

THE COMPANIES ACTS 1985 to 2004**A PRIVATE COMPANY LIMITED BY SHARES****ARTICLES OF ASSOCIATION of**

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PURELAKE NEW HOMES LIMITED**PRELIMINARY**

- 1 The Company is a Private Company within the meaning of Section 1 of the Companies Act 1985 Accordingly the Company shall not offer to the public (whether for cash or otherwise) any shares in or debentures of the Company or 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 the shares or debentures being offered for sale to the public References in these Articles to "the Act" are references to the Companies Acts 1985 and 1989
- 2 Subject as hereinafter provided the Regulations set out in Table A of the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 and the Companies Act 1985 (Electronic Communications) Order 2000 shall apply to this Company
- 3 The following Regulations of the said Table 'A' shall not apply to this Company videlicet - 24, 46, 47, 50, 64 to 69, 73, 74, 75, 76, 77, 78, the second and third sentences of Regulation 79, Regulation 81, the fifth sentence of Regulation 88 and Regulations 94 and 95

CAPITAL

- 4 The Directors of the Company shall within a period of five years from the adoption of these Articles be entitled to exercise the Company's power to allot, grant options over or otherwise dispose of the shares which are comprised in the authorised share capital with which the company is incorporated and no other authority for the Directors to allot, grant options over or otherwise dispose of any shares shall be valid for more than five years from the date of passing the members resolution to which it relates The authorised capital of the Company at the adoption of these Articles is £10,000 divided into 9,500 Ordinary shares and 500 'A' Ordinary shares all of £1 each to which shall be attached the following rights, privileges and restrictions

AS TO ISSUE

- (a) The Directors power to allot 'A' Ordinary shares shall only be exercised in favour of a person or persons who shall at the date of such allotment, hold a written contract of employment with or be an Officer of the Company and shall be issued on terms that will require the said employee or Officer to whom they

are to be issued to remain in the Company's service for at least five years from the date of issue. The Directors of the Company shall also have the power to impose such additional conditions relating to the holding of such 'A' Ordinary shares of the Company and to amend, alter or add to such conditions as subject to the provisions of the Act they shall from time to time think fit

AS TO VOTING

(b) Both the fully paid Ordinary and 'A' Ordinary shares shall carry the right to be notified of and attend and vote either in person or by proxy at all the meetings of the company

AS TO INCOME

(c) Both the fully paid Ordinary shares and the fully paid 'A' Ordinary shares shall carry the right to the receipt of dividends payable on such class or classes of shares, in such amounts, at such frequency, at such times as, on the recommendation of the Directors, the Company shall, in general meeting, in accordance with the provisions of Article 16 hereof, prescribe

AS TO REPAYMENT

(d) In the event of a liquidation or winding up after the company has discharged all its debts, obligations and liabilities the ordinary shares shall carry the right to repayment of capital at their par value in advance of and in priority to the right of repayment of capital at their par value shared by the fully paid "A" Ordinary shares but if after both classes of shares have been repaid their capital in full there should be any surplus up to but not exceeding £9,000,000 left over and available for distribution as shown on the company's last audited accounts it should be applied entirely to the fully paid ordinary shares in a direct and pro-rata proportion to the number of fully paid ordinary shares held. In the event of such reserves being in excess of £9,000,000 all such surplus profits over and above £9,000,000 shall be applied equally to the holders for the time being all the fully paid shares in the Company in a direct and pro-rata proportion to the number of fully paid shares held irrespective of their class

- 5 (a) Sections 89(1), section 90(1) to (5) and Section 90(6) of the Act shall not apply in relation to the issue of any equity securities by the Company but in substitution therefor the provisions of sub-paragraph (b) of this Article shall apply

(b) Save as is provided by Article 4 hereof or as otherwise directed by the Company in General Meeting any shares which are not comprised in the authorised share capital with which the Company is incorporated from time to time created shall before they are issued be offered to the members holding that class of share in proportion as nearly as possible to the number of shares of that class held by them. Any such offer shall be made by notice specifying the number and class of share offered and limiting a time within which the offer, if not accepted, will be deemed to be declined and after the expiration of such time any shares not accepted and any shares which, by reason of the

ratio which the shares to be issued bear to the shares held by persons entitled to an offer thereof, cannot, in the opinion of the Directors, conveniently be offered under this Article, shall be at the disposal of the Directors, who may allot, grant options over, or otherwise dispose of the same to such persons at such times and on such terms as they think proper

6. (a) Subject to Chapter VII of the Act, and to Regulation 12, the Company may purchase its own shares (including redeemable shares) whether out of distributable profits or the proceeds of a fresh issue of shares or otherwise

(b) Subject to Chapter VII of the Act, any shares may, with the sanction of an Ordinary Resolution, be issued on the terms that they are, at the option of the Company or the shareholder, liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may by Special Resolution determine, and whether out of distributable profits or the proceeds of a fresh issue of shares or otherwise
- 7 Subject to Chapter VI of the Act, the Company may give financial assistance for the purpose of or in connection with any acquisition of shares made or to be made in the Company or its holding company

