

COMPANY NUMBER SC131433
THE COMPANIES ACT 1985 AND 1989
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of
THAINSTONE HOUSE HOTEL LIMITED

(AS AMENDED BY SPECIAL RESOLUTION DATED 18th MARCH 2014)



M
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Edinburgh

THE COMPANIES ACTS 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

THAINSTONE HOUSE HOTEL LIMITED

**(AS ADOPTED BY SPECIAL RESOLUTION DATED 31ST AUGUST 1995 AND
AS AMENDED BY SPECIAL RESOLUTION DATED 18th MARCH 2014)**

INTERPRETATION

1. In these Articles of Association ("Articles"):

- (a) "the Act" means the Companies Acts 1985 as amended, modified or varied, by the Companies Act 1989 including any further statutory modification or re-enactment thereof for the time being in force.
- (b) "the Articles" means the Articles of the Company.
- (c) "clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
- (d) "executed" includes any mode of execution.
- (e) "Office" means the registered office of the Company.
- (f) "the holder" in relation to shares means the member whose name is entered in the register of members as the holder of shares.
- (g) "the seal" means the common seal of the Company.
- (h) "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.
- (i) "the United Kingdom" means Great Britain and Northern Ireland.
- (j) "MacDonald" means MacDonald Hotels Limited, a company incorporated under the Companies Act 1985 (no. 125204) and having its registered office at 36 Heriot Row, Edinburgh and any person to whom they lawfully assign their rights and obligations under the Option Agreement in accordance with clause 8.1 of the Option Agreement and, in the case of article 117, any person to whom shares have been transferred by MacDonald Hotels Limited or such assignees or their respective successors pursuant to article 26.8.

- (k) "the Option Agreement" means the option agreement between MacDonald and the Company executed by the Company of even date with the date of adoption of these Articles.
 - (l) the masculine gender includes the feminine and neuter genders and the neuter gender includes the masculine and feminine genders.
 - (m) the singular includes the plural and vice versa. Unless the context otherwise requires, words and expressions contained in these regulations 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.
2. The Regulations contained in Table A as prescribed by the Companies (Tables A to F) Regulations 1985 (S.I. 1985 No. 805) and amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (S.I. 1985 No. 1052) are hereby excluded and shall not apply to the Company.

SHARE CAPITAL

- 3. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.
- 4. Subject to the provisions of the Act, shares may be issued which are redeemed or are to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by the Articles.
- 5. The Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.
- 6. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.
- 7. The share capital of the Company at the date of the adoption of these Articles is £950,000 divided into 580,000 Ordinary Shares of £1.00 each ("Ordinary Shares"), 30,000 "A" Ordinary Shares of £1.00 each ("A" Ordinary Shares") and 340,000 Preference Shares of £1.00 each ("Preference Shares").

The rights attaching to the respective classes of shares shall be as follows:

7.1. Income

- 7.1.1. The Preference Shares shall have no right to any dividend or other income distribution whatsoever.

7.1.2. The "A" Ordinary Shares and the Ordinary Shares shall for the purposes of dividends and other income distributions rank pari passu as if the same constituted one class of share.

7.1.3. Every dividend shall be distributed to the appropriate shareholders pro-rata according to the amounts paid up or credited as paid up on the shares held by them respectively.

7.2. Capital

On a return of assets on a liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied as follows:

7.2.1. first in paying to the holders of the Preference Shares £1 per share; and

7.2.2. the balance of such assets shall be distributed amongst the holders of the "A" Ordinary Shares and Ordinary Shares (pari passu as if the same constituted one class of share) in the proportion of the amounts paid up or credited as paid up on the "A" Ordinary Shares and Ordinary Shares held by them respectively.

7.3. Conversion

The holders of the "A" Ordinary Shares may at any time convert the whole of their "A" Ordinary Shares into a like number of Ordinary Shares and the following provisions shall have effect:

7.3.1. the conversion shall be effected by notice in writing given to the Company signed by the holders of a 75% majority of the "A" Ordinary Shares and the conversion shall take effect immediately upon the date of delivery of such notice to the Company unless such notice states that conversion is to be effective when any conditions specified in the notice have been fulfilled in which case conversion shall take effect when such conditions have been fulfilled;

7.3.2. forthwith after conversion takes effect the holders of the Ordinary Shares resulting from the conversion shall send to the Company the certificates in respect of their respective holdings of "A" Ordinary Shares and the Company shall issue to such holders respectively certificates for the Ordinary Shares resulting from the conversion;

7.3.3. the Ordinary Shares resulting from the conversion shall rank from the date of conversion pari passu in all respects with the remaining Ordinary Shares in the capital of the Company;

7.3.4. on the date of conversion the Company shall pay a dividend to the holders of the "A" Ordinary Shares of a sum equal to any dividends declared but unpaid on the "A" Ordinary Shares.

