

COMPANY NUMBER 2006031

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

RESOLUTIONS

of

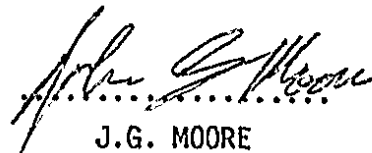
MOORE NURSING HOMES LIMITED

Passed *3rd October* 1991

At an EXTRAORDINARY GENERAL MEETING of the above named company duly convened and held on *3rd October* 1991 the following Resolution was duly passed as SPECIAL RESOLUTION:-

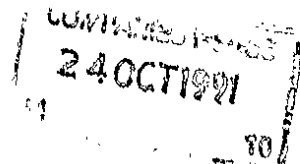
SPECIAL RESOLUTION

That the articles of association contained in the printed document produced to the meeting marked "A" and for the purpose of identification signed by the chairman thereof be and the same are approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all the existing articles of association of the Company.



J.G. MOORE
CHAIRMAN

(3325F)



A' *John J. Moore*

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

MOORE NURSING HOMES LIMITED

PRELIMINARY

1. The regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended by the Companies (Tables A to F) (Amendment) Regulations 1985) shall, except as hereinafter provided and so far as not inconsistent with the provisions of these Articles, apply to the Company to the exclusion of all other regulations or articles of association. References herein to regulations are to regulations in the said Table A

PRIVATE COMPANY

2. The Company is a private company and accordingly the Company shall not:-
 - (1) offer to the public (whether for cash or otherwise) any shares in or debentures of the Company; or
 - (2) allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public

INTERPRETATION

3. (1) In the first line of regulation 1 after the word "regulations" the words "and in any articles adopting in whole or in part the same" shall be inserted
- (2) In these Articles:-
 - (a) unless the context otherwise requires the following expressions have the following meanings:-

COMPANIES ACT 1985
24 OCT 1991

"the Act"	means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force
"these Articles"	means these articles of association of the Company
"the Bank"	means The Royal Bank of Scotland plc
"ordinary shares"	means the ordinary shares of £1 each in the share capital of the Company from time to time
"the Call Option Deed"	means the call option deed to be entered into immediately following the adoption of these Articles between the First Directors (being the holders of all of the Equity Shares at the date of the adoption of these Articles) and The Bank and includes any deed of adherence or other deed entered into which is supplemental to such deed
"Call Option Shares"	means in relation to any shareholder such number of the ordinary shares for the time being held by him as are the subject of a call option in favour of the Bank pursuant to the Call Option Deed
"Call Option Period"	means the period commencing on the date of adoption of these Articles and ending on 30th September 1996
"Connected Shareholder"	means in relation to any First Director any shareholder for the time being who is connected with him or any shareholder who is the trustee of a family settlement under which no person other than the relevant First Director and persons connected with him is entitled to a beneficial interest
"the directors"	the directors of the Company for the time being
"deemed transfer notice"	means a transfer notice deemed to be given under any provision of these Articles or any Relevant Agreement

- "Equity Shares" means all of those shares for the time being comprising the issued equity share capital of the Company
- "First Directors" means John George Moore and John McLeod
- "paid up" means, in relation to a share, that such share is paid up or credited as paid up
- "Relevant Agreement" means any agreement relating (in whole or in part) to the management of the Company which is binding from time to time on the Company and a majority of the members and which (expressly or by implication) supplements and/or prevails over any provisions of these Articles
- "share" means a share in the capital of the Company of whatever class
- "shareholder" means the holder of any share
- "a transfer" shall be deemed to include references to -
- (a) a direction (whether by way of renunciation, nomination or otherwise) by a member entitled to an allotment of shares; and
 - (b) a sale or other disposition of any beneficial interest in a share (whether for consideration or otherwise) by any person whether effected by instrument in writing or otherwise
- and cognate words and expressions shall be construed accordingly
- "transfer notice" has the meaning attributed thereto in Article 10(1)
- (b) words or expressions the definitions of which are contained or referred to in the Act or a Relevant Agreement shall be construed as having the meaning thereby attributed to them but excluding any statutory modification or amendment thereof not in force on the date of adoption of these Articles

