

TRAVERS SMITH

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- OF -

THE AMBASSADOR THEATRE GROUP LIMITED

**(INCORPORATED IN ENGLAND AND WALES
UNDER REGISTERED NO. 2671052)
(ADOPTED BY SPECIAL RESOLUTION PASSED
ON 10 December 2009)**



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PRELIMINARY

1. In these articles, "**Model Articles**" means the Model Articles for Public Companies, as set out in Schedule 3 to the Companies (Model Articles) Regulations (SI 2008/3229), the "**Act**" means the Companies Act 2006, including any statutory modification, replacement or re-enactment thereof from time to time in force, and the "**Parent**" means the corporation (if any) which is the holder of the entire issued share capital for the time being of the Company, as carries the right to vote at general meetings of the Company
2. The articles contained in the Model Articles shall apply to the Company, save insofar as they are excluded or modified by or inconsistent with the articles hereinafter contained and together such articles shall comprise the articles of association. Save as expressly set out in this article 2, no regulations set out in any statute or statutory instrument concerning companies shall apply as articles of the Company
3. A reference herein to "**MA Article 1**" shall be to Article 1 of the Model Articles. References to other articles of the Model Articles shall be made accordingly, save that the numbering of such references shall correspond to the numbering of the relevant provision of the Model Articles. The following Model Articles shall not apply to the Company: MA Articles 9 to 11 inclusive, MA Articles 20 to 22 inclusive, MA Article 25, MA Article 26, MA Article 28, MA Article 32(2), MA Article 36(1)(a), MA Article 40, MA Article 46(2)(a), MA Article 50, MA Article 63(5), MA Article 64, MA Article 79, MA Article 80, MA Article 85 and MA Article 86. MA Article 8(2) shall be modified by the inclusion of the words ", if any," after the words "company secretary". MA Article 17(2) shall be modified by the inclusion of the words ", if any," after the words "company secretary". MA Article 32(2) shall be modified by the

inclusion of the words "If the Parent consents," prior to the words "The Chairman of the meeting may permit"

DEFINITIONS AND INTERPRETATION

4 In these Articles the following expressions shall have the following meanings

Confidential Information shall be as defined in Article 27

Group means the Company and any company which is a subsidiary undertaking of the Company from time to time and references to "Group Company" and "members of the Group" shall be construed accordingly

Group Company Interest shall be as defined in Article 25 2

Investment Agreement means the investment agreement dated 31 October 2009 and made between (1) the Company, (2) Diplomatic Applause Limited, (3) the Non-Exponent Shareholders (4) the Managers, (5) Exponent Private Equity Partners II, LP and (6) Exponent Private Equity LLP, as amended and novated from time to time

Investor means any person who is or becomes an Investor for the purposes of the Investment Agreement and "Investors" shall be construed accordingly

Investor Associate means, in relation to an Investor

- (a) each member of that Investor's Investor Group (other than the Investor itself),
- (b) any general partner, limited partner or other partner in, or trustee, nominee, custodian, operator or manager of, or adviser to, that Investor or any member of its Investor Group,
- (c) any member of the same wholly-owned group of companies as any trustee, nominee, custodian, operator or manager of, or adviser to, that Investor or any member of its Investor Group,
- (d) any Fund which has the same general partner, trustee, nominee, operator, manager or adviser as that Investor or any member of its Investor Group,
- (e) any Fund which is advised, or the assets of which (or some material part thereof) are managed (whether solely or jointly with others), by that Investor or any member of its Investor Group, or
- (f) any Fund in respect of which that Investor or any member of its Investor Group is a general partner

Investor Director shall be as defined in the Investment Agreement

Investor Director Interest shall be as defined in Article 26.2

Quotation means the admission of any part of the issued share capital of the Company to the Official List of the Financial Services Authority and to trading on the London Stock Exchange's market for listed securities or to trading on the Alternative Investment Market of the London Stock Exchange or on any other recognised investment exchange (as defined in section 285(1) of the FSMA)

Relevant Investor shall be as defined in Article 26.1

Sale means the sale of the whole of the Controlling Interest of the Company or the sale or other disposal of the whole or substantially the whole of the business or assets of the Company and its subsidiaries taken together to a single buyer or to one or more buyers, whether as part of a single transaction or a series of related transactions