7.4. Redemption

- 7.4.1. Subject to the provisions of the Act the Preference Shares shall be redeemed on 31 December 1999.
- 7.4.2. Subject as aforesaid all of the Preference Shares shall (unless the holders of a 75% majority of the Preference Shares give notice in writing to the Company to the contrary) be redeemed immediately upon any of the following dates:
- 7.4.2.1 the date upon which permission for any of the equity share capital of the Company to be dealt in on any recognised investment exchange (as defined in Section 207 of the Financial Services Act 1986) becomes effective; or
- 7.4.2.2 the date upon which an offer to purchase 50% or more of the issued equity share capital of the Company (or all such capital other than any such already held by the offeror) becomes unconditional, or, if later, the date upon which such offer is due to be completed in accordance with its terms.
- 7.4.3. On the dates fixed for any redemption the Company shall pay to each registered holder of Preference Shares the amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificates for his shares which are to be redeemed in order that they may be cancelled provided that if any certificate so surrendered includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder. If there is more than one holder of Preference Shares, the number of each such holder's Preference Shares to be redeemed on each occasion on which Preference Shares are redeemed shall be such number as shall bear the same proportion to the total number of Preference Shares to be redeemed on each such occasion as that proportion which each such holder's entire holding of Preference Shares bears to the total number of Preference Shares then in issue.
- 7.4.4. The Company shall pay on each of the Preference Shares so redeemed the sum of £1.

SHARE CERTIFICATES

8. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be executed for and on behalf of the Company and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several

persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

9. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

10. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The Company's lien on a share shall extend to any amount payable in respect of it.
11. The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
12. To give effect to a sale the directors may authorise some person to execute an instrument or transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
13. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

14. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days notice specifying when and where payment is to be made) paid to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

15. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
16. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
17. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of the allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.
18. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.
19. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
20. If a call remains unpaid after it had become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
21. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
22. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.
23. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest

was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

24. A statutory declaration by a director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom, the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

25. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

26.

- 26.1. The directors shall refuse to register any transfer of shares made in contravention of the provisions of Articles 26.2 to 26.7 but shall not be entitled to refuse to register any transfer of shares made in accordance with Articles 26.2 to 26.7 or under Articles 26.8 or 26.9 or 117 or any transfer to which the consent in writing of all the members for the time being is given.

- 26.2. Every member who wishes to transfer any share or shares ("the Vendor") shall give the Company notice in writing of such wish ("a Transfer Notice"). A Transfer Notice shall constitute the directors as the Vendor's agent for the sale of the shares specified therein ("the Sale Shares"). On receipt of a Transfer Notice the Company shall give notice in writing to MacDonald that the Sale Shares are available and MacDonald shall thereafter at their option have the right to purchase all the Sale Shares at a price specified by MacDonald in written notice to the Vendor given within the period of 14 days of receipt by MacDonald of notice by the Company as aforesaid. In the event that the Vendor does not agree the price detailed in the notice given by MacDonald which the Vendor shall be bound to intimate within 5 working days of receipt by the Vendor of such notice then there will be a period 14 days thereafter in which MacDonald and the Vendor shall negotiate to agree a price for the Sale Shares. In the event that after expiry of the said 14 day period no agreement is reached the terms of Article 26.3 shall apply.

