

THE COMPANIES ACTS 1985 TO 1989
PRIVATE COMPANY LIMITED BY SHARES

COPY RESOLUTION

of

ALL-HOTELS LIMITED (the "Company")

(Registered in England and Wales under company number 02665126)

dated 1 June 2001



At an Extraordinary General Meeting of the Company, duly convened and held in accordance with the Company's Articles of Association at Sanderson House, Water Street, Edinburgh on 1 June 2001, the following resolutions were duly passed Resolutions 1, 2, 3 and 4 as Ordinary Resolutions and Resolution 5 as a Special Resolution:-

(1) Approved Scheme - Ordinary Resolution

THAT the All-Hotels Limited Approved Share Option Scheme (the "Approved Scheme"), to be governed by the scheme rules (the "Approved Rules"), a copy of which is produced to the meeting and initialled for the purposes of identification by the Chairman of the Board of Directors of the Company be and is hereby approved and adopted;

- (i) the Directors of the Company (and/or the remuneration committee of the Directors of the Company) be and are hereby authorised to procure formal approval of the Approved Scheme under Section 185 and Schedule 9 to the Income and Corporation Taxes Act 1988 from the Board of the Inland Revenue and to make such amendments or variations to the Approved Rules as may be necessary to obtain and maintain such approval;
- (ii) the Directors of the Company (and/or the remuneration committee of the Directors of the Company) be empowered, authorised and instructed, with effect from the date of approval of the Approved Scheme by the Board of the Inland Revenue and not before, to maintain and give effect to the Approved Scheme and that the Directors (and/or the remuneration committee of the Directors of the Company) be and they are hereby empowered, authorised and instructed, with effect from the date of approval of the Approved Scheme by the Board of the Inland Revenue and not before, to exercise all of the powers conferred upon them by the

Approved Scheme (including any power to substitute, alter or add to its provisions);

(2) Unapproved Scheme – Ordinary Resolution

THAT the All-Hotels Limited Unapproved Share Option Scheme (the "Unapproved Scheme"), to be governed by the scheme rules, a copy of which is produced to the meeting and initialled for the purposes of identification by the Chairman of the Board of Directors of the Company, be and is hereby approved and adopted and that the Directors of the Company (and/or the remuneration committee of the Directors of the Company) be empowered, authorised and instructed to maintain and give effect to the Unapproved Scheme and that the Directors (and/or the remuneration committee of the Directors of the Company) be and they are hereby empowered, authorised and instructed to exercise all of the powers conferred upon them by the Unapproved Scheme (including any power to substitute, alter or add to its provisions);

(3) EMI Scheme – Ordinary Resolution

THAT the All-Hotels Limited Enterprise Management Incentive Scheme (the "EMI Scheme"), to be governed by the scheme rules, a copy of which is produced to the meeting and initialled for the purposes of identification by the Chairman of the Board of Directors of the Company, be and is hereby approved and adopted and that the Directors of the Company (and/or the remuneration committee of the Directors of the Company) be empowered, authorised and instructed to maintain and give effect to the EMI Scheme and that the Directors (and/or the remuneration committee of the Directors of the Company) be and they are hereby empowered, authorised and instructed to exercise all of the powers conferred upon them by the EMI Scheme (including any power to substitute, alter or add to its provisions);

(4) Section 80 Authority

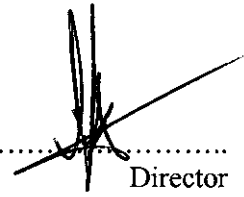
That the Directors be and are hereby authorised generally and unconditionally to exercise all of the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Companies Act 1985) subject always to the provisions of the Articles of Association of the Company provided that:

- (a) the maximum nominal amount of relevant securities to be allotted in pursuance of such authority shall be the nominal amount of the unissued share capital of the Company from time to time while this authority is in force; and
- (b) this authority shall expire, unless sooner revoked or varied by the Company in general meeting, on 1 June 2006 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

(5) Articles of Association – Special Resolution

THAT the regulations contained in the document submitted to this Meeting and for the purposes of identification signed by the Chairman as relative to this Resolution by and are hereby approved and adopted as the new Articles of Association of the

Company in substitution for and to the exclusion of the existing Articles of Association of the Company.


.....
Director
Ashley Fox


ASHLEY FOX.

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
ALL-HOTELS LIMITED

Company number: 02665126

Adopted by special resolution on:

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Definitions

1. In these articles the following words and phrases have the meanings set out opposite them below:

'3i'	3i Group plc (and 'a member of the 3i Group' shall mean 3i, any subsidiary of 3i and any company of which 3i is a subsidiary).
'the A Ordinary Dividends'	the Participating Dividend referred to in these articles.
'the Act'	the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force.
'Benefits'	all salary, fees and emoluments including sums paid by way of expenses allowance (if taxable), pension contributions and the cash value of benefits in kind.
'Connected Persons'	as defined by section 839 Income and Corporation Taxes Act 1988.
'a Controlling Interest'	an interest in shares (as defined in Schedule 13 Part 1 and section 324 of the Act) in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company.
'Early Leaver'	an Employee Member other than a Good Leaver who ceases to be a director or employee of the Company or any of its subsidiaries and does not continue as either a director or employee in relation to any of them and such cessation occurs prior to 31 December 2002.