Situational Conflict shall mean a direct or indirect interest of a Director which conflicts or may potentially conflict with the interests of the Company (other than a Transactional Conflict or in circumstances which cannot reasonably be regarded as likely to give rise to a conflict of interest). For these purposes a conflict of interest shall include a conflict of interest and duty and a conflict of duties

subsidiary has the meaning given in section 736 of the Companies Act 1985

Transactional Conflict shall mean a direct or indirect conflict of interest of a Director which arises in relation to an existing or proposed transaction or arrangement with the Company

ALLOTMENT AND TRANSFER OF SHARES

5. The directors shall not be entitled to exercise any right to issue shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company in accordance with the provisions of section 550 of the Act
6. The directors shall register the transfer by the Parent of any share in the Company and, if directed by the Parent, the transfer by any other person of any share in the Company, but the directors shall not register a transfer in any other circumstances

NOTICE OF GENERAL MEETINGS

7. In every notice calling a general meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and speak and vote instead of him and that a proxy need not also be a

member Notices and other communications relating to a general meeting which any member is entitled to receive shall not be sent to the directors of the Company in their capacity as such

PROCEEDINGS AT GENERAL MEETINGS

- 8 No business shall be transacted at any meeting unless a quorum is present Two persons present entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum, except at such times as the Company has only one member in which case one person entitled to vote upon the business to be transacted, being the sole member or a proxy for the sole member or a duly authorised representative of a corporation which is the sole member, shall be a quorum
- 9 At such times as the Company has only one member and he takes a decision which may be taken by the Company in general meeting and which has effect as if agreed by the Company in general meeting, such member shall (unless his decision is taken by way of written resolution) provide the Company with a written record of that decision
- 10 An instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notari ally or in some other way approved by the directors must be delivered to the registered office of the Company (or, to the extent permitted by the Act, sent using electronic communications to the Company at the address specified (or deemed to have been specified) by the Company for that purpose so as to be received by the Company)
- 10.1 in the case of a general meeting or an adjourned meeting, not less than 48 hours before the time appointed for the holding of the meeting or to the place of the meeting at any time before the time appointed for the holding of the meeting,
- 10.2 in the case of a proxy notice given in relation to a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for the taking of the poll, and
- 10.3 in the case of a proxy notice given in relation to a poll taken not more than 48 hours after it was demanded, before the end of the meeting at which the poll was demanded

In calculating when a proxy notice is to be delivered, no account is to be taken of any part of a day that is not a working day A notice revoking the appointment of a proxy must be given in accordance with the Act

NUMBER OF DIRECTORS

- 11 Unless otherwise determined by ordinary resolution of the Company, the number of directors (including the Investor Director but excluding alternate directors) shall not be subject to any maximum but shall not be less than two in number

ALTERNATE DIRECTORS

12. Any director (other than an alternate director) may appoint any other director or any other person approved by the Parent and willing to act to be an alternate director and may remove from office an alternate director so appointed by him. An alternate director may represent one or more directors. An alternate director shall forthwith cease to be an alternate director if his appointor ceases for any reason to be a director.
13. An alternate director shall be entitled
 - 13.1 to receive notice of all meetings of directors and of all committees of directors of which his appointor is a member and to attend any such meeting,
 - 13.2 to one vote for every director whom he represents who is not personally present in addition to his own vote (if any) as a director at any meeting of the directors or of any committee of directors, and
 - 13.3 to sign a resolution in writing of the directors on behalf of every director whom he represents as well as on his own account if he himself is a director.
14. An alternate director shall not, if he is absent from the United Kingdom, be entitled to receive notices of meetings of directors or of committees of which his appointor is a member. At such meetings an alternate director shall count as only one for the purposes of determining whether a quorum is present.
15. An alternate director shall be entitled generally to perform all the functions of his appointor as a director in his absence but shall not as an alternate director be entitled to receive any remuneration from the Company, save that he may be paid by the Company that part (if any) of the remuneration otherwise payable to his appointor as his appointor may by notice in writing to the Company from time to time direct.
16. Any appointment or removal of an alternate director shall be by notice in writing to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors. In the case of a notice of appointment, the notice must contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

