 of Table A shall not apply.
- 9.5 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, shall have one vote and on a poll every such Member shall have one vote for each Share of which he is the holder.

## **10. NUMBER OF DIRECTORS.**

The minimum number of Directors shall be two, one of whom must be an 'A' Director and one of whom must be a 'B' Director. The maximum number of Directors shall be eleven comprising six 'A' Directors and five 'B' Directors. Regulation 64 of Table A shall not apply.

## **11. ALTERNATE DIRECTORS**

- 11.1 Any Director (other than an alternate Director) may appoint any other Director, or any other person willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him. Save as otherwise provided in the Articles, unless he is already an officer of the Company in his own right, an alternate Director shall not, as such, have any rights other than those mentioned in Article 11.2 below.
- 11.2 An alternate Director shall be entitled to receive notice of all meetings of Directors and to attend, speak and vote at any such meeting at which the Director appointing

him is not personally present but it shall not be necessary to give notice of such a meeting to an alternate Director who is absent from the United Kingdom. A Director present at such meeting and appointed alternate Director for any other Directors entitled to attend and vote at such meeting shall have an additional vote for each of his appointors absent from the meeting. An alternate Director shall not be entitled to receive any remuneration from the Company for his services as an alternate Director. Without prejudice to the generality of the foregoing, an alternate Director appointed by an 'A' Director or a 'B' Director shall, for the purposes of these Articles, be deemed to be the Director he represents.

- 11.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
- 11.4 Any appointments or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 11.5 Without prejudice to Article 11.2 and save as otherwise provided in the Articles, an alternate Director 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.
- 11.6 Regulations 65 to 69 (inclusive) shall not apply and Regulation 88 shall be modified accordingly.

## **12. POWERS OF DIRECTORS**

The Directors may sanction the exercise by the Company of all the powers of the Company to make provision for the benefit of persons (including Directors) employed or formerly employed by the Company or any subsidiary of the Company in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or any such subsidiary as are contained in Section 719 of the Act and Section 187 of the Insolvency Act 1986 and, subject to such sanction, the Directors may exercise all such powers of the Company.

## **13. APPOINTMENT AND RETIREMENT OF DIRECTORS.**

- 13.1 The Directors of the Company shall not retire by rotation, and Regulations 73 to 77 (inclusive) of Table A shall not apply and Regulation 78 shall be modified accordingly.
- 13.2.1 The holders of a majority in nominal value of the issued 'A' Shares shall be entitled at any time and from time to time to appoint up to six persons as 'A' Directors and to remove any such Director from office and to appoint any other person in place of any such Director so removed or dying or otherwise vacating office.

- 13.2.2. Each of the Founder Shareholders shall be entitled to appoint one person as a 'B' Director and to remove any such Director from office and to appoint any other person in place of any such Director so removed or dying or otherwise vacating office.
- 13.2.3 Every appointment or removal made pursuant to this Article 13.2 shall be made by notice in writing to the Company signed by or on behalf of the person or persons entitled to make the same. Such notice shall take effect when served or deemed to be served on the Company in accordance with Article 20.2.
- 13.3 Save as provided by this Article 13 and subject to the provisions of the Act, no Director of the Company shall be appointed or removed from office, and the Company in General Meeting shall have no power of appointing or removing Directors, but each of the Directors appointed by or under this Article and every other Director hereafter appointed shall hold office until he is either removed in manner provided by this Article 13 or dies or otherwise vacates office under the provisions contained in Article 14. Regulations 78 and 79 shall not apply.

## **14 DISQUALIFICATION AND REMOVAL OF DIRECTORS**

14.1 The office of Director shall be vacated if:-

- 14.1.1 he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or
- 14.1.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 14.1.3 he is a person of unsound mind; or
- 14.1.4 he resigns his office by notice to the Company; or
- 14.1.5 being an 'A' Director or a 'B' Director, he is removed from office pursuant to Article 13.2;

and Regulation 81 of Table A shall not apply.

14.2 No person shall be disqualified from being or becoming a Director of the Company by reason of his attaining or having attained the age of 70 years or any other age.

## **15 DIRECTORS INTERESTS**

Provided that a Director declares his interest in a contract or arrangement or proposed contract or arrangement with the Company in manner provided by Section 317 of the Act, he shall be counted in the quorum of any meeting of Directors at which the same is considered and shall be entitled to vote as a Director in respect thereof. Regulation 94 of Table A shall not apply.

## **16 DIRECTORS' GRATUITIES AND PENSIONS**

Regulation 87 of Table A shall not apply.