'Employee Member'	a person who is a director and/or an employee of the Company or any of its subsidiaries.
'Employee Trust'	a trust approved by the holders of no less than 75% of the A ordinary shares and whose beneficiaries are the bona fide employees of the Company or any of its subsidiaries.
'Equity Shares'	A ordinary shares and ordinary shares.
'Excess Benefits'	Benefits in excess of £600,000 Index Linked in the aggregate payable in respect of the relevant financial year to the Relevant Directors after deducting tax at the basic rate on such excess sum.
'Exempt Issue'	an issue of shares pursuant to an option issued under the Share Option Scheme or any other share option scheme adopted by the Company from time to time the terms of which have been approved by the holders of not less than 75% of the A ordinary shares
"Financial Institution"	Any member of the RBS Group, any member of the SEP Group and any member of the 3i Group and any bank or pension fund or insurance company or investment trust or venture capital trust or open ended investment company (or subsidiary of any of the above) or any other person who is an authorised person under the Financial Services Act 1986 or any subsidiary or any such person, or who carries on investment business outwith the United Kingdom and includes a co-investment scheme of any such person;
'Good Leaver'	an Employee Member who ceases to be a director or employee of the Company or any of its subsidiaries

and does not continue as either a director or employee in relation to any of them where such cessation occurs for one of the following reasons:

- death;
- illness or disablement; or
- retirement at normal retirement age.

‘Independent Expert’

an umpire (acting as an expert and not as an arbiter) nominated by the parties concerned or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants of Scotland.

‘Index Linked’

adjusted annually each 31 December by an amount equal to the percentage increase (if any) in the retail price index published by the Government for the preceding twelve months. The first increase shall take place on 31 December 2001 and shall be made by reference to the period from the first day of the month in which these articles were adopted to the last day of December 2001.

‘Investors’

3i, SEP and RBS.

‘Investor’s Group’

the 3i Group, SEP Group and the RBS Group.

‘Net Profit’

the profit on ordinary activities after taxation of the Company and its subsidiaries calculated on the historical cost accounting basis and shown in the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year (to the nearest £1) but adjusted by:-

- adding back any amortisation of goodwill;

- adding back any amount in excess of £600,000 Index Linked in the aggregate charged in respect of Benefits payable to Relevant Directors.

‘Original Members’

persons who were members of the Company on 6th November 2000 and the Privileged Relations of such members and any member of any Investor’s Group.

‘Privileged Relations’

the spouse or widow or widower of the member and the member’s children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member’s children.

‘Realisation Event’

means any of (i) any liquidation, dissolution or winding up of the Company (other than for the purposes of reconstruction); (ii) a trade sale, merger or a comparable transaction in which the Company is not the surviving entity; (iii) any return of capital by the Company to Shareholders (other than by way of capitalisation of reserves); (iv) a transfer of a Controlling Interest; or (v) a disposal of all or substantially all of the undertaking and/or assets of the Company and its subsidiaries;

‘RBS’

The Royal Bank of Scotland Public Limited Company, registered number SC090312 having its registered office at 36 St Andrew Square, Edinburgh;

‘RBS Group’

RBS, any subsidiary of RBS, any holding company of RBS and any subsidiary of such holding company and “member of the RBS Group” shall be construed accordingly;

'Recognised Investment Exchange'	has the meaning set out in Section 207 of the Financial Services Act 1986;
'Relevant Directors'	the directors and former directors of the Company and its subsidiaries and their Connected Persons but excluding any director appointed by any Investor;
'Scottish Enterprise'	Scottish Enterprise, established by the Enterprise and New Towns (Scotland) Act 1990 and having its principal place of business at 120 Bothwell Street, Glasgow G2 7JP;
'the Scottish Enterprise Group'	Scottish Enterprise, any subsidiary for the time being of Scottish Enterprise and any company, corporation or other body of persons which shall have acquired the whole or substantially the whole of the undertaking of Scottish Enterprise or any subsidiary of such company, corporation or body and any other body to which the statutory functions of Scottish Enterprise have been delegated or a Scottish Enterprise Successor and the expression "member of the Scottish Enterprise Group" shall be construed accordingly.
'SEP'	Scottish Equity Partnership, a limited partnership established under the Limited Partnerships Act 1907 under number 2874 and having its place of registration at 120 Bothwell Street, Glasgow G2 7JP acting through its general partner Scottish Enterprise;
'SEP Group'	SEP and any general or limited partner for the time being in SEP or any guarantor or indemnifier of the investment of any partner for the time being in SEP and any subsidiary or holding company from time to

time of any limited or general partner of SEP and any subsidiary of such holding company and any member of the Scottish Enterprise Group or any fund or scheme managed or advised by Scottish Equity Partners Limited, incorporated under the Companies Acts under Number SC189451 and having its registered office at 17 Blythswood Square, Glasgow, G2 4AD;