- (c) words importing the singular number shall include the plural and vice versa, words importing the masculine shall include the feminine and neuter and vice versa, and words importing persons shall include bodies corporate, unincorporated associations and partnerships
 - (d) references to Articles are references to these Articles and references to paragraphs and sub-paragraphs are, unless otherwise stated, references to paragraphs in the Article or references to sub-paragraphs of the paragraph in which the reference appears
 - (e) any question whether a person is connected with another person shall be determined by applying the provisions of Section 839 of the Income and Corporation Taxes Act 1988
 - (f) any question whether a person has an interest in any share shall be determined in accordance with the provisions of Part I of Schedule 13 to the Act
- (3) A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of the regulations or these Articles

SHARE CAPITAL

4. The share capital of the Company at the date of the adoption of this Article is £10,000 divided into 10,000 ordinary shares of £1 each. The ordinary shares shall rank *pari passu* in all respects. The rights attaching to the respective classes of shares shall be as follows:-

FURTHER ISSUES OF SHARES

5. (1) Subject to paragraph (2) of this Article, and subject to the provisions of the Act the shares comprising the initial share capital of the Company and all securities convertible into shares shall for a period of five years from the date of incorporation of the Company be at the disposal of the directors, who may during such period allot or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper. Sections 89(1), 90(1) to (5) and 90(6) of the Act shall not apply to the Company
- (2) No new or unissued shares (including securities convertible into shares) shall be issued without the prior written consent of all the members and the Bank

CLASS RIGHTS

6. 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 three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of that class.

LIEN

7. The lien conferred by regulation 8 shall attach also to fully paid up shares and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders for all moneys presently payable by him or his estate to the Company. Regulation 8 shall be modified accordingly

TRANSFER OF SHARES

8. (1) The directors shall refuse to register the transfer of any share unless such transfer is permitted by, or is made pursuant to and in accordance with Article 9 or Article 10 or the provisions of any Relevant Agreement. The directors shall also refuse to register the transfer of any share which is prohibited under Article 11 or the provisions of any Relevant Agreement
- (2) Subject to paragraphs (3) and (6), the directors shall not be entitled to decline to register the transfer of any share which is permitted by, or is made pursuant to and in accordance with Article 9 or Article 10 or the provisions of any Relevant Agreement
- (3) For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles or under the provisions of any Relevant Agreement, the directors may require the transferor or the person named as transferee in any transfer lodged for registration to furnish the Company with such information and evidence as the directors may think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question
- (4) If a member or other person entitled to transfer a share at any time attempts to deal with or dispose of the share or any interest therein otherwise than in accordance with the provisions of Article 9 or Article 10 or any Relevant Agreement or in contravention of Article 11, he shall be deemed immediately prior to such attempt to have given a transfer notice in respect of such share

- (5) Where a transfer notice in respect of any share is deemed to have been given under any provision of these Articles or under any Relevant Agreement and the circumstances are such that the directors are unaware of the facts giving rise to the same such transfer notice shall be deemed to have been received by the directors on the date on which the directors receive actual notice of such facts and the provisions of Article 10 shall apply accordingly
- (6) The directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share which would otherwise be permitted under these Articles if it is a transfer:-
- (a) of a share on which the Company has a lien;
 - (b) of a share (not being a fully paid share) to a person of whom they shall not approve

The first sentence of regulation 24 shall not apply

PERMITTED TRANSFERS

9. Subject always to Articles 8, 10(14) and 11:-

- (1) (a) Any member being a body corporate may at any time transfer all or any of the shares held by it to a member of the same group (as hereinafter defined) and the rights of pre-emption hereinafter conferred in these Articles shall not arise on the occasion of any such transfer
- (b) Where shares have been transferred under sub-paragraph (a) (whether directly or by a series of transfers thereunder) from a body corporate ("the transferor company" which expression shall not include a second or subsequent transferor in such a series of transfers) to a member of the same group ("the transferee company") and subsequently the transferee company ceases to be a member of the same group as the transferor company then the transferee company shall forthwith transfer the relevant shares (as hereinafter defined) to the transferor company; and failure so to transfer such shares within 28 days of the transferee company ceasing to be a member of the same group as the transferor company shall result in a transfer notice being deemed immediately to be given in respect of the relevant shares at a price determined in accordance with paragraph (4) of Article 10
- (c) For the purposes of this Article 9.(1):-

