

**Company number: 13069171**

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**BROWN HOUSING HOLDINGS LIMITED (the "Company")**

**(Adopted by special resolution passed on ..15 February 2023.....)**

## **INTRODUCTION**

### **1. Interpretation**

1.1 The following definitions and rules of interpretation shall apply in these Articles:

**"Act"** the Companies Act 2006.

**"Articles"** the Company's articles of association for the time being in force.

**"A Shares"** the ordinary A shares of £0.10 each in the capital of the Company.

**"Asset Sale"** the disposal by the Company (whether by way of a sale, transfer or otherwise) of:

- (a) the whole or substantially the whole of the business, assets, property and undertaking of the Company, or
- (b) the entire issued share capital of BHL or the whole or substantially the whole of the business, assets, property and undertaking of BHL,

whether in one transaction or a series of connected transactions on arm's length commercial terms.

**"Asset Sale Proceeds"** the proceeds available for distribution by the Company to shareholders following an Asset Sale after payment of its liabilities (including payment of any intra-group loans).

**"BHL"** Browns Housing Limited, a company registered in England with company number 13073765, being a wholly owned subsidiary of the Company.

**"B Shares"** the ordinary B shares of £0.10 each in the capital of the Company.

**"Business Day"** a day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.

**"Conflict"** a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

**“Distribution Proceeds”** has the meaning given in article 10.6.

**"Eligible Director"** a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter).

**“Hurdle”** means the value of £1,100,000.

**"Group"** the Company, any subsidiary or any holding company of the Company from time to time, and any subsidiary from time to time of a holding company and member of the Group shall mean any of them.

**"holding company"** has the meaning given in article 1.6.

**“Interested Director”** has the meaning given in article 6.1.

**"Model Articles"** the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the date of adoption of these Articles and reference to a numbered Model Article is a reference to that article of the Model Articles.

**“Return of Capital”** has the meaning given in article 10.6.

**“Shares”** shares (of any class) in the capital of the Company and **“Share”** shall be construed accordingly.

**“Share Sale”** the sale, transfer or other disposal of any interest in any Share of the Company, whether in one transaction or a series of transactions, on arm’s length commercial terms, which results in the acquirer (whether alone or together with any persons(s) connected with it) obtaining the entire issued capital of the Company.

**“Share Sale Proceeds”** any proceeds due to the selling shareholders on a Share Sale after payment of all costs, charges and fees incurred in connection with such Share Sale, and subject to the repayment of any intra-group loans.

**"subsidiary"** has the meaning given in article 1.6.

1.2 Unless expressly provided otherwise in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles. The final paragraph of Model Article 1 shall not apply to the Company.

1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

- 1.4 A reference in these Articles to a numbered **article** is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise in these Articles, a reference to legislation, a legislative provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - 1.5.1 any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and
  - 1.5.2 any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any legislation, legislative provision or subordinate legislation which it amends or re-enacts.

This article 1.5 shall not apply to the definition of **Model Articles** in article 1.1.
- 1.6 A reference to a **holding company** or **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.
- 1.7 Any words following the terms **including**, **include**, **in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.9 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.10 Model Articles 8, 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 38, 44(2), 50 to 53 (inclusive) shall not apply to the Company.
- 1.11 Model Article 7 shall be amended by:
  - 1.11.1 the insertion of the words "for the time being" at the end of Model Article 7(2)(a); and
  - 1.11.2 the insertion in Model Article 7(2) of the words "(for so long as they remain the sole director)" after the words "and the director may".
  - 1.11.3 the insertion of the words at the end of Model Article 7(2) "A sole director shall be entitled to exercise all powers and discretions conferred on the directors by

the Act or the Articles and nothing in these Articles is to be construed as requiring the Company to have more than one director".

- 1.12 In Model Article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".

## **DIRECTORS**

### **2. Unanimous decisions**

- 2.1 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 2.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 2.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

### **3. Quorum for directors' meetings**

- 3.1 Subject to article 3.2, the quorum for the transaction of business at a meeting of directors is any two Eligible Directors or, where there is only one director in office for the time being, that director shall form a quorum.
- 3.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 6 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in article 6.1), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 3.3 Whenever the minimum number of directors is one, the general rule about decision-making by the directors does not apply, and the sole director may take decisions without regard to any of the provisions of the Articles relating to directors' decision-making.

### **4. Casting vote**

- 4.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chair or other director chairing the meeting shall not have a casting vote.

### **5. Transactions or other arrangements with the Company**

- 5.1 Subject to section 177(5) and (6) and section 182(5) and (6) of the Act, and provided the director has declared the nature and extent of their interest in accordance with the

requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- 5.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 5.1.2 shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which the director has an interest;
- 5.1.3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which the director is interested;
- 5.1.4 may act by themselves or their firm in a professional capacity for the Company (otherwise than as auditor) and they or their firm shall be entitled to remuneration for professional services as if they were not a director;
- 5.1.5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 5.1.6 shall not, save as they may otherwise agree, be accountable to the Company for any benefit which they (or a person connected with them (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit, nor shall the receipt of any such remuneration or other benefit constitute a breach of their duty under section 176 of the Act.

- 5.2 The provisions of article 5.1.1 to article 5.1.6 (inclusive) are subject, where applicable, to any terms and conditions imposed by the directors in accordance with article 6.3.

## **6. Directors' conflicts of interest**

- 6.1 The directors may, in accordance with the requirements set out in this article 6, authorise any Conflict proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching their duty under section 175 of the Act to avoid conflicts of interest.