‘Scottish Enterprise Successor’	any party succeeding in whole or in part to the interest of Scottish Enterprise in SEP;
‘Shareholders Loans’	the loans of £1.25million in aggregate made to the Company by SEP and RBS in terms of a loan agreement dated 15 December 1999
‘Share Option Scheme’	the executive and consultants share option scheme adopted by the Company on 20 April 2000.
‘Specified Leaver’	Richard Irwin, Jim Mueller, Nicola Irwin and Nicholas Eckert, Colin Bailey and Robert Collier.
‘Table A’	Table A in the Companies (Tables A - F) Regulations 1985 as amended by the Companies (Tables A - F) (Amendments) Regulations 1985.
‘Termination Date’	<ul style="list-style-type: none">• where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;• where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;

- where the Employee Member concerned is a director but not an employee, the date on which his contract for services with the Company is terminated; and
- in any other case, the date on which the contract of employment is terminated.

Application of Table A

- 2.1 The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as so excluded varied or inconsistent) and the articles hereinafter contained shall be the regulations of the Company.
- 2.2 Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company.

Share capital

3. The authorised share capital of the Company is £23,413 divided into:
- 82,613 A ordinary shares of £0.10 each
 - 151,517 ordinary shares of £0.10 each.

Dividends

4. Subject to the provisions of the Act the profits of the Company available for distribution in any financial year shall be used to pay dividends in the following order of priority:-
- 4.1 First, in paying to the holders of the A ordinary shares and the ordinary shares (pari passu as if they were one class of shares) in respect of each financial year of the Company a dividend ('the Participating Dividend') as follows:

Amount: a sum equal to 1/3 of Net Profit

Accrual date: accruing from the end of the financial year in which the Company first has distributable reserves.

Payment date: not later than 4 months after the end of the relevant accounting period or within 14 days after the audit report on the accounts of the Company for the period is signed by the Company's auditors, whichever is the earlier.

- 4.2 Once all the foregoing dividends have been paid any remaining profits which the Company may determine to distribute shall, if the holders of 75% of the A ordinary shares agree in writing, be distributed amongst the holders of the ordinary and A ordinary shares (*pari passu* as if the same were one class of share).
- 4.3 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 and shall accrue on a daily basis. If the Participating Dividend needs to be calculated to a date part way through the Company's financial year it will be calculated according to the profits earned in the relevant period by the Company and its subsidiaries. In the absence of audited accounts to determine such profits, they will be calculated by the Company on a basis reasonably acceptable to the holders of 75% of the A ordinary shares. All dividends are expressed net and shall be paid in cash. The Participating Dividends are cumulative.
- 4.4 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act the Participating Dividends shall be paid immediately on the due date. Such payment shall be made notwithstanding regulations 102 to 108 inclusive contained in Table A or any other provision of these articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting. If they are not paid on the due date they shall be a debt due by the Company and shall be payable in priority to any other dividend.
- 4.5 If due to delays in the preparation of the audited accounts of the Company the Participating Dividend cannot be calculated by the date it is due for payment then the

Company shall forthwith pay an interim dividend in respect of the Participating Dividend of a sum equal to the last Participating Dividend payable. The next and (if appropriate) any subsequent Participating Dividend shall be adjusted to take account of any overpayment or underpayment in respect of the said interim dividend which becomes apparent when the audited accounts are available.

- 4.6 The Company shall procure that each of its subsidiaries which has profits available for distribution shall from time to time and to the extent that it may lawfully do so declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of the Participating Dividends.

Return of capital

5. Subject to the provisions of the Act, the proceeds of any Realisation Event after the payment of the Company's liabilities (but before repayment of the Shareholder Loans) shall be applied as follows:

- 5.1.1 first in paying to the holders of the A ordinary shares *pari passu* the amount set out in column B below corresponding to the amount of proceeds realised in column A below together with a sum equal to any arrears or accruals of the dividends on the A ordinary shares calculated down to the date of the return of capital;
- 5.1.2 second in repaying the outstanding balance of the Shareholder Loans; and
- 5.1.3 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 proportion to the amounts paid up or credited as paid up on the A ordinary shares and ordinary shares held by them respectively; and

- 5.2 In the event that the Realisation Event concerned involves a transfer of a Controlling Interest the proceeds payable on completion of the transfer of the Controlling Interest shall be paid into the Company's solicitors bank account (or such other account as the holders of 75% of the issued equity share capital may agree) and distributed in accordance with the provisions of article 5.1.