DELEGATION OF DIRECTORS' POWERS

17. The directors may delegate any of their powers to committees consisting of one or more directors or other persons approved by the Parent. References in these articles to a committee of directors or to a director as a member of such a committee shall include a committee or person referred to in this article. MA Article 5(1) shall be modified accordingly.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 18** The Parent may by memorandum in writing at any time and from time to time appoint any person who is willing to act as a director of the Company and is permitted by law to do so either to fill a casual vacancy or as an additional director, or remove any director from office. Such memorandum must be signed by or on behalf of the Parent and delivered to the registered office or produced to a meeting of the directors. Such appointment or removal shall take effect forthwith upon delivery or production of the memorandum or at such later time (if any) specified in such memorandum.
- 19** Without prejudice to the provisions of Article 16, any person who is willing to act as a director and is permitted by law to do so may be appointed as a director of the Company either
- (a) by ordinary resolution of the members, or
 - (b) by a resolution of the directors.

DISQUALIFICATION OF DIRECTORS

- 20** The office of a director shall be vacated if
- 20.1** he ceases to be a director by virtue of any provision of the Act or becomes prohibited by law from being a director, or
 - 20.2** he becomes bankrupt or makes any arrangement or composition with his creditors generally in satisfaction of that person's debts, or
 - 20.3** a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
 - 20.4** by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,
 - 20.5** he resigns his office by notice to the Company, or
 - 20.6** he shall for more than six consecutive months have been absent without permission of the directors from meetings of the directors held during that period and the directors resolve that his office be vacated.

PROCEEDINGS OF DIRECTORS

21. The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any three of the directors (of whom at least one shall be an Investor Director) shall constitute a quorum and a quorum of directors must be present throughout all meetings of the Board. The Chairman of the meeting shall not have a second or casting vote, in the case of an equality of votes.
22. Any director or alternate director may validly participate in a meeting of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that a quorum of directors is not physically present in the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

Directors' conflicts of interest – Board approval for Situational Conflicts

23. If a situation arises or exists in which a Director has or could have a Situational Conflict, without prejudice to the provisions of Articles 25 to 29, the Director concerned, or any other Director, may propose to the Board that such Situational Conflict be authorised, such proposal to be made in writing and delivered to the other Directors or made orally at a meeting of the Board, in each case setting out particulars of the Situational Conflict in question. Subject to the 2006 Act, the Directors may authorise such Situational Conflict and the continuing performance by the relevant Director of his duties as a Director of the Company on such terms as they may think fit.
24. The relevant Director shall not be counted in the quorum at the relevant meeting of the Directors to authorise such Situational Conflict nor be entitled to vote on the resolution authorising it. If the relevant Director is the sole Investor Director, for the purposes of any part of the meeting of the Directors at which a resolution authorising the relevant Situational Conflict pursuant to section 175(4)(b) of the 2006 Act is to be considered, the quorum requirement for such part of the meeting shall be any two Directors, neither of whom have any interest in the matter and notwithstanding the provisions of Article 21 it shall not be necessary for such Investor Director to be present during such part of the meeting for the quorum requirement to be met.

Directors' Situational Conflicts – pre-approval for all Directors

25. Subject to compliance by him with his duties as a Director under Part X of the 2006 Act (other than the duty in section 175(1) of the 2006 Act which is the subject of this Article 25), a

Director (including the chairman of the Company (if any) and any other non-executive Director) may

- 25.1 be an officer of, employed by, or hold Shares or other securities (whether directly or indirectly) in, the Company,
- 25.2 be a director or other officer of, employed by or hold shares or other securities (whether directly or indirectly) in, or otherwise be interested, whether directly or indirectly, in any other Group Company

(in either case a "**Group Company Interest**") and notwithstanding his office or the existence of an actual or potential conflict between any Group Company Interest and the interests of the Company which would fall within the ambit of that section 175(1), the relevant Director

- 25.3 shall be entitled to attend any meeting or part of a meeting of the Directors or a committee of the Directors at which any matter which may be relevant to the Group Company Interest may be discussed, and to vote on any resolution of the Directors or a committee thereof relating to such matter, and any board papers relating to such matter shall be provided to the relevant Director at the same time as the other Directors (save that a Director may not vote on any resolution in respect of matters relating to his employment with the Company or other Group Company),
- 25.4 shall not be obliged to account to the Company for any remuneration or other benefits received by him in consequence of any Group Company Interest, and
- 25.5 will not be obliged to disclose to the Company or use for the benefit of the Company any confidential information received by him by virtue of his Group Company Interest and otherwise than by virtue of his position as a Director, if to do so would breach any duty of confidentiality to any other Group Company or third party