- 26.3. Subject to Articles 26.8 and 26.9, any Sale Shares not sold to MacDonald under Article 26.2 shall be offered by the directors in one or more lots at the discretion of the directors to all holders of "A" Ordinary and Ordinary Shares in the Company ("the Equity Shares") other than the Vendor (or MacDonald) at the Sale Price. The Sale Price shall be a price to be agreed upon by the

Vendor and the directors or if the Vendor and the directors are unable to agree a price within twenty eight days of the Transfer Notice being given the price which a chartered accountant (acting as an expert and not as an arbiter) nominated by agreement between the Vendor and the Company or in default of such agreement by the President for the time being of the Institute of Chartered Accountants of Scotland shall by writing under his hand certify to be in his opinion a fair value thereof on a going concern basis as between a willing seller and a willing buyer and ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. The Transfer Notice may contain a provision ("a Total Transfer Provision") that unless all the shares comprised therein are sold by the Company pursuant to this Article none shall be sold and any such provision shall be binding on the Company.

- 26.4. If a chartered accountant is asked to certify the fair value as aforesaid his certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and the Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor exercises his right of cancellation as aforesaid in which case the Vendor shall bear the said cost.
- 26.5. Upon the price being fixed as aforesaid and provided the Vendor shall not give a valid notice of cancellation as aforesaid the Company shall forthwith offer the Sale Shares to all holders of Equity Shares (other than the Vendor and MacDonald) pro rata as nearly as may be in proportion to the existing numbers of Equity Shares held by such members giving details of the number and the Sale Price of such Sale Shares. The Company shall invite each such member as aforesaid to state in writing within twenty one days from the date of the notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of twenty one days there are any Sale Shares offered which any of the members hereinbefore mentioned has not stated their willingness to purchase the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them pro rata as nearly as may be in proportion to existing numbers of Equity Shares then held by them which offer shall remain open for a further period of twenty one days.
- 26.6. If the Company shall pursuant to the above provisions of this Article find a member or members of the Company willing to purchase all or any of the Sale Shares the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the

purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as shall have been transferred to them as aforesaid. The Company shall forthwith pay such sale proceeds (after deducting any expenses therefrom) into a separate bank account in the Company's name and shall hold such price in trust for the Vendor. Provided always that if the Transfer Notice contained a Total Transfer Provision the Vendor shall be entitled to cancel the Company's authority to sell the Sale Shares within twenty one days of his receipt of notification from the Company that it has been unable to find a purchaser or purchasers for all the Sale Shares in which event the Vendor shall make payment of the cost of obtaining the certificate of fair value.

- 26.7. If the directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of this Article the Vendor shall at any time within six months after the final offer by the Company to its members be at liberty to sell and transfer such of the Sale Shares as have not been so sold to any person at a price being no less than the Sale Price.
- 26.8. Notwithstanding any other provisions of these Articles a transfer of any shares in the Company held by a company incorporated under the Companies Acts may be made between the Company holding such shares and any holding company of that Company or subsidiary of that Company or subsidiary of such holding company without restriction as to price or otherwise and any such transfer shall be registered by the directors; provided that, if any such holding company, subsidiary or subsidiary of such holding company to whom shares are transferred pursuant to this article (a "Group Transferee") ceases to be a holding company of the Company originally registered as the holder of the shares transferred ("the Original Owner") or a subsidiary of the Original Owner or a subsidiary of a holding company of the Original Owner, the Group Transferee shall transfer such shares to the Original Owner or holding company of the Original Owner or a subsidiary of the Original Owner or subsidiary of a holding company the Original Owner within 7 days of such cessation failing which all rights attached to such shares shall be suspended pending such transfer.
- 26.9. Notwithstanding any other provision of these Articles, the directors shall register any transfer of shares made pursuant to the Option Agreement.
- 26.10. Notwithstanding any other terms of these Articles, the directors shall not approve any transfer of shares to a person who competes with MacDonald in the operation or management of hotels in the United Kingdom.
27. If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
28. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.

29. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.
30. The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

TRANSMISSION OF SHARES

31. If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.
32. A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.
33. A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the holders of any class of shares in the Company.

ALTERATION OF SHARE CAPITAL

34. The Company may by ordinary resolution:
 - (a) increase its share capital by new shares of such amount as the resolution prescribed;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) 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 any preference or advantage as compared with the others; and

- (d) 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.
35. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including subject to the provisions of the Act the Company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
36. Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

PURCHASE OF OWN SHARES

37. Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) and, if it is a private Company, make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.

GENERAL MEETINGS

38. All general meetings other than annual general meetings shall be called extraordinary general meetings.
39. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the Company may call a general meeting.