## **17 PROCEEDINGS OF DIRECTORS**

- 17.1 Subject to the provisions of the Act, the Memorandum and the Articles, to any directions given by special resolution and to the provisions of Article 17.7 the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors. Regulation 70 shall not apply.
- 17.2 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of all the Directors. Without prejudice to Article 10 it shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. Questions arising at any meeting of the Directors shall be decided by a majority of the votes save that any 'A' Director present at any meeting shall have one more vote than all the 'B' Directors present. In the case of an equality of votes, the Chairman at any meeting of the Directors shall not be entitled to a second or casting vote. Regulation 88 of Table A shall not apply.
- 17.3 The quorum for the transaction of the business of the Directors shall (subject to Article 17.4) be two of whom one must be an 'A' Director and one must be a 'B' Director. Regulation 89 of Table A shall not apply.
- 17.4 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but if and so long as there shall be no 'A' Director or 'B' Director in office, the continuing Directors or Director may act for the purpose of summoning a General Meeting of the Company or of the holders of any class of shares but for no other purpose. Regulation 90 of Table A shall not apply.
- 17.5 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of the Directors 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 in the like form 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. Regulation 93 of Table 93 of Table A shall not apply.
- 17.6.1 Provided that due notice of such telephone conference call has been given as would be required for notice of a meeting of the Directors, a telephone conference call during which a quorum of the Directors for the purposes of the business intended to be conducted at that meeting participates in the call shall be as valid as a meeting of the

Directors so long as all those participating can hear and speak to each other throughout the call.

17.7 The following matters shall save to the extent envisaged in the relevant annual budget of the Company (together with any amendments made thereto) adopted or amended in accordance with Article 17.7.23 shall require the prior written consent of the holders of a 75 per cent, majority by nominal value of the "A" Shares in issue and, in the case of the matters specified in Article 17.7.3, the prior written consent of the holders of a 75 per cent, majority by nominal value of "B" Shares in issue and the Company shall not effect any of the following matters without obtaining such consent:-

17.7.1 make any change in the Accounting Reference Date of the Company;

17.7.2 save as required by law sell, transfer, lease, license, assign or otherwise dispose of the whole or any material part of its business, undertaking property and /or assets;

17.7.3 carry on any activity other than the Business as defined on the attached Schedule or cease to carry on by it at the date of adoption of these Articles.

17.7.4 issue or allot or agree to issue or allot any shares or stock in its capital or any security convertible into such shares or stock or any loan stock or grant or agree to grant options over or rights in any such shares, stock, securities or loan stock or any alteration in the classification of any part of the share capital:

17.7.5 enter into any contract of employment or consultancy with any person or make any change to the terms of engagement of any employee or consultant having a salary ( on a full time basis) equivalent to or in excess of £25,000 per annum;

17.7.6 pay fees or emoluments to the Directors other than to the Directors who have agreements with the Company in circumstances where the payments are made in accordance with the terms thereof;

17.7.7 give any guarantee, indemnity, or the like save in the ordinary course of business in respect of a liability that does not exceed £5,000;

17.7.8 create or issue any debenture, mortgage, charge or other security or increase the amount of any borrowings capable of being secured thereby;

17.7.9 acquire or dispose of any share, debenture, mortgage, loan capital or security ( or any interest therein) in any body corporate or trust:

17.7.10 make any loan other than credit given in the normal course of trading;

17.7.11 make any tax elections;

17.7.12 purchase, lease, acquire, take options over, exchange or otherwise deal in any real property or any interest therein, acquire any asset for a consideration of more than £10,000 or otherwise enter into a capital commitment in respect of an amount which exceeds £10,000.

- 17.7.13 institute any litigation arbitration or other similar proceedings except in respect of debt collection in the ordinary course;
- 17.7.14 enter into any agreement, transaction or arrangement with any of the members of the ultimate holding company from time to time of the Company or any person who is an associated company or affiliate or with any person who is otherwise connected with any of them within the meaning of S.839 Income and Corporation Taxes Act 1988 and for these purposes an "affiliate" in relation to a partnership shall mean any other partnership, corporation, company, other entity or person which owns or controls a majority of the voting interests in that partnership and "associated company" shall mean in respect of a body corporate any subsidiary of that body corporate or any company of which the body corporate is a subsidiary or a subsidiary of such company and "subsidiary" shall have the meaning ascribed to it in Section 736 of the Companies Act 1985;
- 17.7.15 enter into any loan agreement or other financing agreement other than any of the financing agreements in existence at the date of adoption of these Articles or incur commitments of a like nature which shall include without limitation agreements for the leasing hire purchase or purchase on deferred terms of any asset (other than in respect of equipment and consumables and motor vehicles which do not exceed £10,000 in aggregate), make alterations to any such agreement as is entered into and make drawings or pre-payments thereunder or make any amendment to the terms thereof;
- 17.7.16 enter into any material contract or commitment or pay any management or other fee other than in the ordinary or proper course of business on arm's length terms;
- 17.7.17 enter into any joint venture, partnership or profit sharing agreement with any other person;
- 17.7.18 sell, release, assign or factor the debts or securities of the Company;
- 17.7.19 appoint any person as a Director of the Company (save as envisaged by these Articles) or any subsidiary company;
- 17.7.20 approve any transferee or allottee of any share in it;
- 17.7.21 pay any dividend;
- 17.7.22 do or permit or suffer to be done any act or thing whereby the Company may be wound up (whether voluntarily or compulsorily);
- 17.7.23 approve any annual budget or any amendments thereto or any business plan from time to time of the Company; or
- 17.7.24 commit itself or incur expenditure whether of a revenue or a capital nature which exceeds in each case £5,000 unless such expenditure is incurred in the relevant annual budget approved or amended in accordance with Article 17.7.23;