Directors' Situational Conflicts – pre-approval for Investor Directors

- 26 Subject to compliance by him with his duties as a Director under Part X of the 2006 Act (other than the duty in section 175(1) of the 2006 Act to the extent that it is the subject of this Article 26), an Investor Director and the chairman of the Company (if any) may be a director or other officer of, employed by, hold shares or other securities in, or otherwise be interested, whether directly or indirectly, in
 - 26.1 any Investor, Investor Associate, or other entity which, directly or indirectly, holds Shares in the Company (a "**Relevant Investor**") and as such the Investor Director may, on behalf of the Investor, give or withhold any consent or give any direction required of any Investor or Investors pursuant to the terms of any

subscription, investment or shareholders' agreement relating to the Company, or of any similar agreement or document ancillary to such an agreement, or

- 26.2 any other company in which a Relevant Investor also holds shares or other securities or is otherwise interested, whether directly or indirectly,

(in either case an "Investor Director Interest"), and notwithstanding his office or the existence of an actual or potential conflict between any Investor Director Interest and the interests of the Company which would fall within the ambit of section 175(1) of the 2006 Act the relevant Investor Director

- 26.3 shall be entitled to attend any meeting or part of a meeting of the Directors or a committee of the Directors at which any matter which may be relevant to the Investor Director Interest may be discussed, and to vote on a resolution of the Directors or a committee thereof relating to such matter, and any board papers relating to such matter shall be provided to the relevant Investor Director at the same time as other Directors,

- 26.4 shall not be obliged to account to the Company for any remuneration or other benefits received by him in consequence of any Investor Director Interest,

- 26.5 shall be entitled to consult freely about the Group and its affairs with, and to disclose, for investment appraisal purposes, Confidential Information to, any Investor, Investor Associate, or proposed investor in the Group or any other person on whose behalf it is investing in the Group, and to the Group's auditors, lenders and proposed lenders (or with and to any of its or their professional advisers), and

- 26.6 for the purposes of facilitating a Sale or Quotation, shall be entitled to disclose any Confidential Information to any proposed purchaser, underwriter, sponsor or broker, subject to the relevant Investor Director using his reasonable endeavours to procure that any such recipient is made aware that it is Confidential Information and agrees to treat it accordingly, and

- 26.7 will not be obliged to disclose to the Company or use for the benefit of the Company any other confidential information received by him by virtue of his Investor Director Interest and otherwise than by virtue of his position as a Director

- 27 For the purposes of Article 26, the expression "Confidential Information" shall mean all information (whether oral or recorded in any medium) relating to any Group Company's business, financial or other affairs (including future plans of any Group Company) which is treated by a Group Company as confidential (or is marked or is by its nature confidential)

Directors' Situational Conflicts – disclosure of interests

- 28 Any Director who has a Group Company Interest and any Investor Director who has an Investor Director Interest shall, as soon as reasonably practicable following the relevant Interest arising, disclose to the Board the existence of such Interest and the nature and extent of such Interest so far as the relevant Investor Director or other Director is able at the time the disclosure is made PROVIDED that no such disclosure is required to be made of any matter in respect of which the relevant Investor Director or other Director owes any duty of confidentiality to any third party A disclosure made to the Board under this Article 20 8 may be made either at a meeting of the Board or by notice in writing to the Company marked for the attention of the Directors

Directors' Situational Conflicts – shareholder approval

- 29 Notwithstanding the provisions of Articles 23, 25 and 26 the holders of a majority in nominal value of all of the Shares in issue from time to time may, at any time, by notice in writing to the Company, authorise, on such terms as they shall think fit and shall specify in the notice

- 29 1 any Situational Conflict which has been notified to the Board by any Director under Article 23,
- 29.2 any Situational Conflict which has been notified to the Board by the chairman of the Company (if any) under Article 23 and which arises by virtue of his appointment or proposed appointment as a director or other officer of, and/or his holding of shares or other securities (whether directly or indirectly) in, any company other than a Group Company (a "Chairman's Interest"), or
- 29 3 any Group Company Interest or Investor Director Interest which has been disclosed to the Board under Article 28,

(whether or not the matter has already been considered under, or deemed to fall within, Article 23, 25 or 26, as the case may be)