NOTICE OF GENERAL MEETINGS

40. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director 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:
- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and

- (ii) 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 per cent in nominal value of the shares giving that right.

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. 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.

- 41. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETING

- 42. No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.
- 43. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or such time and place as the directors may determine.
- 44. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors present shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
- 45. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- 46. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
- 47. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting

and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

48. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
- (i) by the chairman; or
 - (ii) by at least two members having the right to vote at the meeting; or
 - (iii) by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (iv) by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

49. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
50. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
51. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
52. 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 casting vote in addition to any other vote he may have.
53. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a

show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

54. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is to be demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
55. 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 at which he was present 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 the like form each executed by or on behalf of one or more members.

VOTES OF MEMBERS

56.
 - 56.1. Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) have one vote for every £1 nominal amount of shares in the capital of the Company of which it is the holder.
 - 56.2. The holders of the Preference Shares shall be entitled to receive notice of all general meetings but shall not be entitled to attend or vote thereat.
57. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
58. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than forty eight 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.
59. No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by

proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.

60. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
61. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.
62. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

"[] PLC/Limited
I/we, [], of [],
being a member/members of the above named Company, hereby appoint []
of [], as my/our proxy to vote in my/our name(s) and on my/our
behalf at the annual/extraordinary general meeting of the Company to be
held on [] 19[], and at any adjournment thereof.

Signed on [] 19[]."

63. Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

"[] PLC/Limited
I/we, [], of [],
being a member/members of the above named Company, hereby appoint []
of [] or failing him, [], as my/our proxy to vote in my/our
name(s) and on my/our behalf at the annual/extraordinary general meeting
of the Company to be held on [] 19[], and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No. 1 *for *against

Resolution No. 2 *for *against

etcetera

* Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed on [] 19[]."

64. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:
- (i) be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument or proxy sent out by the Company in relation to the meeting not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (ii) in the case of a poll taken more than forty eight hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty four hours before the time appointed for the taking of the poll; or
 - (iii) where the poll is not taken forthwith but is taken not more than forty eight hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

65. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the Office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

66.

- 66.1. The maximum and minimum number respectively of the directors may be determined from time to time by ordinary resolution in general meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of directors and the minimum number of directors shall be one. Whensoever the minimum number of directors shall be one, a sole director shall have authority to exercise all the powers and discretions by the Articles expressed to be vested in the directors generally and regulation 88 will be modified and construed accordingly.
- 66.2. The Company will not appoint any director who competes with MacDonald in the United Kingdom in the operation or management of hotels or who is an

employee or officer of such a competitor or who owns more than 5% of the equity share capital of any such competitor.

ALTERNATE DIRECTORS

67. Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
68. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointer is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointer as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.
69. An alternate director shall cease to be an alternate director if his appointer ceases to be a director; but, if a director retires and is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
70. Any appointment 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.
71. 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.
72. A director, or any such other person as is mentioned in regulation 67 may act as an alternate director to represent more than one director and an alternate director shall be entitled in the absence of his appointer(s) at any meeting of the directors, or of any committee of the director to one vote for the director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

POWER OF DIRECTORS AND THE COMPANY

73. Subject to the provisions of the Act, the Memorandum and Articles and to any directions given by special resolution, 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 regulation 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.

74.

- (a) The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.
- (b) The Company may, by power of attorney granted by it, appoint any person to be the attorney of the Company with full power to act for and on behalf of the Company for such purposes and on such conditions as the directors may determine, including without prejudice to the foregoing generality, authority for the attorney on his own or otherwise, to execute all or any formal documents or others for and on its behalf, and for the attorney to delegate all or any of his powers.

DELEGATION OF DIRECTORS' POWERS

75. The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any 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. 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 directors so far as they are capable of applying.

APPOINTMENT AND RETIREMENT OF DIRECTORS

76. The Directors shall not be required to retire by rotation.

77.

- (a) No person shall be appointed a director at any general meeting unless:-
 - (i) he is recommended by the directors; or
 - (ii) not less than fourteen days nor more than thirty five clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment stating the particulars which would, if he were so appointed be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed.

