

COMPANY NUMBER. 03389199
PRIVATE COMPANY LIMITED BY SHARES

***ARTICLES OF ASSOCIATION of SCARLETS REGIONAL LIMITED
(FORMERLY LLANELLI RUGBY FOOTBALL CLUB LIMITED)**

***Adopted by Special Resolution 26 March 2015**

INTERPRETATION

11 In these Articles>

"the Act"

means the Companies Acts 2006 including any statutory modification or re-enactment thereof for the time being in force,

"the Articles" or
"these Articles"

means these Articles of Association of the Company,

"Directors"

means the directors for the time being of the Company,

"executed"

includes any mode of execution whether under seal or under hand,

"Heritage Director"

means a director appointed by the holders of the Heritage Shares

"Heritage Shares"

means Heritage Shares of £1 each in the capital of the Company,

"the holder"

in relation to shares means the member whose name is entered in the register of members as the holder of the shares,

"Ordinary Shares"

means Ordinary Shares of £1 each in the capital of the Company,

"Secretary"

means any person appointed to perform the duties of the secretary of the Company

"Shareholder"

means the holder of Shares in the Company,

"Shares"

means Ordinary and Heritage Shares and the Special Shares referred to together or as the context shall admit,

"Special Shares"

means the Special Shares of £1,000 each in the capital of the Company,

"Transfer"

includes>

- (1) any direction (by way of renunciation or otherwise) by a member entitled to an allotment or transfer of Shares to the effect that such Shares or any of them

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be allotted or issued or transferred to some person other than himself,

(ii) any sale or other disposition of any beneficial interest in a Share (whether or not for consideration or otherwise) by whomsoever made and whether or not effected by an instrument in writing,

(iii) the renunciation of a renounceable letter or allotment,

but excludes>

(a) the transfer to a person becoming entitled to a Share in consequence of the death or bankruptcy of a member,

(b) the transfer by a person retiring as a trustee to a new trustee or by trustees to persons entitled to the beneficial interest thereof,

all and any such excluded transfers being a "Permitted Transfer" for the purposes of these Articles,

1 2 unless the context otherwise requires, words or expressions contained in the Articles bear the same meaning as in the Act or any statutory modification thereof in force when the Articles become binding on the Company,

13 the Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended) ("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

PRIVATE COMPANY

2 1 The Company is a private company and accordingly the Company shall not -

2 1 1 offer to the public (whether for cash or otherwise) any shares in or debentures of the Company,

2 1 2 allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of these shares or debentures being offered for sale to the public

2 2 The liability of the members is limited to the amount, if any, unpaid on the shares held by them

SHARE CAPITAL

3 1 NOT USED

3 2 The rights attaching to the Special Shares and the Heritage Shares will be as follows

As to Class Rights

- (A) Except with the prior approval of the holders of a majority in number of the Special Shares the Company will not -
- (a) amend delete or alter the Articles or the Memorandum of Association of the Company
 - (b) make any material alteration in the Company's business,
 - (c) register any transfer which would result in one shareholder owning more than 25 per cent of the issued Ordinary Shares,
 - (d) transfer or dispose of the business or and/or the assets of the Company (or any material part or parts thereof),
 - (e) redeem any of its Shares or reduce its share capital,
 - (f) enter into a voluntary winding up or dissolution of the Company or a proposal for a voluntary arrangement made under the Insolvency Act 1986,
 - (g) remove a Director appointed by the holders of the majority of the Special Shares pursuant to, but subject to the provisions of, paragraph (E) below,
 - (h) incorporate any subsidiary of the Company other than one which sells merchandise and branded goods related to llanelli Rugby football Club,
 - (i) make or give any payment guarantee or loan by the Company or any subsidiary on any basis other than in the normal course of business on an arm's length basis or other than as envisaged in its current business plan,
 - (j) create any mortgage, debenture or charge over any of the assets of the Company other than in the normal course of business on an arm's length basis,
 - (k) enter into any capital expenditure commitments individually or in aggregate in excess of £50,000 in any accounting reference period, or
 - (l) amend or vary any rights attached to any Share in the Company
- (B) Except with the prior approval of the holders of a majority in number of the Heritage Shares the Company will not -
- (a) alter the general nature of the business of the Company so as to constitute a substantial alteration to the business of the Company For the purposes of this paragraph (a) any cessation of or material reduction in the playing of rugby union football shall be deemed to be a substantial alteration in the general nature of the business of the Company,
 - (b) pursue the development of any new business unless it complements and supports the primary business activity of the Company being that of running a professional rugby union team,
 - (c) change the Club colours from scarlet (changes to the Club colours (including the strip) in the normal course of playing and to comply with

advertising and promotional commitments of the Company being permitted however at the discretion of the Directors),