30. No contract entered into shall be liable to be avoided by virtue of

- 30 1 any Director having an interest of the type referred to in Article 23 where the relevant Situational Conflict has been approved as provided by that Article or which is authorised pursuant to Article 29,
- 30.2 the chairman of the Company (if any) having a Chairman's Interest which has been approved by the Board under Article 23 or which is authorised pursuant to Article 29;

30.3 any Director having a Group Company Interest which falls within Article 25 or which is authorised pursuant to Article 29, or

30.4 any Investor Director having an Investor Director Interest which falls within Article 26 or which is authorised pursuant to Article 29

Directors' conflicts of interest - Transactional Conflicts

31. The provisions of Articles 23 to 30 shall not apply to Transactional Conflicts but the following provisions of this Article 31 and Article 32 shall so apply. Any Director may be interested in an existing or proposed transaction or arrangement with the Company provided that he complies with the 2006 Act and (if applicable) Regulations 85 and 86 of Table A.

32. Without prejudice to the obligation of each Director to declare an interest in accordance with the 2006 Act, a Director may vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has an interest whether direct or indirect which relates to a transaction or arrangement with the Company, or in relation to which he has a duty. Having so declared any such interest or duty he may have, the Director shall be counted in the quorum present when any such resolution is under consideration and if he votes on such resolution his vote shall be counted.

CHANGE OF NAME

33. The Parent may by memorandum in writing at any time and from time to time direct that the name of the Company be changed. Such a memorandum must be signed by or on behalf of the Parent and must be delivered to the registered office or produced to a meeting of the directors. Forthwith upon receipt of such notice (or otherwise as directed by the Parent), the directors shall, or shall procure, that notice of such proposed change of name shall be given to the Registrar of Companies in accordance with the provisions of section 79 of the Act together with the appropriate fee.

SECRETARY

34. If the Company is required by the Act to have a secretary, or if the Company is not so required but the directors decide that the Company should have a secretary, the secretary shall be appointed by the directors for such term, at such remuneration and upon such other conditions as they may think fit, and any secretary so appointed may be removed by them.

THE SEAL

35. In addition to its powers under section 44 of the Act, the Company may have a seal and the directors shall provide for the safe custody of such seal. The directors shall determine who may sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by at least one authorised person in the presence of a witness who attests this.

signature For the purposes of this article, an authorised person is any director of the company, the company secretary (if there is one) or any person authorised by the directors for the purpose of signing documents to which the common seal is applied

INDEMNITY AND INSURANCE

36. With the written consent of the Parent, the Company may indemnify, out of the assets of the Company, any director of the Company or of any associated company against all losses and liabilities which he may sustain or incur in the execution of the duties of his office or otherwise in relation thereto, including, in respect of any director of either the Company or any associated company, where the Company or such associated company acts as trustee of an occupational pension scheme (as defined in the Act), against liability incurred in connection with the relevant company's activities as trustee of such scheme provided that this Article 31.1 shall only have effect insofar as its provisions are not void under the Act
37. Subject to the Act, with the written consent of the Parent, the Company may provide a director of the Company or of the Parent or of any other holding company of the Company with funds to meet expenditure incurred or to be incurred by him in defending any civil or criminal proceedings brought or threatened against him, or any investigation carried out or proceedings brought or threatened against him by any regulatory authority, in any case in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or in connection with any application under sections 661(3) or (4) or section 1157 of the Act, and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under the Act to enable a director to avoid incurring such expenditure
38. With the written consent of the Parent, the Company shall be entitled to purchase and maintain insurance for any director of the Company or of any associated company against any liability attaching to any such person in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any such associated company
39. For the purpose of Articles 31.1 and 31.3 above, a company will be "associated" with another if one is a subsidiary of the other or both are subsidiaries of the same body corporate as such terms are defined in the Act

NOTICES

40. Any notice, document or information to be given to or by any person pursuant to these Articles or otherwise by the Company to a member (other than a notice calling a meeting of the directors or a committee thereof) shall be in writing or shall be given in electronic form or, in the case of a notice, document or information sent by the Company to a member, by publication on a website subject to and in accordance with the Act. A notice, document or information given by electronic means to an address specified for the purpose is deemed to

have been given 24 hours after it was sent. A notice, document or information given by means of publication on a website is deemed to have been given when (i) the notice, document or information was first made available on the website, or (ii) if later, when notification that the notice, document or information was available on the website was received or deemed received.

REGISTERED OFFICE

41. The Company's registered office is to be situated in England and Wales