- (i) the expression "a member of the same group" means a company which is for the time being a holding company of which the transferor company is a wholly-owned subsidiary or a wholly-owned subsidiary of the transferor company or of any holding company of which the transferor company is a wholly-owned subsidiary; and
 - (ii) the expression "relevant shares" means and includes (so far as the same remain for the time being held by the transferee company) the shares originally transferred to the transferee company and any additional shares issued or transferred to the transferee company by virtue of the holding of the relevant shares or any of them
- (2) any share may be transferred -
- (a) by a member to his father or mother or to any lineal descendant of his father or mother or to his spouse (any of such persons being hereinafter referred to as "a privileged relation");
 - (b) by a member to the trustees of any settlement ~~whether created inter vivos or by will~~ under which no person other than the transferor or any privileged relation of his specified in sub-paragraph (a) above is entitled to a beneficial interest (any such settlement being hereinafter referred to as "a family settlement");
 - (c) by trustees of any family settlement specified in sub-paragraph (b) above to new trustees or to beneficiaries under the family settlement;
 - (d) by a member to the Bank pursuant to the Call Option Deed or any deed of adherence which is supplemental to the Call Option Deed;
- and the rights of pre-emption hereinafter conferred in these Articles shall not arise on the occasion of any such transfer
- (3) Any member may at any time transfer all or any of his shares to any person with the prior written consent of all the other members and the Bank
 - (4) A transfer of any share pursuant to this Article shall only be treated as a permitted transfer for the purposes of these Articles if it is a transfer of the entire legal and beneficial interest in such share free from all liens, charges and other encumbrances

PRE-EMPTION RIGHTS

10. (1) Except as provided in Article 9 or elsewhere in these Articles, before transferring or agreeing to transfer any share or any interest therein (including for this purpose the assignment of the beneficial interest in, or the creation of any charge or other security interest over, such share or the renunciation or assignment of any right to receive or subscribe for such share) the person proposing to transfer the same ("the proposing transferor") shall be obliged to give notice in writing ("transfer notice") to the directors that the proposing transferor desires to transfer all of the shares then held by him. In the transfer notice the proposing transferor shall specify:-

- (a) the number and class of shares which the proposing transferor wishes to transfer ("the Transfer Shares")
- (b) if appropriate, the identity of any person who has indicated a willingness to purchase the Transfer Shares and the price at which such person is willing to purchase the Transfer Shares

A transfer notice shall be deemed to contain a condition ("Total Transfer Condition") that unless all of the Transfer Shares are sold pursuant to the following provisions of this Article none shall be so sold. The transfer notice shall constitute the directors as the agents of the proposing transferor empowered to sell the Transfer Shares (together with all rights attaching thereto at the date of the transfer notice or at any time thereafter) at the Transfer Price (as hereinafter defined) on the terms of this Article. Once given a transfer notice may not be revoked save with the prior written consent of all the other members or save as otherwise provided in paragraph (4) below

- (2) Within seven days after the receipt of a transfer notice the directors shall serve a copy of that transfer notice on all the members other than the proposing transferor. In the case of a deemed transfer notice the directors shall similarly serve notice on all the members (including the proposing transferor) notifying them that the same has been deemed to have been given
- (3) Subject as provided otherwise in these Articles or in any Relevant Agreement the Transfer Shares shall be offered for purchase (as hereinafter provided) at a price ("the Transfer Price") determined in accordance with paragraph (4)
- (4) The Transfer Price shall be such price as shall be agreed in writing between all the members or in the absence of such agreement (whether by reason of disagreement, absence, death or otherwise) within 21 days after the service of notices pursuant to paragraph (2) the Transfer Price will be determined by an independent Chartered Accountant of not less than five years standing ("the Expert") who shall be nominated by agreement

between all the members or failing such nomination within 14 days after the request of any member to the others therefor nominated at the request of any member by the President for the time being of the Institute of Chartered Accountants in England and Wales. The Expert shall act as an expert and not as an arbitrator and his written determination shall be final and binding on the members provided always however that if the proposing transferor (other than any proposing transferor who has been deemed to have given a transfer notice) does not wish to transfer the Transfer Shares at the Transfer Price determined by the Expert he shall be free to withdraw and revoke the transfer notice given by him by notice in writing to the Company

The Expert will certify the open market value of the Transfer Shares as at the date of the transfer notice on the following assumptions and bases:-

- (i) valuing the Transfer Shares as on arm's length sale between a willing vendor and a willing purchaser
- (ii) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so
- (iii) that the Transfer Shares are capable of being transferred without restriction
- (iv) valuing the Transfer Shares as a rateable proportion of the total value of all the issued shares of the Company which value shall not be discounted or enhanced by reference to the class of the Transfer Shares or the number thereof

and the Transfer Price shall be such open market value as is certified by the Expert.