- (d) change the name of the Company,
- (e) propose any amendment to these Articles
- (f) sell or dispose (either directly or indirectly) of the undertaking or business of the Company or any substantial part thereof

As to Voting Rights

- (C) The Special Shareholders shall be entitled to receive notice of and to attend and speak at any general meeting of the Company but the Special Shares shall carry no right to vote nor any other rights at any such meeting
- (D) The holders of the Heritage Shares will be entitled to attend and vote at general meetings of the Company and on a show of hands will have one vote and on a poll one vote for each Share

As to Board Representation

- (E) Subject to the remainder of this paragraph (E), the holders of the majority of the Special Shares shall have the right to appoint one director of the Company

A director so appointed may at any time be removed from office by the holders of the majority of the Special Shares

If any director so appointed shall die or be removed from or vacate office from any cause the holders of the majority of the Special Shares may appoint in his place another person

Any director so appointed shall not be required to retire by rotation nor to hold any share qualification

Any appointment or removal of a director pursuant to this Article shall be in writing served on the Company and signed by or on behalf of the holders of the majority of the Special Shares

The right to appoint such a director shall be a class right attaching to the Special Shares. No such director shall be appointed or removed otherwise than pursuant to this Article save as provided by sub paragraphs (b) (c) (d) and (e) of Article 81 or Table A. The right given to the holders of the majority of Special Shares under this paragraph (E) shall be limited only to the extent that they shall not appoint any person to be a Director if such person has an interest or is subject to a duty which may conflict with any interest or interests of the Company or with any of his duties to the Company and the Directors reasonably object to his appointment for that reason.

Any Director ("the Appointee") appointed under this paragraph (E) shall be forthwith removed from office by the holders of the majority of Special Shares if the other Directors shall at any time following the Appointee's appointment reasonably so request where the Appointee has an interest or is subject to a duty which may

conflict with any interest or interests of the Company or with any of his duties to the Company

- (F) The holders of the majority of the Heritage Shares shall have the right to appoint two directors of the Company

Any directors so appointed may at any time be removed from office by the holders of the majority of the Heritage Shares

If any director so appointed shall die or be removed from or vacate office from any cause the holders of the majority of the Heritage Shares may appoint in his place another person

Any director so appointed shall not be required to retire by rotation nor to hold any share qualification

Any appointment or removal of a director pursuant to this Article shall be in writing served on the Company and signed by or on behalf of the holders of the majority of the Heritage Shares

The right to appoint such a director shall be a class right attaching to the Heritage Shares No such director shall be appointed or removed otherwise than pursuant to this Article save as provided by sub paragraphs (b) (c) (d) and (e) of Article 81 or Table A

- (G) Subject to the remainder of this paragraph (G) any holder of at least 10% of the Ordinary Shares shall have the right to appoint one director (which may be himself)

A director so appointed may at any time be removed from office by his appointor or by the Board if his appointor has ceased to hold at least 10% of the Ordinary Shares

If the director so appointed shall die or be removed from or vacate office from any cause his appointor may appoint in his place another person

Any director so appointed shall not be required to retire by rotation nor to hold any share qualification

Any appointment or removal of a director pursuant to this Article shall be in writing served on the Company and signed on or on behalf of the appointor or the Board (as the case may be)

The right to appoint such a director shall be a class right attaching to the Ordinary Shares No such director shall be appointed or removed otherwise than pursuant to this Article save as provided by sub paragraphs (b) (c) (d) and (e) of Article 81 of Table A

As to Transfer

- (H) The Special Shares may only be issued to held by and transferred to The Welsh Rugby Union Limited or any successor body carrying on its activity For the avoidance of doubt, the provisions of Article 8 shall not apply to the Special Shares and the directors shall not refuse to register the transfer of any Special Shares in accordance with this Article 3 2(H)