A	B
Less than £40m	£3m
Greater than or equal to £40m but less than £44m	£2.5m
Greater than or equal to £44m but less than £48m	£2m
Greater than or equal to £48m but less than £52m	£1.5m
Greater than or equal to £52m but less than £56m	£1m
Greater than or equal to £56m but less than £60m	£0.5m
Greater than or equal to £60m	Nil

- 5.2 For the purposes of this Article 5 “proceeds” shall mean the gross consideration received or receivable by the Company and/or any of the shareholders in respect of a Realisation Event and shall include (1) the amount of any deferred consideration the payment of which is dependent solely on the passage of time, (2) any consideration given otherwise than in cash and (3) any consideration (in cash or otherwise) received by the Company and/or any of the shareholders which having regard to the substance of the transaction can reasonably be regarded as an addition to the price paid or payable (iv) any expenses of the Company or any of the shareholders incurred in connection with the Realisation Event which are met by any third party and shall take account of any adjustment to the consideration by reference to completion accounts Provided that in the event of any dispute as to the consideration received or receivable or to the value attributable to any non cash consideration the matter shall be referred to an Independent Expert whose decision shall be final and binding.

Conversion of A ordinary shares

- 6.1 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. The following provisions of this article shall apply to the conversion.

- 6.2 The conversion shall be effected by notice in writing given to the Company signed by the holders of 75% of the A ordinary shares. 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).
- 6.3 Forthwith after conversion takes effect the holders of the resulting ordinary shares shall send to the Company the certificates in respect of their respective holdings of A ordinary shares. The Company shall issue to such holders certificates for the ordinary shares resulting from the conversion.
- 6.4 The ordinary shares resulting from the conversion shall rank from the date of conversion *pari passu* in all respects with the other ordinary shares in the capital of the Company.
- 6.5 Subject to the provisions of the Act, the date of conversion the Company shall pay a dividend to the holders of the A ordinary shares of a sum equal to all arrears and accruals of the dividends calculated down to the date of conversion.

Voting

7. Shares in the Company shall carry votes as follows:

ordinary shares: one vote per share

A ordinary shares: one vote per share

Votes on shares may be exercised:

- on a show of hands by every member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each member holding shares with votes shall have one vote)

- on a poll by every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each member holding shares with votes shall have one vote for each such share held).

Class rights

8. 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 75% 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:-

8.1 by the Company:

8.1.1 altering its memorandum or articles of association; or

8.1.2 varying in any way the rights attached to any of the shares for the time being in the capital of the Company; or

8.1.3 applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company; or

8.1.4 entering into a contract to purchase any of its shares; or

8.1.5 redeeming any of its shares; or

8.1.6 passing a resolution that it be wound up; or

8.2 by the Company or any of its subsidiaries:

8.2.1 altering, increasing, reducing, sub-dividing or consolidating its authorised or issued share capital other than pursuant to an Exempt Issue; or

8.2.2 granting any option or other right to subscribe for shares other than pursuant to a share option scheme (other than the Share Option Scheme) adopted by the Company from time to time and approved by the holders of 75% of the A ordinary shares; or

8.2.3 disposing of its undertaking or any substantial part thereof; or

8.2.4 disposing of or acquiring any interest in any share in the capital of any company.

Transfer of shares

9. The directors shall refuse to register any transfer of shares made in contravention of the provisions of these articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of shares. For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these articles, the directors may request 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 reasonably 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.

Permitted and mandatory transfers

Permitted transfers to relations

- 10.1 Notwithstanding any other provision in these articles any member may at any time during his lifetime transfer all or any shares held by him to a Privileged Relation.

Permitted transfers by the Investors

- 10.2.1 Notwithstanding any other provisions of these articles a transfer of any shares in the Company held by any member of an Investor's Group may be made between the member in the Group holding such shares and any other member in that Investor's Group without restriction as to price or otherwise and any such transfer shall be registered by the directors. If any such transferee ceases to be a member of the Investor's Group it shall forthwith transfer the relevant shares to a member of such Investor's Group.
- 10.2.2 A member which is a Financial Institution holding shares on behalf of or as nominee for a limited partnership may transfer such shares to partners in such limited partnership or to any person in his capacity as general partner of that limited partnership and a member which is a Financial Institution holding shares on behalf of or as nominee for a fund managed by such member may transfer such shares to or hold share as nominee for any other fund of which he

is a manager or to any other manager of the same fund, and any member which is a Financial Institution may transfer shares on its own behalf to another Financial Institution where both Financial Institutions are managed by the same manager.