If any difficulty shall arise in applying any of the foregoing assumptions or bases then such difficulty shall be resolved by the Expert in such manner as he shall in his absolute discretion think fit

The Company will use its best endeavours to procure that the Expert determines the Transfer Price within 21 days of being requested to do so

- (5) If the determination of the Transfer Price is referred to the Expert the date of determination of the Transfer Price ("the Determination Date") shall be the date upon which the directors receive the Expert's determination of the Transfer Price in writing. If the Transfer Price is determined by written agreement between all the members as aforesaid then the Determination Date shall be the date on which such agreement is made

(6) The costs and expenses of the Expert in determining the Transfer Price shall be borne as to one half by the proposing transferor and as to the other half by the Company unless the relevant transfer notice has been revoked or withdrawn pursuant to paragraph (4) in which event such costs and expenses shall be borne solely by the proposing transferor

(7) (A) Provided that the relevant transfer notice has not been revoked or withdrawn pursuant to paragraph (4) then within 7 days after the Determination Date the Transfer Shares (save for any Transfer Shares which are the subject of any deemed transfer notice deemed to have been given at any time during the Call Option Period) shall be offered for purchase at the Transfer Price by the directors to those members who at the date of the offer are registered as the holders of Equity Shares (other than:-

(a) the proposing transferor; or

(b) any member to whom under Article 11 shares may not be transferred)

and, in the case of competition, shall be sold to the acceptors in proportion (as nearly as may be without involving fractions or selling to any member a greater number of Transfer Shares than the maximum number applied for by him) to the number of Equity Shares then held by them respectively. If any of the Transfer Shares shall not be capable of being allocated as aforesaid without involving fractions, the same shall be offered amongst the acceptors, or some of them, in such proportions or in such manner as may be determined by lots drawn in respect thereof, and the lots shall be drawn in such manner as the directors shall think fit

(B) In the case of any Transfer Shares which are the subject of any deemed transfer notice deemed to have been given at any time during the Call Option Period such Transfer Shares (which are hereinafter referred to as "Deemed Transfer Shares") shall within 7 days after the Determination Date be offered for purchase at the Transfer Price in the first instance to those members who are the First Directors and their respective Connected Shareholders (other than the proposing transferor and any person connected with him or any member to whom under Article 11 shares may not be transferred) and, in the case of competition, shall be sold to the acceptors in proportion (as nearly as may be without involving fractions or selling to any member a greater number of Deemed Transfer Shares than the maximum number applied for by him) to the number of Equity Shares then held by them respectively. If any of the Deemed Transfer Shares shall not be capable of being allocated as aforesaid without involving fractions, the same shall be offered amongst the acceptors, or some of them, in such proportions

or in such manner as may be determined by lots drawn in respect thereof, and the lots shall be drawn in such manner as the directors shall think fit

- (C) If all the Deemed Transfer Shares are not accepted by the First Directors and their Connected Shareholders pursuant to paragraph (B) above within the time limit for acceptance the directors shall within 7 days after the expiration of such time as aforesaid offer all the Deemed Transfer Shares in relation to which acceptances have not been received to all of those other members who at the date of the offer are registered holders of Equity Shares (other than the proposing transferor and persons connected with him and any member to whom under Article 11 shares may not be transferred) and the provisions of paragraph (7)(A) shall apply mutatis mutandis to such offer (save that in the case of competition the Deemed Transfer Shares shall be sold to the acceptors in proportion to the amounts paid up (excluding any premium paid on subscription) on the Equity Shares then held by them respectively)
- (8) Any offer made pursuant to paragraph (7) shall be made by notice in writing and shall specify:-
- (a) the number and class of the Transfer Shares;
 - (b) the proportionate entitlement of the relevant member (on the assumption that there will be competition for the Transfer Shares);
 - (c) the Transfer Price;
 - (d) that the transfer notice is deemed to contain a Total Transfer Condition; and
 - (e) a period (being not less than 21 days and not more than 42 days) within which the offer must be accepted or shall lapse
- (9) (a) If by the foregoing procedure the directors shall not receive acceptances from members in respect of all of the Transfer Shares within the period(s) of the aforesaid offer(s) they shall forthwith give notice in writing of that fact to all the members, whereupon the holders of at least three quarters in nominal value of the Equity Shares (excluding the shares held by the proposing transferor) shall be entitled within 14 days of the date of service of that notice to nominate (by giving notice in writing to the directors signed by each such holder or on his behalf and which may consist of several notices in the like form) any person or persons (whether or not a member) who has expressed his willingness in writing to purchase all or any of those Transfer Shares in respect of which acceptances have not been received at the Transfer Price as the purchaser(s) of all or some such Transfer Shares (and the

directors shall be deemed to have made offers of such shares accordingly); Provided that if any such nominated purchaser shall fail to complete any such purchase in accordance with this Article the members (other than those who did not sign the aforesaid notice(s)) shall be jointly and severally liable to complete such purchase in place of that nominated purchaser