As to Winding up

(I) In a winding up the assets of the Company (including capital uncalled at the commencement of the winding up) remaining after paying and discharging the debts and liabilities of the Company and the costs of the winding up shall be applied in repayment of the capital paid up or credited as paid up on the Ordinary Shares the Special Shares and the Heritage Shares as if the same constituted one class of share and the residue if any shall be divided among the holders of Ordinary Shares Special Shares and Heritage Shares in proportion to the nominal amount paid up or credited as paid up on such shares as if the same constituted one class of share

3 3 Share Certificates need not be sealed with the seal of the Company and Regulation 6 shall be amended accordingly

ALLOTMENTS

4 Subject to the provisions of these Articles and for the purposes of Section 551 of the Act, the Shares shall be under the control of the Directors and the Directors may allot, grant options over, or otherwise deal with or dispose of any Shares to such persons and generally on such terms and in such manner as they think fit. The general authority conferred by this Article 4 shall extend to such Shares of the Company as may be identified by the Company at a general meeting from time to time and which remain unissued during the currency of such authority. The said general authority shall expire on the fifth anniversary of the date of adoption of these Articles unless varied or revoked or renewed by the Company at a general meeting. The Directors shall be entitled under said general authority to make at any time before the expiry of such authority any offer or agreement which will or may require securities to be allotted after the expiry of such authority.

5 1 Subject to any direction to the contrary which may be given by special resolution of the Company all new or unissued shares of whatever kind shall before being issued be offered (when the Directors determine to issue the same) to the holders for the time being of Ordinary Shares in proportion to the nominal value of the existing shares held by them. Such offer shall be made by written notice from the Directors specifying the number and price of shares to which the member is entitled and limiting a time (being not less than 30 days from the date of such notice) within which the offer if not accepted will be deemed to be declined, and after the expiration of such time or on the receipt of a written intimation from the member to whom such notice is given that he declines to accept the shares so offered (or agrees to accept part only of the shares so offered) the Directors may offer the shares not so taken up to the other members on the same terms as before. If any such shares are not taken up after each member has taken as many of such shares as he requires, the Directors may dispose of the same in such manner to such persons (including any Director) as they may think most beneficial to the Company on terms as to price and subscription no more favourable to the offeree than those terms on which such shares were offered to members of the Company.

5 2 If, owing to any inequality in the number of new shares to be issued and the number of Shares held by holders entitled to receive such offer of any new shares, any difficulty arises in the apportionment of any such new shares amongst the holders such difficulty shall be determined by the Company by special resolution.

5 3 In accordance with Section 567 of the Act Section 561 and 562 of the Act shall be excluded from applying to the allotment of equity securities (as defined in Section 560(1) of the Act)

LIENS

- 6 The lien conferred by Regulation 8 in Table A shall attach also to fully paid-up shares, 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 indebted or under liability to the Company whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Regulation 8 in Table A shall be modified accordingly.
- 7 The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such nonpayment"

TRANSFER OF SHARES

- 8 1 In this Article 8 the expression "Sale Price" shall mean either -
- (a) if the proposing transferor shall have received an offer for his Shares, a price per Share at least equal to that offered or paid or payable by the proposing transferee for such Shares plus an amount equal to the relevant proportion of any consideration in cash or otherwise received or receivable by the proposing transferor which having regard to the substance of the transaction as a whole is reasonably be regarded by the Director as an addition to the price paid or payable for such Shares,
 - (b) in the absence of an offer for such Shares an amount which in the opinion of the auditors for the time being of the Company represents the fair value of such shares as certified by them annually at the same time as the annual accounts of the Company are audited by them such value being on the basis of a sale between a willing buyer and a willing seller on an arm's length basis disregarding the fraction of Shares being offered for sale

In certifying the fair value as aforesaid the auditors shall be entitled to obtain professional valuations in respect of any of the Company's assets and shall be considered to be acting as experts and not as arbitrators or arbiters and accordingly any provisions of law or statute relating to arbitration shall not apply