- (b) Not less than seven nor more than twenty eight clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the directors for appointment as a director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment as a director. The notice shall give the particulars of that person which would, if he were so appointed, be required to be included in the Company's register of directors.
78. Subject as aforesaid, the Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
79. 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 fixed by or in accordance with the Articles as the maximum number of directors.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

80. The office of a director shall be vacated if:-
- (i) 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
 - (ii) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (iii) he is, or may be, suffering from mental disorder and either:-
 - (a) 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 1960; or
 - (b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - (iv) he resigns his office by notice to the Company; or
 - (v) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or
 - (vi) he becomes incapable by reason of illness or injury of managing and administering his property and affairs.

REMUNERATION OF DIRECTORS

81. The directors shall be entitled to such remuneration as the Company may by ordinary resolution determined and, unless the resolution provides otherwise the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

82. The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

83. Subject to the provisions of the Act, the directors may appoint one or more or their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.
84. Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:-
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
 - (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
85. For the purposes of regulation 84:-
- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of

persons is interested shall be deemed that the director has an interest in any such transaction of the nature and extent so specified; and

- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

DIRECTOR'S GRATUITIES AND PENSIONS

- 86. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds 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 for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

PROCEEDINGS OF DIRECTORS

- 87. 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 the directors. It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote.
- 88. The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number (subject to the provisions of regulation 66 for a sole director) shall be two.
- 89. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of the directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
- 90. The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. Unless he is willing to do so, the director appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
- 91. 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 the 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.

92. A resolution in writing signed 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; 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.
93. A director may vote, at any meeting of directors or of any committee of 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.
94. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

SECRETARY

95. Subject to the provisions of the Act, the Secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them.

MINUTES

96. The directors shall cause minutes to be made in books kept for the purpose:-
- (i) of all appointments of officers made by the directors; and
 - (ii) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

DIVIDENDS

97. Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
98. Subject to the provisions of the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or

non-preferred rights with regard to dividend as well as on shares which confer preferential rights which regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

99. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
100. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
101. Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.
102. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
103. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

ACCOUNTS

104. No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or by ordinary resolution of the Company.

CAPITALISATION OF PROFITS

105. The directors may with the authority of an ordinary resolution of the Company:-

- (i) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- (ii) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this regulation, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (iii) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this regulation in fractions; and
- (iv) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debenture to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

106. Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of directors (including committee meetings) need not be in writing.
107. The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders

of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.

108. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
109. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.
110. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall, unless the contrary is proved, be deemed to be given at the expiration of forty eight hours after the envelope containing it was posted.
111. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the Articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

WINDING UP

112. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

113. Subject to the provisions of the Act, but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in

which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

CLASS RIGHTS

114. Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of a 75% majority of the issued shares of that class. Without prejudice to the generality of this Article, the special rights attached to the 'A' Ordinary Shares shall be deemed to be varied:-
- 114.1. by the calling of a meeting of the Company (which in these Articles shall include the issue by the Company of a written resolution pursuant to Article 55 of these Articles) for the purpose of effecting any alteration or increase or reduction or sub-division or consolidation of the authorised or issued capital of the Company or of any of its subsidiaries, or any variation of the rights attached to any of the shares for the time being in the capital of the Company or of any of its subsidiaries; or
- 114.2. by the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any share in the capital of any subsidiary of the Company; or
- 114.3. by the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries; or
- 114.4. by the calling of a meeting of the Company for the purposes of winding up the Company; or
- 114.5. by the calling of a meeting of the Company for the purposes of winding the Company's Memorandum or amending or adopting new Articles of Association of the Company.

FURTHER ISSUE OF SHARES

115. Notwithstanding any other provisions of these Articles the directors shall be bound to offer to Stewart Milne Developments Limited (Company Number 54259) or its parent company Stewart Milne Group Limited or any of its subsidiaries or fellow subsidiaries for the time being holding shares in the capital of the Company such a proportion of any shares forming part of the equity share capital of the Company which the directors determine to issue as the aggregate nominal value of shares in the equity share capital of the Company for the time being held by such company bears to the total issued equity share capital of the Company immediately before the issue of the shares and such shares shall be offered upon no less favourable terms and conditions than those offered or issued to any other person. This Article shall not apply to any allotment of shares to MacDonald pursuant to the Option Agreement.

DIRECTORS

116.