- (b) No offer of Transfer Shares made by the directors pursuant to this Article shall be capable of acceptance until all of the Transfer Shares shall have been accepted. If by the foregoing procedure the directors shall not receive acceptances in respect of all the Transfer Shares within the period(s) of the aforesaid offer(s) they shall forthwith give notice in writing of that fact to the proposing transferor and none of the Transfer Shares will be sold to the members (or any person or persons nominated pursuant to sub-paragraph (a)) pursuant to this Article. If such a notice is served, then the proposing transferor may within a period of 3 months after the date of the directors' said notice sell all (but not some only) of the Transfer Shares to any person at any price which is not less than the Transfer Price (after deducting, where appropriate, any net dividend or other distribution declared, paid or made after the date of the transfer notice in respect of the Transfer Shares and which has been or is to be retained by the proposing transferor)
- (10) If any member or members or person or persons nominated pursuant to paragraph 9(a) ("purchaser" or "purchasers") shall within the period(s) of the aforesaid offer(s) agree to purchase all of the Transfer Shares the directors shall forthwith give notice in writing as hereinafter mentioned to the proposing transferor and to the purchasers and thereupon the proposing transferor shall become bound upon payment of the Transfer Price to the proposing transferor (whose receipt shall be a good discharge to the purchase, the Company and the directors therefor, none of whom shall be bound to see to the application thereof) to transfer to each purchaser those Transfer Shares accepted by him. Every such notice shall state the name and address of each purchaser, the number of Transfer Shares agreed to be purchased by him and the place and time appointed by the directors for the completion of the purchase (being not less than 7 days nor more than 28 days after the date of the said notice and not being at a place outside England). Subject to the giving of such notice the purchase shall be completed at the time and place appointed by the directors
- (11) If a proposing transferor, having become bound to transfer any Transfer Shares pursuant to this Article, makes default in transferring the same the directors may authorise some person (who shall be deemed to be the attorney of the proposing transferor for the purpose) to execute the necessary instrument of transfer of such Transfer Shares and may deliver it on his

behalf and the Company may receive the purchase money and shall thereupon (subject to such instrument being duly stamped) cause the transferee to be registered as the holder of such Transfer Shares and shall hold such purchase money on behalf of the proposing transferor. The Company shall not be bound to earn or pay interest on any moneys so held. The receipt of the Company for such purchase money shall be a good discharge to the transferee who shall not be bound to see to the application thereof, and after the name of the transferee has been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person

(12) Without prejudice to the generality of Article 8(3), the directors may require to be satisfied that any shares being transferred by the proposing transferor pursuant to paragraph (9)(b) are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer and if not so satisfied may refuse to register the instrument of transfer

(13) (a) In this paragraph a "Relevant Event" means:-

(i) in relation to a member being an individual:-

(aa) such member becoming bankrupt; or

(bb) such member dying during the Call Option Period;
or

(cc) the happening of any such event as is referred to in paragraph (c) of regulation 8.

(ii) a member making any arrangement or composition with his creditors generally

(iii) in relation to a member being a body corporate (other than the Bank and any company connected with the Bank to which shares once held by the Bank have been transferred):-

(aa) a receiver, manager, administrative receiver or administrator is appointed of such member or over all or any part of its undertaking or assets; or

(bb) such member entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction);

(cc) such member ceasing to be controlled (as defined by Section 840 of the Income and Corporation Taxes Act 1988) by the person(s) who controlled such member on the date on which it became a member of the Company or on the date of adoption of these Articles (whichever shall be the later)