- 6.2 Any authorisation under this article 6 will be effective only if:
- 6.2.1 to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
  - 6.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
  - 6.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 6.3 Any authorisation of a Conflict under this article 6 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the directors may think fit for the purposes of dealing with the Conflict and the Interested Director will be obliged to act in accordance with any such terms and conditions.
- 6.4 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.
- 6.5 A director, notwithstanding their office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, any member of the Group and no further authorisation under article 6.1 shall be necessary in respect of any such interest.
- 6.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit that they derive from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles, by the Company or by these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## 7. **Records of decisions to be kept**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the directors to retain a copy of such decisions.

**8. Number of directors**

Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum but shall not be less than one. A sole director shall have all the powers, duties and discretions conferred on or vested in the directors by these Articles.

**9. Appointment of directors**

- 9.1 In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

**SHARES****10. Share Capital and Share Rights**

- 10.1 Except as provided in these Articles, the A Shares and B Shares shall rank pari passu in all respects, but shall constitute separate classes of shares.
- 10.2 Unless the context requires otherwise, references in these Articles to shares of a particular class shall include shares created and/or issued after the date of adoption of these Articles and ranking pari passu in all respects (or in all respects except only as to the date from which those shares rank for dividend) with the shares of the relevant class then in issue.

**Voting**

- 10.3 The A Shares and B Shares shall each carry one vote per Share, whether on a show of hands, on a poll or in respect of a written resolution. The holders of the A Shares and B Shares shall have the right to receive notice of any general meetings and to attend, speak and vote at such general meetings.

**Dividend Rights**

- 10.4 The A Shares and B Shares shall carry full rights to dividends and distributions.
- 10.5 The directors may pay interim or final dividend or dividends on one class of share to the exclusion of the other class and may pay interim or final dividends at different rates on the respective classes of shares.

**Return of capital**

- 10.6 On a return of capital on liquidation of the Company or otherwise (except on a redemption or purchase by the Company of any shares) (**Return of Capital**), the surplus assets of the

Company available for distribution among the members remaining after the payment of its liabilities (**Distribution Proceeds**) shall be applied as follows:

- 10.6.1 if the Distribution Proceeds are equal to or less than the Hurdle, the Distribution Proceeds shall be distributed to the holders of the A Shares pro rata to the number of A Shares held by them and no sums shall be due to the holders of the B Shares.
- 10.6.2 if the Distribution Proceeds exceed the Hurdle then they shall be applied in the following order of priority:
  - 10.6.2.1 first, any Distribution Proceeds up to and including the Hurdle shall be distributed to the holders of the A Shares pro rata to the number of A Shares held by them;
  - 10.6.2.2 thereafter, the balance of such Distribution Proceeds, being the amount exceeding the Hurdle, shall be distributed as follows:
    - (a) 50% shall be distributed to the holders of the A Shares pro rata to the number of A Shares held by them; and
    - (b) 50% shall be distributed to the holders of the B Shares pro rata to the number of B Shares held by them.

*Distribution of Proceeds on a Share Sale or Asset Sale*

- 10.7 On a Share Sale the Share Sale Proceeds shall be applied in the same proportions and on the same terms as the Distribution Proceeds are applied in accordance with article 10.6.
- 10.8 On an Asset Sale the directors shall procure that the Asset Sale Proceeds are distributed to the shareholders as soon as reasonably practicable and such Asset Sale Proceeds shall be applied in the same proportions and on the same terms as the Distribution Proceeds are applied in accordance with article 10.6.

**11. Transfer of Shares**

- 11.1 No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any Share or any interest in any Share in the capital of the Company, except as permitted by these Articles or with the prior written consent of the other Shareholder.

**12. Purchase of own shares**

- 12.1 Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act,



including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

12.1.1 £15,000; and

12.1.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

## **DECISION MAKING BY SHAREHOLDERS**

### **13. Quorum for general meetings**

13.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

13.2 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy.

### **14. Poll votes**

14.1 A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

14.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

### **15. Proxies**

15.1 Model Article 45(1)(d) shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles 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 accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".

15.2 Model Article 45(1) shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that Model Article.

## **ADMINISTRATIVE ARRANGEMENTS**

**16. Means of communication to be used**

16.1 Subject to article 16.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

16.1.1 if delivered by hand, on signature of a delivery receipt; or

16.1.2 if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or

16.1.3 if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or

16.1.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and

16.1.5 if deemed receipt under the previous paragraphs of this article 16.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

16.2 To prove service, it is sufficient to prove that:

16.2.1 if delivered by hand the notice was delivered to the correct address; or

16.2.2 if sent by post the envelope containing the notice was properly addressed, paid for and posted; or

16.2.3 if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

**17. Indemnity and insurance**

17.1 Subject to article 17.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

17.1.1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by them as a relevant officer:

17.1.1.1 in the actual or purported execution and/or discharge of their duties, or in relation to them; and

17.1.1.2 in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by them in defending any civil or criminal proceedings, or regulatory investigation or action, in which judgment is given in their favour or in which they are acquitted or the proceedings are, or the investigation or action is, otherwise disposed of without any finding or admission of any material breach of duty on their part or in connection with any application in which the court grants them, in their capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

17.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by them in connection with any proceedings, investigation, action or application referred to in article 17.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

17.2 This article 17 does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.

17.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

17.4 In this article 17:

17.4.1 **associated company** means any member of the Group and **associated companies** shall be construed accordingly;

17.4.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and

- 17.4.3 a **relevant officer** means any director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not that person is also a director or other officer), to the extent they act in their capacity as auditor).