- 116.1. For so long as Stewart Milne Developments Limited (Company Number 54259) or its parent company or any of its subsidiaries or fellow subsidiaries from time to time is the holder of any 'A' Ordinary Shares, the holder of such shares shall be entitled to appoint a Director to the Board of the Company who shall not be subject to retirement by rotation and to remove from office any person so appointed and appoint another person in his place.
- 116.2. For so long as George Alexander Simpson is the holder of any Ordinary Shares, he shall be entitled to be appointed as a Director of the Company and shall not be subject to retirement by rotation.
- 116.3. For so long as Michael Alexander Lovie is the holder of any Ordinary Shares, he shall be entitled to be appointed as a Director of the Company and shall not be subject to retirement by rotation.
- 116.4. For so long as Mrs Edith Lovie is the holder of any Ordinary Shares, she shall be entitled to be appointed as a Director of the Company and shall not be subject to retirement by rotation.
- 116.5. Following the exercise of the option in terms of the Option Agreement, MacDonald shall, for so long as they are the holders of any Ordinary Shares, be entitled to appoint a director of the Company and such director shall not be subject to retirement by rotation and further MacDonald shall be entitled to remove from office any person so appointed and to appoint another person in his place.

MACDONALD

117.

- 117.1. This Article 117 shall apply where members ("the Majority Shareholders") wish to sell shares held by them carrying the right to cast on a poll more than 50% of the total number of votes ("the Relevant Shares") pursuant to a bona fide sale ("the Relevant Sale") to any person ("the Buyer") and MacDonald, having been given the option to purchase the Relevant Shares at the same price and on the same terms mutatis mutandis offered by the Buyer in accordance with Article 26.2, have not exercised their option to purchase the Relevant Shares within 14 days of receipt by MacDonald of notice under Article 26.2.
- 117.2. If this Article 117 applies, the Majority Shareholders shall be entitled to require MacDonald to sell all Ordinary Shares and "A" Ordinary Shares in the Company registered in the name of, or beneficially owned by, MacDonald to the Buyer at the same price and on the same terms and conditions mutatis mutandis as the Buyer has offered to purchase the Ordinary Shares and "A" Ordinary Shares held by the Majority Shareholders by giving written notice to that effect to MacDonald within 14 days of the expiry of the offer made to MacDonald pursuant to Article 26.2.

117.3. If MacDonald is obliged to sell the Ordinary Shares and "A" Ordinary Shares registered in the name of, or beneficially owned by, MacDonald pursuant to Article 117.2 and fails to do so within a period of 14 days from receipt of notice from the Majority Shareholders pursuant to Article 117.2, any of the Majority Shareholders shall be entitled to execute a share transfer form for such shares in the name and on behalf of MacDonald or the registered owner in favour of the Buyer and deliver such share transfer form. The directors shall on receipt of such share transfer form and the price for such shares register the Buyer as the holder of such shares. The price shall forthwith be placed by the directors in an interest bearing account in the name of the Company as trustee for and on behalf of MacDonald and shall forthwith make payment of the price and all interest accrued thereon to MacDonald in exchange for delivery by MacDonald of the share certificate for such shares or an indemnity for lost or damaged share certificates on such terms as the directors acting reasonably may require.

118. TRANSFER OF SHARES - SECURITY

118. Notwithstanding anything contained in these Articles, any pre-emption rights conferred on existing members by these Articles shall not apply and the Company and the directors shall not decline to register any transfer of shares, nor may they suspend such registration, where such transfer:

- (a) is to any Secured Party; or
- (b) is delivered to the Company for registration by a Secured Party in order to perfect its security over the shares; or
- (c) is executed by a Secured Party pursuant to the power of sale or otherwise under such security.

Furthermore notwithstanding anything to the contrary contained in these Articles no transferor of any shares in the Company or proposed transferor of such shares to a Secured Party and no Secured Party shall be required to offer the shares which are or are to be the subject of any such aforementioned transfer to the shareholders for the time being of the Company or any of them, and no such shareholder shall have any right under the Articles or otherwise howsoever to require such shares to be transferred to them whether for consideration or not.

For the purposes of this Article, "Secured Party" means any bank, financial institution, trust, fund or other entity or person to which a security interest has been granted over the shares in the Company, or any agent, security agent, nominee, receiver or other entity acting on its behalf.

Any lien on shares which the Company has shall not apply in respect of any shares which have been charged by way of security to a Secured Party.