- (iv) in relation to a member being an employee of the Company such member having terminated or repudiated his contract of employment with the Company during the Call Option Period or such contract having been properly and lawfully terminated by the Company during the Call Option Period in accordance with its terms and the terms of any Relevant Agreement and in any case without such member having been wrongfully or unfairly dismissed
- (v) in relation to any member who is a privileged relation (as defined in Article 9(2) above) of a person ("the relevant person") where such member holds shares which have at any time been held by the relevant person or in relation to any member who is a trustee or trustees or a beneficiary or beneficiaries of a family settlement (as defined in Article 9(2) above) where such member holds shares which have at any time been held by a person ("the relevant person") who transferred such shares under Article 9(2), such relevant person becoming bankrupt or dying or the happening in relation to the relevant person of any such event as is referred to in paragraph (iv) above or in paragraph (c) of Regulation 81 or the relevant person making any arrangement or composition with his creditors generally.
- (b) Upon the happening of any Relevant Event the member in question shall be deemed to have immediately given a transfer notice in respect of all the shares as shall then be registered in the name of such member other than his Call Option Shares
- (c) If the Relevant Event shall be the death or bankruptcy of a member and if the shares ("the unsold shares") which are offered to the members pursuant to the transfer notice deemed to be given under sub-paragraph (b) shall not be sold to the members (or any of them) then, after the expiration of the period during which the unsold shares might have been purchased by a member or members pursuant thereto, the person who has become entitled to the unsold shares in consequence of the death or bankruptcy of the member shall be entitled either:-
- (i) to sell the unsold shares to any person in the same manner and subject to the same conditions (mutatis mutandis) as a proposing transferor could under paragraph (9); or
- (ii) to elect at any time to be registered himself as the holder of the unsold shares (but so that such election shall not give rise to any obligation to serve a transfer notice in respect of the unsold shares)

- (14) An obligation to transfer a share under the provisions of this Article shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance

PROHIBITED TRANSFERS

11. Notwithstanding anything else contained in these Articles no share shall be issued or transferred to any bankrupt or person of unsound mind and no transfer of any share shall be made or effected during the Call Option Period other than:-
- (a) any transfer of any share to the Bank pursuant to the Call Option Deed; or
 - (b) any transfer made pursuant to Article 9; or
 - (c) any transfer made pursuant to, or as a result of the application of Article 10(13)
 - (d) any transfer of any share held by the Bank and by any person of shares once held by the Bank

PROCEEDINGS AT GENERAL MEETINGS

12. (1) Regulation 41 shall be read as if the words "and if at the adjourned meeting a quorum is not present within half an hour from the time appointed therefor, or if during the meeting a quorum ceases to be present, such adjourned meeting shall be dissolved" were added to the end thereof
- (2) An instrument appointing a proxy may, in the case of a corporation, be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative
- (3) The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to vote on a poll on the election of a chairman and on a motion to adjourn the meeting
13. Any such resolution in writing as is referred to in regulation 53 may, in the case of a corporation, be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative

VOTES OF MEMBERS

14. (1) Subject to any other 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 duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder;

- (2) Regulation 54 shall not apply

ALTERNATE DIRECTORS

15. (1) Any director (other than an alternate director) may at any time appoint any person (including another director) to be an alternate director and may at any time terminate such appointment. Any such appointment or termination of appointment shall be effected in like manner as provided in Article 17(2). The same person may be appointed as the alternate director of more than one director
- (2) The appointment of an alternate director shall determine on the happening of any event which if he were a director would cause him to vacate such office or if his appointor ceases to be a director
- (3) An alternate director shall be entitled to receive notices of meetings of the directors and of any committee of the directors of which his appointor is a member and shall be entitled to attend and vote as a director and be counted in the quorum at any such meeting at which his appointor is not personally present and generally at such meeting to perform all functions of his appointor as a director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a director of the relevant class. It shall not be necessary to give notices of meetings to an alternate director who is absent from the United Kingdom. If an alternate director shall be himself a director or shall attend any such meeting as an alternate for more than one director his voting rights shall be cumulative, but he shall count as only one for the purpose of determining whether a quorum is present. If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill-health or disability his signature to any resolution in writing of the directors shall be as effective as the signature of his appointor. An alternate director shall not (save as aforesaid) have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles
- (4) An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a director but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct
- (5) Regulations 65 to 69 shall not apply