- 17.7.25 approve and adopt the Accounts of the Company;
- 17.7.26 make any material change in the Company's accounting policies or reporting practices;
- 17.7.27 pass any petition or resolution to wind up the Company or any petition for an administration order;
- 17.7.28 make any alteration to any of the provisions of the Memorandum or Articles of Association; or
- 17.7.29 pass any other resolution of the Company whether at a General Meeting or by written resolution.
- 17.8 Any breach of the foregoing Article 17.7 may be ratified by the relevant holders of "A" Shares and "B" Shares (as appropriate).
- 17.9.1 The holders of the "A" Shares shall procure that no resolution of the Company is passed either at a General Meeting or by written resolution to do any of the matters specified in the Article 17.9.1 without the prior written consent of a 75% majority by nominal value of the holders of the "B" Shares:
  - 17.9.1.1 altering the authorised or issued share capital of the Company;
  - 17.9.1.2 issuing debentures by capitalisation of reserves;
  - 17.9.1.3 winding up the Company;
  - 17.9.1.4 altering the memorandum or articles of association of the Company;
  - 17.9.1.5 the sale of the Company's business;
- 17.9.2 If the holders of the "A" Shares or the "A" Directors shall procure that the Company carries out or omits to take any action having an adverse effect on the PBT (as defined in the Shareholders Agreement) of the Company or the calculation of the Applicable Value (as defined in the Shareholders Agreement), the holders of "A" Shares shall, if so requested by the holders of the "B" Shares, refer the matter to the Auditors, who shall make such adjustments (if any) to the calculation of the PBT and/or the Applicable Value as they shall in their reasonable discretion deem appropriate to reflect the position if that action had not been carried out or had not been omitted (as the case may be). The costs of the Auditors shall in all circumstances be payable by the Company save that in the event the holders of the "A" Shares consider the application to the Auditors to be frivolous, the holders of the "A" Shares shall have the right to request the Auditors to determine that their fees should be paid by the holders of the "B" Shares if they agree with the view of the holders of the "A" Shares.

## **18 DELEGATION OF DIRECTORS' POWERS**

- 18.1 the Directors shall not be entitled to delegate any of their powers to committees.
- 18.2 the Directors may delegate to any Managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered PROVIDED THAT if an 'A' Director or a 'B' Director shall serve notice on the Company (which shall state it is given in pursuance of this Article) requesting the Directors to revoke all of such powers then unless the Directors resolve to revoke such powers within seven days of service of such notice such powers shall be deemed revoked at the expiration of such period of seven days.
- 18.3 Regulation 72 of Table A shall not apply.

## **19 DIVIDENDS**

- 19.1 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 herein contained entitled to become a Member, or which any person under those provisions is entitled to transfer, until such person shall become a member in respect of such Shares or shall duly transfer the same in either case subject to Article 5. Regulation 31 of Table A shall be modified accordingly.
- 19.2 The payment by the Directors of any unclaimed dividend or other monies payable on or in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof. Any dividend unclaimed after a period of twelve years from the date it became due for payment shall be forfeited and cease to remain owing by the Company. Regulation 108 of Table A shall not apply.
- 19.3 No payment or distribution may be declared, made or paid on any share in the capital of the Company to the extent prohibited by the Finance Documents at any time whilst the Finance Document remain in full force and effect, except to the extent that the Finance Documents are terminated or the duties and/or obligations of the Company under the Finance Documents are waived or discharged by the Majority Banks (as defined in the Senior Facility Agreement)

## **20 NOTICES**

- 20.1 Any notice given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the Directors need not be in writing. Any notice given by or on behalf of any person to the Company may be given by leaving the same at or by sending the same by post to the Office or such other place as the Directors may appoint. Regulation 111 of Table A shall not apply.
- 20.2 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 be deemed to be given at the expiration of 24 hours after the envelope containing it was posted.  
Regulation 115 of Table A shall not apply.

## **21 INDEMNITY**

- 21.1 Subject to the provisions of, and so far as may be permitted by, the Act, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all cost, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including 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 or employee of the Company and in which judgment is given in his favour, or the proceedings 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 by the Court.
- 21.2 Subject to the provisions of and so far as many be permitted by the Act, the Company shall be entitled to purchase and maintain for any such Director, Auditor, Secretary or other officer, insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to the Company.

SCHEDULE

“Business”	the development, ownership and management of Secure Facilities together with the buying and selling of Secure Facilities;
“Secure Facility”	a medium secure psychiatric unit in the United Kingdom;