- 10.2.3 A member which is a Financial Institution holding shares on behalf of or as nominee for a unit trust or other collective investment scheme may transfer such shares to a holder of units in such trust or other collective investment scheme in accordance with the trust deed or other document governing such trust or other collective investment scheme or to any person in its capacity as trustee of such trust.
- 10.2.4 Any member which is a Financial Institution may transfer shares to any other Financial Institution.
- 10.2.5 Any member which is a Financial Institution may transfer any A ordinary shares to or pursuant to any co-investment scheme operated by it or which relates to any of its employees or directors.
- 10.2.6 Without prejudice to the foregoing provisions, a transfer of all or any of the shares in the Company held by any member of the Investor's Group may be made between the member in the Investor's Group holding such shares (hereinafter called "the Investor Member") and any person, company, corporation or other body whatsoever who is an authorised person in terms of the Financial Services Act 1986 (hereinafter referred to as an ("Authorised Person") without restriction as to price or otherwise and any such transfer shall be registered by the directors provided the following provisions have first been complied with:-
- 10.2.7 Following an offer for all the shares held by any Investor Member by an Authorised Person the Investor Member who desires to transfer such shares (hereinafter called "the Investor Vendor") shall give to the Company notice in writing of such offer and the desire to transfer such shares (hereinafter called an "Investor Transfer Notice"). Subject as hereinafter mentioned an Investor Transfer Notice shall constitute the Company the Investor Vendor's agent for the sale of the shares specified therein (hereinafter called "the Investor Sale Shares") to all the holders of Ordinary Shares at the Sale Price. The Sale Price shall be the price which the Investor Vendor shall have been offered for the Investor Sale Shares by such Authorised Person, immediately prior to the giving of the Investor Transfer Notice.

- 10.2.8 The Company shall forthwith offer the Investor Sale Shares to all holders of Ordinary Shares (other than the Investor Vendor) pro rata as nearly as may be in proportion to the existing numbers of Ordinary Shares held by such members giving details of the number and the Sale Price of such Investor Sale Shares. The Company shall invite each such member as aforesaid to state in writing within seven days from the date of the notice whether he is willing to purchase any of the Investor Sale Shares so offered to him and if so the maximum number thereof which he is willing to purchase. If at the expiration of the said period of seven days there are any Investor Sale Shares offered which any of the members hereinbefore mentioned have not so 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. Such remaining shares shall be offered pro rata as nearly as may be in proportion to existing numbers of Ordinary Shares then held by such members which offer shall remain open for a further period of seven days.
- 10.2.9 If the Company shall pursuant to the above provisions and/or the following provisions of this Article find a member or members of the Company willing to purchase all of the Investor Sale Shares the Investor Vendor shall be bound upon receipt of the Sale Price to transfer the Investor Sale Shares to such member or members. If the Investor Vendor shall make default in transferring the Investor Sale Shares the Company shall if so required by the persons willing to purchase such Investor Sale Shares receive and give a good discharge for the purchase money on behalf of the Investor Vendor and shall authorise some person to execute transfers of the Investor Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holders of such of the Investor Sale Shares as shall have been transferred to them as aforesaid.
- 10.2.10 If the directors shall not have found a member or members of the Company willing to purchase all of the Investor Sale Shares or the Investor Vendor shall not have received the Sale Price within 28 days of the date of the Investor Transfer Notice the Investor Vendor shall be at liberty to sell and transfer the Investor Sale Shares to such Authorised Person at the Sale Price.
- 10.2.11 If any member who only holds Ordinary Shares purchases any or all of the Investor Sale Shares pursuant to the foregoing provisions each Investor Sale Share purchased shall automatically convert into one Ordinary Share.

Mandatory transfer on cessation of employment

10.3.1 If an Employee Member other than a Specified Leaver ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them, Transfer Notices shall be deemed to have been served on the relevant Termination Date in respect of:

10.3.1.1 all shares held by the Employee Member immediately before his death or other such cessation; and

10.3.1.2. all shares then held by the Employee Member's Privileged Relations (other than shares which the directors are satisfied were not acquired by such holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member, and the decision of the board of directors in this respect will be final).

10.3.2 If an Employee Member or his or her personal representative acquires shares after the relevant Termination Date by virtue of any option granted by the Company under the Share Option Scheme or otherwise ("Option Shares") a Transfer Notice in respect of the Option Shares shall be deemed to have been served on the date on which such shares are issued to the Employee Member (or personal representative as the case may be).

Transfers under this sub-article are in these articles referred to as Compulsory Employee Transfers.

10.3.3 The provisions of articles 10.3.1, 10.3.2 and 10.4 shall not apply to any shares acquired upon the exercise of any options granted under the All-Hotels Limited Approved Share Option Scheme.