- 8 2 Notwithstanding any other provision of these Articles no sale or Transfer of any Shares (other than a Permitted Transfer) which would result if made and registered in a person obtaining an interest (within the meaning of Sections 822 and 823 of the Act) in Shares controlling in aggregate 30% or more of the total voting rights conferred by all the Shares for the time being in issue, shall be made or registered without the previous written consent of a majority in number of members unless before the Transfer is lodged for registration the proposed transferee or his nominee has offered to purchase all Shares at the Sale Price
- 8 3 Save as otherwise provided in these Articles, the Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any Transfer if it is a Transfer of a share on which the Company has a lien. The Directors may also refuse to register a Transfer (including for the purpose of this Article a Permitted Transfer) unless -
- 8 3 1 it is lodged at the office or at such other place as the Directors may appoint and is accompanied by the certified 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, and

8 3 2 it is in respect of only one class of shares and

8 3 3 it is in favour of not more than four transferees

8 4 If the holder(s) of 25% or more of the Shares in the Company wish to transfer any of the Shares (the "Seller(s)") which he or they hold to any person ("**the Proposed Purchaser**") other than a Permitted Transfer, then the Seller(s) shall first procure that the Proposed Purchaser shall have made an offer ("**the Tag-along Offer**") in accordance with the terms of Article 8 5 to purchase Shares from the Shareholders in proportion to their respective shareholdings contemporaneously with the purchase of Shares from the Seller(s) and, if the Tag-along Offer is accepted by the other Shareholder(s) in accordance with the terms of Article 8 6, the purchase by the Proposed Purchaser from the Seller(s) shall not take place without the purchase of the Shares owned by the other Shareholder(s) (pro rata to their respective shareholdings as above) taking place contemporaneously and in accordance with the terms of the Tag-along Offer

8 5 The Tag-along Offer shall be

8 5 1 made in writing to the other Shareholders,

8 5 2 capable of acceptance by notice in writing for a period of 10 Business Days calculated from the date on which the Pre-emption Offer (as defined in Article 8 6 below) is received by the other Shareholders,

8 5 3 made on the same terms and conditions as the offer made to the Seller(s) (including without limitation as to price and any other form of consideration receivable by the Seller(s), which other form of consideration, having regard to the substantive transaction as a whole, would reasonably be regarded as an addition to the price paid or payable for the Seller(s)' Shares including any consideration paid or payable for any other Shares held by the other Shareholder(s))

8 6 Contemporaneously with any Tag-along Offer made pursuant to Article 8 4, the Seller(s) shall offer in writing to the other Shareholder(s) ("**the Pre-emption Offer**") to sell all (but not some only) of the Shares which the Seller(s) shall have offered to sell to the Proposed Purchaser to the other Shareholder(s) pro rata to the other Shareholders' Shareholdings in the Company or in such other proportions as the other Shareholders may agree at the same price as the offer made by the Proposed Purchaser to the Seller(s) referred to in Article 8 5 above and such Pre-emption Offer shall only be capable of acceptance

8 6 1 by all of the other Shareholder(s) in respect of all (but not some only) of the Shares which the Seller(s) shall have offered for sale as aforesaid),

8 6 2 by notice in writing to the other Shareholder(s) which notice shall specify the number of Shares agreed to be purchased by each other Shareholder and a place and time for completion of the sale and purchase of the Seller(s)' Shares, and

8 6 3 on condition that completion of the sale and purchase of all (but not some only) of the Seller(s)' Shares actually takes place on or before the date 10 Business Days after the date of service of the Pre-emption Offer