APPOINTMENT AND RETIREMENT OF DIRECTORS

16. So long as any of the First Directors is the holder of at least 10% in nominal value of the Equity Shares and is not himself a director of the Company he shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove such director and at any time and from time to time by like notice to appoint any other person to be a director in the place of a director so removed
- 17.(1) The holders of a 65% majority of the Equity Shares shall be entitled together by notice in writing to the Company to appoint one or more additional directors and any director (including such additional director) may be removed by like notice in writing to that effect being given to the Company by the holders of a 65% majority of the Equity Shares
- (2) A notice of appointment or removal of a director pursuant to this Article or Article 16 shall take effect upon lodgment at the registered office or on delivery to a meeting of the directors or on delivery to the Secretary
- (3) Every director appointed pursuant to Article 16 or this Article shall hold office until he is either removed in manner provided by Article 16 or this Article or dies or vacates office pursuant to regulation 81 (as modified by Article 20)
- (4) Any director appointed pursuant to Article 16 shall be at liberty from time to time to make such disclosure to his appointor(s) as to the business and affairs of the Company and its subsidiaries as he shall in his absolute discretion determine
18. The directors shall not be subject to retirement by rotation and accordingly regulations 73 to 75 shall not apply and all other references in the regulations to retirement by rotation shall be disregarded
19. No director shall be appointed otherwise than as provided in these Articles. Regulations 76 to 80 shall not apply

DISQUALIFICATION AND REMOVAL OF DIRECTORS

20. Regulation 81 shall be modified by deleting paragraph (e) thereof. The office of a director shall also be vacated if he shall be removed from office as herein before provided

TAKE-OVER OFFER

21. (1) The provisions of this Article shall apply if the directors have received a bona fide offer which has been made by a person who is not connected with any member of the company ("the Offeror") and is an offer to purchase all of the issued shares in the capital of the Company (including the Call Option Shares), the terms of which have been negotiated on an arm's length basis by

the directors on behalf of and in the interests of the members of the Company and are the best which can be negotiated in all the circumstances ("the Offer")

- (2) Within five days after the receipt of the Offer, the directors shall give full details of the terms thereof to all of the members of the Company and to the Bank and shall endeavour to ascertain as soon as possible thereafter:-

(i) in relation to each of the members, whether or not he wishes to accept the terms of the Offer in relation to the shares in the company held by him; and

(ii) whether the terms of the Offer are acceptable to the holders of three-fourths in nominal value of the issued shares comprising the issued equity share capital of the Company and whether such holders wish to accept the Offer in relation to the shares held by them

(iii) in relation to the Bank, whether it wishes to accept the terms of the offer in relation to the Call Option Shares

For the purposes of ascertaining the wishes of the members of the company, the directors may call an extraordinary general meeting of the Company

- (3) If the holders of 65% in nominal value of the issued shares comprising the issued equity share capital of the Company and the Bank shall have expressed their acceptance of the terms of the Offer and that they wish to accept the Offer in relation to all of the shares held by them (which may be expressed by a special resolution passed by the members either in general meeting or in writing pursuant to regulation 53) or the Call Option Shares (as the case may be), the directors shall inform each of the members of the Company and the Bank of this and every member of the Company and the Bank shall then be obliged to sell the shares held by him to the Offeror and shall be deemed to have given a notice ("Deemed Sale Notice") to the directors that he ("the proposing seller") desires to transfer all of the shares in the Company then held by him or the Call Option Shares (as the case may be) ("the Sale Shares") to the Offeror on the terms of the Offer and the following provisions of this Article shall apply
- (4) A Sale Notice shall constitute the directors as the agents of the proposing seller empowered to sell the Sale Shares (together with all rights attaching thereto at the date of the Offer or at any time thereafter) on the terms of the Offer and in particular at the price or prices provided for by the Offer ("the Sale Price")

- (5) A proposing seller shall become bound forthwith upon payment of the Sale Price to him (his receipt shall be a good discharge to the Offeror and the directors therefor, none of whom shall be bound to see the application thereof) to deliver to the Offeror or (if required by the directors) to the directors on the Offeror's behalf, a share transfer of the Sale Shares duly executed by the proposing seller in favour of the Offeror (or such other person or persons as the Offeror shall require) and the relevant share certificate or share certificates relating to the Sale Shares. If a proposing seller, having become bound to transfer any Sale Shares pursuant to this Article makes default in transferring the same, the directors may authorise some person (who shall be deemed to be the attorney of the proposing seller for the purpose) to execute the necessary instrument of transfer of such Sale Shares and may deliver it on his behalf and the Company may receive the purchase money and shall thereupon (subject to such instrument being duly stamped) cause the transferee or transferees to be registered as the holder or holders of such Sale Shares and the Company shall hold such purchase money on behalf of the proposing seller. The Company shall not be bound to earn or pay interest on any monies so held. The receipt of the Company for such purchase money shall be a good discharge to the transferee or transferees who shall not be bound to see the application thereof, and after the name of the transferee or transferees has or have been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person
- (6) If completion of the sale of all of the shares in the Company does not take place in accordance with the terms of the Offer then the Deemed Sale Notice shall be deemed never to have been given