10.4 Specified Leavers

Subject to article 10.5 and article 10.3.3 but notwithstanding any other provision herein contained if a Specified Leaver ceases to be a director or consultant or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them and retains shares he shall have all the rights of and shall rank *pari passu* with the other holders of the class or classes of shares held by him save that he shall be deemed on a poll to vote at any general meeting of the Company or class meeting of the Company in the same manner as the majority of the other votes cast at the relevant meeting by holders of each

relevant class of shares and shall be deemed to grant any consent in respect of any matters to be consented to in respect of any such meetings where a majority of the other shareholders in each relevant class of shares have so consented and shall not otherwise be entitled to vote at any such meeting.

10.5 A Specified Leaver who ceases to be a director or consultant or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them and has retained shares shall be entitled to vote on any elective resolution (within the meaning of Section 379A of the Act) and on any resolution to:

- (a) amend the memorandum of association of the Company or these articles or adopt new articles of association or alter the rights attaching to any class of shares held by the Specified Leaver, where the effect of such amendment, adoption or alteration would be to prejudice the Specified Leaver;
- (b) disapply pre-emption rights in respect of the issue of any new equity securities of the Company (as defined in Section 94 of the Act);
- (c) authorise any reduction in the Company's share capital or the giving of any financial assistance by the Company or the acquisition of any shares or the repurchase of any Shares; or
- (d) wind up the Company.

Mandatory transfer on change of control of shareholder

10.6 If a corporate member ceases to be within the control (as such term is defined by section 840 Income and Corporation Taxes Act 1988) of the person(s) who controlled such company 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) it shall be deemed to have immediately given a Transfer Notice in respect of all the shares as shall then be registered in its name; provided that this sub-article shall have no application to the Investors or to any member of an Investor's Group.

Pre-emption rights

Transfer notices

- 11.1 Save as otherwise provided in these articles every member who desires or is required by these articles to transfer any shares shall give to the Company notice in writing of such desire (a 'Transfer Notice'). Where the Transfer Notice is deemed to have been given it is referred to as a Deemed Transfer Notice. The transferor under a Transfer Notice and under a Deemed Transfer Notice is herein called 'the Vendor'. Transfer Notices and Deemed Transfer Notices shall constitute the Company the Vendor's agent for the sale of the shares specified therein ('the Sale Shares') in one or more lots at the discretion of the directors at the Sale Price.

Calculation of the Sale Price

- 11.2 The sale price of the Sale Shares shall be the price agreed by the Vendor and the directors ('the Sale Price'). If the Vendor and the directors are unable to agree a price within 21 days of the Transfer Notice being given or being deemed to have been given the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value of the Sale Shares. In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is given or is deemed to have been given on a going concern basis as between a willing seller and a willing buyer ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest or that the shares of the Company are divided into separate classes and on the assumption that the Sale Shares are capable of transfer without restriction. The decision of the Independent Expert as to the Sale Price shall be final and binding.

Restriction of Sale Price for certain transfers by Employee Members

- 11.3 In the case of Compulsory Employee Transfers where the Employee Member is an Early Leaver the Sale Price shall be restricted to a maximum of the original subscription price of the Sale Shares.

Right of Vendor to reject partial sales

- 11.4 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition ('a Total Transfer Condition') that unless all the shares comprised therein are sold by the Company pursuant to this article none shall be sold. Any such provision shall be binding on the Company.

Certification of the Sale Price and right of Vendor to cancel

- 11.5 If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to

the Vendor. The Vendor shall be entitled by notice in writing given to the Company within 7 days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Company unless the Vendor cancels it in which case the Vendor shall bear the cost.

Pre-emptive offers-general

11.6 Once the Sale Price has been determined then unless the Vendor has given a valid notice of cancellation the Sale Shares shall be offered for sale as set out below.

Preliminary offer to a 'Warehouse'

11.7 Any Sale Shares being sold by reason of a Compulsory Employee Transfer shall first be offered to an Employee Trust. Any Sale Shares not sold under this sub-article within 28 days of being offered to the Employee Trust (as the case may be) will be available for sale to the members of the Company as set out below.

Offer to members

11.8 As soon as the Sale Shares become available they shall forthwith be offered for sale by the Company giving notice in writing to that effect to all holders of Equity Shares (other than the Vendor). The notice shall specify:-

- the number of Sale Shares on offer and the Sale Price;
- whether the Sale Shares are subject to a Total Transfer Condition;
- the date by which the application to purchase the Sale Shares has to be received by the Company (being a date no less than 14 days and no more than 21 days after the date of the notice).

The notice shall set out the method of allocation of the Sale Shares and shall invite each member to apply in writing to the Company for as many of the Sale Shares (if any) as that member would like to purchase.

Basis of allocation to members

11.9.1 The Sale Shares shall be allocated by the directors in satisfaction of the applications received in accordance with the procedure set out in this article.