- 8 7 Completion of the sale and purchase of the Seller(s)' Shares pursuant to Article 8 6 shall be effected by
- 8 7 1 the Seller(s) delivering to the other Shareholders duly executed stock transfer forms in respect of the Seller(s) Shares in favour of the other Shareholders together with the Share certificates, and
- 8 7 2 the other Shareholders paying to the Seller(s) the price payable for the Seller(s) Shares (and any such other Shares), and
- 8 7 3 the Company issuing to the Seller(s) balancing Share certificates (if appropriate)
- 8 8 If completion of the sale and purchase of all (but not some only) of the Seller(s) Shares (and any other Shares (if relevant)) in terms of the Pre-emption Offer has not taken place within 10 Business Days of the date of the Pre-emption Offer in accordance with Articles 8 6 and 8 7, completion of the sale and purchase of any Shares in respect of which a Tag-along Offer has been accepted in accordance with Article 8 6, shall take place contemporaneously with the purchase of all of the Seller(s) Shares in accordance with the terms of the Tag-along Offer. If any other Shareholder who has accepted the Tag-along Offer in accordance with the terms of Article 8 5 makes default in transferring any of his Shares to the offeror in terms of that offer, the Seller(s) shall be entitled to receive and give a good discharge for the price for the Shares on behalf of any such other Shareholder and each other Shareholder hereby irrevocably appoints the Seller(s) (or any of them if more than one) as his attorney to execute on his behalf the transfer or transfers of the Shares in favour of the offeror (or as that offeror may direct) and such other documents as may be necessary to transfer title to the Shares to that offeror (or as such offeror may direct) and to deliver such documents to the Company whereupon the Company shall cause the transferee to be registered as the holder of the Shares
- 8 9 If the holders of more than 75% of the Shares ("**MajorityShareholder(s)**") receive a bona fide offer ("**theOffer**") from a third party offeror ("**the Offeror**") to acquire all of the Shares registered in the name of the Majority Shareholders and their Permitted Transferees which the Majority Shareholders wish to accept and the Offeror indicates to the Majority Shareholder(s) that it wishes to acquire all of the Shares and not only those registered in the names of the Majority Shareholders and its/their Permitted Transferees, the Majority Shareholders shall be entitled to require each of the remaining Shareholders ("**MinorityShareholders**") who have not accepted a Tag-Along Offer pursuant to Article 8 5) to sell their Shares to the Offeror contemporaneously with the sale by the Majority Shareholders of all of the Majority Shares to the Offeror on the same terms and conditions as the Offer (including, without limitation, as to the price and any other form of consideration receivable by the Majority Shareholders, which other form of consideration, having regard to the substantive transaction as a whole, would reasonably be regarded as an addition to the price paid or payable for the Majority Shares including any consideration paid or payable for any other Shares held by the Majority Shareholders) by service of notice on each of the Minority Shareholders ("**the Drag-along Notice**"), provided always that the Majority Shareholders shall not be entitled to serve a Drag-along Notice (and any such Drag-along Notice served by it shall be null and void)
- 8 9 1 if the Minority Shareholders have accepted the Pre-emption Offer and the sale and purchase of the Majority Shares (and any other Shares (if relevant)) shall have been completed in accordance with Articles 8 6 and 8 7, or
- 8 9 2 If any Minority Shareholder considers that the Company's ability to discharge its indebtedness to him (if any) which will remain outstanding at the date of completion of sale pursuant to the Drag-along Notice will be prejudiced by such sale to the

Offeror

For the purposes of this Article 8 9, a bona fide offer shall mean a bona fide offer in writing from a third party offeror unconnected to the Majority Shareholders for the consideration stated in the offer

8 10 The Drag-along Notice shall

8 10 1 be made in writing to the Minority Shareholders,

8 10 2 specify the terms and conditions of the Offer

8 11 If the Majority Shareholders serve a Drag-along Notice pursuant to Article 8 9 (and such service may be effected within the period of 30 Business Days after receipt of the Offer by the Majority Shareholders) each of the Minority Shareholders hereby irrevocably, unconditionally and absolutely undertakes to the Majority Shareholders to sell the Shares registered in their name to the Offeror on the terms and conditions set out in the Offer

8 12 If the Majority Shareholders serve a Drag-along Notice pursuant to the provisions of Article 8 9, completion of the sale and purchase of the Majority Shares and the Shares of the Minority Shareholders shall take place in accordance with the terms of the Offer. If any Minority Shareholder makes default in transferring any of his Shares to the Offeror in accordance with the provisions of this Article 8 12, the Majority Shareholders shall be entitled to receive and give a good discharge for the purchase price for the Shares on behalf of any such Minority Shareholder and each Minority Shareholder hereby irrevocably appoints the directors of the Company (or any one of them) as his attorney to execute on his behalf the transfer or transfers of the Shares in favour of the Offeror (or as the Offeror may direct) and such other documents as may be necessary to transfer title to the Shares to the Offeror (or as the Offeror may direct) and to deliver such documents to the Company whereupon the Company shall cause the transferee to be registered as the holder of the Shares. Failure to produce a share certificate shall not impede the registration of shares under Articles 8 4 to 8 12

ALTERATION OF CAPITAL AND VARIATION OF RIGHTS

9 The Company may by special resolution -

9 1 increase the share capital by the creation of new shares of such amount as the resolution prescribes,