PENSIONS

22. The directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any employees or ex-employees and to officers and ex-officers (including directors and ex-directors) of the Company or its predecessors in business or of any holding company or subsidiary of the Company or to the relations or dependants of any such persons and may establish, support and maintain pensions, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of any such persons and/or their relations or dependants or any of them. Any director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit and may vote as a director in respect of the exercise of any of the powers by this Article conferred upon the directors notwithstanding that he is or may become interested therein. Regulation 87 shall not apply

PROCEEDINGS OF DIRECTORS

23. All business arising at any meeting of the directors or of any committee of the directors shall be determined only by resolution passed by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote

24. (1) Unless otherwise agreed in writing by each of the directors in any particular case, at least 5 clear days' notice in writing shall be given to each director of every meeting of the directors, except any absent from the United Kingdom for the time being who have:-

(a) (in the case of a director) nominated an alternate; or

(b) failed to furnish the Company with an address abroad to which such notices may be forwarded

The third sentence of regulation 88 shall not apply to the Company

(2) Regulation 111 shall be read as if the words "except that a notice calling a meeting of the directors need not be in writing" were deleted therefrom

(3) Each such notice shall:-

(a) be sent to the address notified from time to time by each director to the secretary (or, if there is none at that time, the chairman) as his address for the service of such notices (or if no address has been so supplied, to his last known address);

(b) contain an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting;

(c) be accompanied by any relevant papers for discussion at such meeting; and

(d) if sent to an address outside the United Kingdom, be sent by courier, telex or facsimile transmission

(4) Save as provided in paragraph (3), any such notice may be delivered personally or by first class prepaid letter and shall be deemed to have been served if by delivery when delivered and if by first class letter 48 hours after posting

(5) Any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him

- (6) Except as may be agreed by all of the directors in any particular case, no business or resolution shall be transacted or passed at any meeting of the directors except as was fairly disclosed in the agenda for such meeting
25. Appropriate complete minutes of each meeting of the directors shall be maintained by the Company and copies thereof distributed to the directors as soon as reasonably practicable after the meeting shall have been held
26. (1) 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 in any way interested;
 - (b) may be a director or other officer of or employed by or be 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 in any way interested;
 - (c) may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;
 - (d) shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service 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; and
 - (e) shall be entitled to vote and be counted in the quorum on any matter concerning paragraphs (a) to (d) above
- (2) For the purposes of this Article:-
- (a) a general notice 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 or persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
 - (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; and

- (c) an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise

DIRECTORS BORROWING POWERS

27. Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied) :-

- (1) of borrowing or securing the payment of money;
- (2) of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
- (3) of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures

but so that :-

- (4) the directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations by the Company or any subsidiary of the Company and by virtue of any like operations by the Company or any subsidiary of the Company shall not exceed any limit or limits provided for in any Relevant Agreement without the previous sanction of the parties to any such Relevant Agreement
- (5) no such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded
- (6) no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this article is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded

ACCOUNTS AND INFORMATION

28. Every member shall be entitled, either himself or through his agents duly authorised in writing, during the Company's normal hours of business to inspect and take copies of the books of account and all other records and documents of the Company and each of its subsidiaries on giving not less than 48 hours, written notice to the secretary (or, if there is none for the time being, the chairman). The Company shall give each such member all such facilities as he may reasonably require for such purposes including the use of copying facilities. The Company shall not charge for any facilities requested as aforesaid. Regulation 109 shall not apply

NOTICES

29. A notice sent by post shall be deemed to be given at the time when the same was posted. The second sentence of regulation 115 shall not apply

INDEMNITY

30. 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 all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part 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

OVERRIDING PROVISIONS

31. (1) Notwithstanding the provisions of these Articles the directors shall be obliged, so far as may be permitted by law, to act in all respects in accordance with and give effect to any Relevant Agreement
- (2) Where the approval, agreement or consent of any member or director is required under any provision of these Articles to any particular matter, such approval, agreement or consent may be given subject to such terms and conditions as that member or director may require and any breach of such terms and conditions shall ipso facto be deemed to be a breach of these Articles