- 11.9.2 Sale Shares of one class of share shall be allocated first in satisfaction of the applications received from members holding the same class of share. If after all applications for Sale Shares from that particular class have been satisfied, there are any Sale Shares remaining, such Sale Shares shall be allocated in satisfaction of applications received from members holding the other class of share.
- 11.9.3 If the total number of Sale Shares applied for by the members is equal to or less than the number of Sale Shares available, the Sale Shares shall be allocated in satisfaction of the applications received.
- 11.9.4 If the total number of Sale Shares applied for is more than the number of Sale Shares available, the directors shall allocate Sale Shares in satisfaction of each member's application for Sale Shares in accordance with the following formula. This formula shall be applied repeatedly until such time as there are no Sale Shares remaining to be allocated, Each application of the formula is herein referred to as an "iteration".

$$A = \frac{B}{C} \times D$$

A is the number of Sale Shares to be allocated to the relevant member in the iteration.

B is the number of Equity Shares held by the member

C is the number of Equity Shares held by all members to whom the iteration is being applied.

D is the number of Sale Shares or, after the first iteration, the number of Sale Shares remaining unallocated by previous iterations.

If, in any iteration, a member would be allocated all or more than all of the Sale Shares for which he applied (including allocations from previous iterations) then any excess will not be allocated to that member. That member will cease to take part in any further iterations and the excess Sale Shares will be available for allocation in the next iteration.

- 11.9.5 The Company shall notify the Vendor and each member who applied for Sale Shares of the number of Sale Shares that have been allocated and the persons to who they have been

allocated. The notification shall include the place and time (being not later than 14 days after the date by which applications had to be received) at which the sale of the Sale Shares shall be completed.

Transfer procedure for pre-emptive offers

- 11.10 If the Company finds a purchaser or purchasers for all or any of the Sale Shares under the terms of this article 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 defaults in transferring Sale Shares 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.

Transfers free of pre-emption

- 11.11 If the Company does not find purchasers for all of the Sale Shares under the terms of this article the Vendor shall at any time within six months after the date of the offer by the Company to its members be free to sell and transfer such of the Sale Shares as have not been so sold to any person at a price which is no less than the Sale Price. However if the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the Sale Shares and not part only.

Effect of non-compliance

- 11.12 Any purported transfer of shares otherwise than in accordance with the provisions of these articles shall be void and have no effect.

Transfer of control

Transfers prohibited absolutely

- 12.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a company in which one or more of the members of the Company (or persons acting in concert with them) has a Controlling Interest.

Transfers permitted where offer is made for A ordinary shares

- 12.2 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the consent in writing of the holders of 75% of the A ordinary shares and the holders of 75% of the ordinary shares if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a person or persons who are not Original Members (other than a transfer which is a Permitted Transfer under these Articles) unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and has or have offered to purchase all the A ordinary shares at the Specified Price (calculated as set out below) .

If any part of the Specified Price is to be paid except by cash then the holders of the A ordinary shares may, at their option, elect to take a price per share of such cash sum as may be agreed by them and the proposed transferee having regard to the transaction as a whole.

Calculation of the Specified Price

- 12.3 In this article the 'Specified Price' means the greater of :

- (1)
 - the subscription price paid per share, plus
 - all arrears and accruals of the dividends on such share calculated down to the date of sale or transfer

and
- (2)
 - the consideration (in cash or otherwise) per share equal to that offered or paid or payable by the proposed transferee or his or their nominees for the shares being acquired, plus
 - the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such other shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable, plus
 - all arrears and accruals of the dividends on such share calculated down to the date of the sale or transfer.

In the event of disagreement the calculation of the Specified Price shall be referred to an Independent Expert whose decision shall be final and binding.

12.4 Drag along

- 12.4.1 If the holders of 75% of the 'A' ordinary shares in issue for the time being and 50% of the ordinary shares in issue for the time being (the "Selling Shareholders") wish to transfer all their interest in Equity Shares (the "Sellers' Shares") to a bona fide arms length purchaser (the "Third Party Purchaser") they shall give notice of such wish to all of the other holders of Equity Shares in the Company forthwith and the Selling Shareholders shall also have the option (the "Drag Along Option") to require all the other holders of Equity Shares (the "Called Shareholders") to sell and transfer all their shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this article.
- 12.4.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect (a "Drag Along Notice") at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Equity Shares (the "Called Shares") pursuant to this article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this article) and the proposed date of transfer.
- 12.4.3 The Called Shareholders shall have the option (the "Tag Along Option") within 30 days of service of a notice by the Selling shareholders pursuant to article 12.4.1 by notice in writing to that effect (the "Tag Along Notice") to require the Third Party Purchaser to purchase the Called Shares pursuant to this article prior to the transfer of the Sellers' Shares to the Third Party Purchaser.
- 12.4.4 Drag Along Notices and Tag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice or the Tag Along Notice as the case may be. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice and the Called Shareholders shall also be entitled to serve further Tag Along Notices following the lapse of any particular Tag Along Notice.