9 2 consolidate and divide all or any of its shares into shares of larger amount,

9 3 subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division any of them may have preference or advantage as compared with the others and

9 4 cancel 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

10 If at any time the share capital is divided into separate 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

- 11 Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be 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 by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder Regulation 5 of Table 4 shall not apply to the Company
- 12 Every notice convening a General Meeting shall comply with the provisions of Section 325(1) of the Act 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 Auditors for the time being of the Company Unless otherwise notified to the contrary by any member, the Company shall be entitled to send any notice or other communication to any member who has provided an electronic address for such purpose to such electronic address in substitution for any other method of communication or service

PROCEEDINGS AT GENERAL MEETINGS

- 13 No business shall be transacted at any general meeting unless a quorum is present
Three members present in person or by proxy or, in the case of a member being a corporation or association by representative (or by proxy) one of whom shall be a holder of Heritage Shares shall be a quorum for all purposes Regulation 40 of Table A shall not apply to the Company
- 14 If a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to such day and at such time and place, as the Directors may determine being not less than seven days from the date of the meeting but business may only be transacted at such adjourned meeting if the requirements of Regulation 21 are met Regulation 41 of Table A shall not apply to the Company
- 15 A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in like form each executed by or on behalf of one or more of the members If the resolution in writing is described as a special resolution or as an extraordinary resolution it shall have effect accordingly

VOTES OF MEMBERS

- 16 On a show of hands every member present in person or by proxy (or in the case of a corporation, by representative) shall have one vote and on a poll every member shall have one vote in respect of every Share of which he is the holder and entitled to vote
- 17 A member who is a patient for the purposes of the Mental Health Act 1983, or in respect of whom an order has been made by any competent court by reason of mental disorder may vote, whether on a show of hands or on a poll, by his receiver or other person authorised in that behalf by that court who 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 the Articles for the

deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable

- 18 On a poll votes may be given either personally or by proxy A member entitled to more than one vote need not, if he votes use all his votes or cast all the votes he uses the same way and Regulation 59 of Table A shall be subject to the provisions of this Article
- 19 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised A proxy need not be a member of the Company

CORPORATIONS OR ASSOCIATIONS ACTING BY REPRESENTATIVES

- 20 Any corporation or association 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, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation or association which he represents as that corporation or association could exercise if it were an individual member of the Company

APPOINTMENT OF DIRECTORS

- 21 Unless and until otherwise determined by ordinary resolution the minimum number of Directors (other than alternate directors) shall be three and there shall be not more than 15 Directors Regulation 64 of Table A shall not apply to the Company
- 22 The Chairman of the Company shall be appointed by the Directors and in case of equality of votes shall have a second or casting vote
- 23 A shareholding qualification shall not be required of a Director
- 24 No person shall be appointed a director at any General Meeting unless either -
- 24 1 he is recommended by the Directors or
- 24 2 not less than fourteen nor more than thirty five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed
- 25 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with Article 21 as the maximum number of Directors and for the time being in force

ALTERNATE DIRECTORS

- 26 Any Heritage Director (other than an alternate director) may at any time appoint any Director

to be his alternate director and may at any time remove from office an alternate director so appointed by him. An alternate director shall be entitled to receive notices of all meetings of the Directors, to attend and vote at any such meeting at which the Director appointing him is not personally present. An alternate director so appointed shall not except by virtue of any agreement with the Director whom he represents, be entitled to receive any remuneration from the Company but shall otherwise be subject to the provisions of these Articles with regard to Directors. When acting also as a Director or as an alternate director for more than one Director, an alternate director shall have one vote for every Director he represents, in addition to his own if himself a Director and when so acting where the quorum exceeds two, shall be considered as two Directors for the purpose of making a quorum. Every appointment and removal of an alternate director shall be in writing executed by the Heritage Director making or revoking the appointment and (in the case of an appointment) by the person appointed and shall be deposited at the office.

- 27 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.

POWERS OF DIRECTORS

- 28 Subject to the provisions of the Act and the Articles and to any directions given by special resolution, the Directors may exercise all the powers of the Company including all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and subject to the Act 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. No alteration of the 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 and that direction had not been given.

PROCEEDINGS OF DIRECTORS

- 29 1 The quorum necessary for a meeting of the Directors shall throughout the meeting be three, one of whom shall be a Heritage Director.
- 29 2 Any Director or member of a committee of the Directors may participate in a meeting of the Directors or such committee by means of conference, telephone or similar communications equipment whereby all participating in the meeting can hear each other and participation in such a meeting in this manner shall be deemed to constitute presence in person at such meeting.
- 29 3 If such a quorum is not present within one hour from the time appointed for the meeting or if during a meeting such a quorum ceases to be present the meeting shall stand adjourned to the same day in the next week but one at the same time and place.
- 29 4 If at any such adjourned meeting a quorum is not present within one hour from the time appointed for the meeting those Directors present shall constitute a quorum.
- 30 1 Subject to the provisions of the Articles the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Five clear days

prior notice of every meeting of the Directors shall be given to each Director of the Company or his alternate director including Directors and alternate directors who may for the time being have given addresses or be resident outside the United Kingdom

- 302 Questions arising at any meeting of the Directors or of any committee shall be decided by a majority of votes of the Directors
- 31 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but if the number of Directors is less than the number fixed as the quorum, he or they may act only for the purpose of filling vacancies or of calling a general meeting
- 32 All acts done by a meeting of Directors, or of a committee of Directors or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, 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
- 33 A resolution in writing executed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors

DELEGATION OF DIRECTORS' POWERS

- 34 1 The Directors may delegate any of their powers -
- 34 1 to any chief executive or any Director holding any other executive office, or
- 34 2 to any committee consisting of two or more Directors one of whom shall be a Heritage Director unless the holders of a majority of the Heritage Shares otherwise agree The quorum for a meeting of any such committee shall throughout the meeting be at least two
- 34 2 Subject to the foregoing the 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 Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of the Directors so far as they apply

DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 35 Subject to any claim arising under any contract between him and the Company and to the provisions of Section 188 of the Act in addition to the circumstances set out in Regulation 81 of Table A the office of a Director shall be vacated if-
- 35 1 he becomes prohibited from being a Director by reason of any order made under the Insolvency Act 1986, or

35 2 he becomes incapable by reason of illness or injury of managing and administering his property and affairs,

35 3 he gives notice to the Company that he resigns his office of Director

36 No Director shall vacate his office or be ineligible for re-election nor shall any person be ineligible for appointment as a Director, by reason only of his attaining or having attained any particular age

37 The Directors shall not be required to retire by rotation and Regulations 73 to 80 (inclusive) in Table A shall not apply to the Company

REMUNERATION OF DIRECTORS

38 Regulation 82 in Table A shall not apply to the Company

DIRECTORSEXPENSES

39 The Directors shall be entitled to be paid all reasonable traveling, hotel and other expenses properly incurred by them within the United Kingdom in connection with their attendance at meetings of Directors or committees of Directors or general meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties

DIRECTORSINTERESTS

40 1 A Director may vote, at any meeting of the Directors or of any committee of the Directors on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted, and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting

40 2 Regulations 94 to 97 (inclusive) in Table A shall not apply to the Company

DIRECTORSGRATUITIES AND PENSIONS

41 The Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any Director who has held any executive office or employment with the Company or with any body corporate which is, or has been, a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such persons Regulation 87 of Table A shall not apply to the Company

INDEMNITY

42 Subject to the provisions of and so far as may be permitted by and consistent with the Act every Director of the Company shall be indemnified by the Company out of its own funds against

- (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than
 - (i) any liability of the Company or any Associated Company, and
 - (ii) any liability of the kind referred to in Section 234(3) of the Act, and
 - (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office
- 42 2 Where a director is indemnified against any liability in accordance with this Article 42, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto
- 42 3 Subject to the provisions of the Act, the Company (a) may provide a director with funds to meet expenditure incurred or to be incurred by him in defending any criminal, civil or regulatory proceedings or in connection with any application under the provisions mentioned in Sections 205 or 206 of the Act and (b) may do anything to enable a director to avoid incurring such expenditure, but so that the terms set out in Section 205(2) of the Act shall apply to any such provision of funds or other things done in connection with an application made under Section 205(1) of the Act
- 42 4 In this Article 42 "Associated Company" shall have the meaning given thereto by Section 256 of the Act
- 42 5 Regulation 118 shall not apply to the Company