- 12.4.5 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged or have the right to sell each of the Called Shares shall be the same as that attributed by the offer from the Third Party Purchaser to each A ordinary share.
- 12.4.6 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless:
- 12.4.6.1 all of the Called Shareholders and the Selling Shareholders agree otherwise;
or
- 12.4.6.2 that date is less than 3 days after the Drag Along Notice or the Tag Along Notice where it shall be deferred until the third day after the Drag Along Notice or the Tag Along Notice.
- 12.4.7 The rights of pre-emption set out in these articles shall not arise on any transfer of shares to a Third Party Purchaser (or as he may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served or a Tag Along Notice has been duly served provided that such Third Party Purchaser has complied with his obligation to purchase the Called Shares pursuant to such notice.
- 12.4.8 If any holder of Equity Shares does not on Completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by him the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute all necessary transfer(s) on his behalf and against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Purchaser (or as he may direct) and the directors shall forthwith register the Third Party Purchaser (or as he may direct) as the holder thereof and, after the Third Party Purchaser (or his nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of shares under this sub-article that no share certificate has been produced.
- 12.4.9 Upon any person, following the issue of a Drag Along Notice or Tag Along Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company ("a New Member"), a Drag Along Notice shall be deemed to have been

served upon the New Member on the same terms as the previous Drag Along Notice and such New Member shall have the right to serve a Tag Along Notice and shall thereupon be bound and have the right to sell and transfer all such shares acquired by him to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this article shall apply mutatis mutandis to the New Member save that completion of the sale of such shares shall take place forthwith upon the Drag Along Notice being deemed served on or the Tag Along Notice being served by the New Member.

Interpretation

12.5 In this article:

- 12.5.1 the expressions 'transfer' and 'transferee' shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment;
- 12.5.2 the expression 'shares' includes bearer shares, depository receipts and any other security or instrument into which shares may be converted with a view to a sale;
- 12.5.3 whether or not persons are acting in concert will be determined by the then most recent edition of the City Code on Takeovers and Mergers.

Primacy of article

- 12.6 All other regulations of the Company relating to the transfer of shares and the rights to registration of transfers shall be read subject to the provisions of this Article but for the avoidance of doubt these provisions shall not affect the redistribution of proceeds on a Realisation Event pursuant to Article 5.

Appointment of directors

13. 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. In addition, the holders of shares representing more than half of the shares which carry the right to attend and vote at general meetings of the Company may by notice to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

Investor appointees

- 14.1 Notwithstanding any other provisions of these articles, so long as 3i is the holder of any share in the Company, it shall be entitled to appoint as a director of the Company any person and to remove from office any person so appointed and to appoint another person in his place. The remuneration and reasonable expenses to be paid to the 3i appointee shall be payable by the Company and shall be such sum as may be agreed between him and the Company or failing agreement such reasonable sum as shall be fixed by 3i. Upon request by 3i the Company shall also procure that the 3i appointee be appointed a director to any subsidiary of the Company.
- 14.2 Notwithstanding any other provisions of these articles, so long as SEP or RBS is the holder of any share in the Company, they shall be entitled jointly to appoint as a director of the Company any person and to remove from office any person so appointed and to appoint another person in his place. The remuneration and reasonable expenses to be paid to such appointee shall be payable by the Company and shall be such sum as may be agreed between him and the Company or failing agreement such reasonable sum as shall be fixed by SEP and RBS. Upon request by SEP or RBS the Company shall also procure that such appointee be appointed a director to any subsidiary of the Company.

Meetings of directors

15. Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that 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. Meetings of the directors may, be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the directors had met in person.

Directors' conflicts of interest

- 16.1 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:-

- 16.1.1 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;
 - 16.1.2 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;
 - 16.1.3 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;
 - 16.1.4 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
 - 16.1.5 shall be entitled to vote and be counted in the quorum on any matter referred to in the foregoing paragraphs of this article.
- 16.2 For the purposes of this article:-
- 16.2.1 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 of 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;
 - 16.2.2 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
 - 16.2.3 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.

Lien

17. The lien conferred by regulation 8 of Table A shall apply to all shares of the Company whether fully paid or not and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of several joint holders.

Partly paid shares

- 18.1 The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment."
- 18.2 If the subscription price of any share (including any premium) is partly paid, the rights to dividend and on a return of capital of any such share shall be abated in the same proportion as the unpaid amount bears to the total subscription price.

Seal

19. Regulation 6 of Table A shall be modified so as to remove the reference to the company seal and regulation 101 of Table A shall be modified by the insertion of the words ", if the Company has one," after the words "The seal" at the beginning of that regulation.

Indemnity

- 20.1 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 judgement 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.

- 20.2 The Company may purchase and maintain insurance against any liability falling upon its directors or other officers or auditors which arises out of their respective duties to the Company or in relation to its affairs.