LIEN

- 8 The lien conferred by Regulation 8 of Table 'A' shall attach to all shares 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 holder thereof or one of two or more joint holders. The Company shall have a first and paramount lien on every share (not being fully paid) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares (including fully paid shares) registered in the name of any person indebted or under liability to the Company whether he be the sole holder thereof or one of two or more joint holders for all moneys presently payable by him or his estate to the Company, but the Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this Regulation. The Company's lien, if any, on a share shall extend to all dividends payable thereon

TRANSFER OF SHARES

- 9 (a) Except in the case of an original subscriber who shall be free to transfer his share without the requirement to first give a transfer notice as hereinafter provided a member holding an Ordinary share or shares desiring to transfer his shares otherwise than to the Company pursuant to Article 6(a) hereof shall first give notice in writing handed personally or sent by registered or recorded delivery post to their correct and last known address of such intention to the Company, the Directors and all the shareholders holding that class of share in the Company giving particulars of the shares in question, hereinafter referred to as a Transfer Notice. The Directors as agent for the member giving such notice may dispose of such shares or any of them to the existing shareholders of the Company in a direct and pro rata proportion to their existing holdings of

that class at a price to be agreed between the transferor and the Directors or failing agreement at a price fixed by the Auditors of the Company as a fair value thereof. The transferor shall be bound (upon payment of the purchase price due in respect thereof) to transfer the shares comprised in the transfer notice to the purchasing Members named therein at the place and time therein specified, and if in any case the vendor after having become bound as aforesaid makes default in transferring any shares the Company may receive the purchase price on his behalf, and may authorise some person to execute a transfer of such shares in favour of the purchasing Member. The receipt of the Company for the purchase price shall be a good discharge to the purchasing Member. The Company shall forthwith pay the purchase price into a separate bank account in the Company's name and shall hold the purchase price and any interest earned thereon in trust for the transferor. If within 28 days of the date of the said notice the Directors are unable to find a member or members willing to purchase all such shares on such conditions then but not before then the transferor may dispose of so many of such shares as shall remain undisposed of in any manner he may think fit within three months from the date of the said notice but the Directors may in their absolute discretion and without assigning any reason therefore decline to register any such transfer whether or not it is in respect of a fully paid up share or shares. If any person shall become entitled to any shares by reason of the death or bankruptcy or liquidation of a member the Directors may in their discretion deem such member or former member to have given a transfer notice in respect of all his shares.

(b) In the event of the death of a holder of 'A' Ordinary share or shares or otherwise ceasing to be an employee or officer of the Company for any reason whatsoever he shall be deemed to have given notice to the Directors of the Company that he is desirous of transferring all 'A' Ordinary shares on such date registered in his name and accordingly he shall also be entitled and be required to transfer such shares at the direction of the Directors of the Company pursuant to Article 9 (c) and (d). Pending redemption a member shall not otherwise transfer his 'A' Ordinary share or shares.

(c) Where a member holding a 'A' Ordinary share or shares dies or for any reason ceases to be an employee or officer of the Company and is deemed to have given notice to the Company that he is desirous of transferring all 'A' Ordinary shares then registered in his name the directors shall be entitled to exercise the company's right to purchase such shares under the provision of Article 6 of these Articles of Association or nominate another employee or officer of the Company to purchase the members 'A' Ordinary shares in question at their par value. On the Company making such nomination as aforesaid the member shall transfer his 'A' Ordinary shares to such person or the Company at that value.

(d) If the member or former member or other person shall fail to comply with paragraph 9 (c) above within 28 days from the nomination of the purchaser by the Directors, the Company may receive the purchase money on his behalf, and the Directors may authorise some person to execute a transfer of such shares in favour of the purchaser. The receipt of the Company for the purchase price shall be a good discharge to the purchaser, and after the

purchaser's name has been entered in the Register of Members he shall become indefeasibly entitled thereto and the validity of the proceedings shall not be questioned by any person. The Company shall forthwith pay the purchase price into a separate bank account in the Company's name and shall hold the purchase price and any interest earned thereon in trust for the transferor.

PROCEEDINGS AT GENERAL MEETINGS

- 10 At any General Meeting a Resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or any member in person or by proxy. Unless a poll is so demanded a declaration by the Chairman that a Resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such Resolution. The demand for a poll may be withdrawn. In the event of an equality of votes the Chairman shall not have a second or casting vote. If from time to time there should be only one Member of the Company pursuant to the provisions of The Companies (Single Member Private Limited Companies) Regulations 1992 the provisions of Section 370A of the Companies Act 1985 shall apply and Regulation 40 of Table 'A' shall be amended accordingly.

DIRECTORS

- 11 The Directors of the Company shall not be subject to any maximum but if and so long as there is a sole Director such Director may act alone in exercising all the powers and authorities by Table A or these Articles vested in the Directors generally and Regulations 89 and 90 shall be modified accordingly. The first Directors of the Company shall be the person or persons named in the Statement delivered to the Registrar of Companies prior to the formation of the Company and deemed to be appointed Directors accordingly. A Director need not hold shares in the Company and no Director shall be subject to retirement by rotation.
12. The Company shall not be subject to section 293 of the Act and accordingly any person may be appointed or elected as a Director whatever his age and no Director shall be required to vacate his office of Director by reason of his attaining or having attained the age of seventy years or any other age.
- 13 In the case of an equality of votes at any Directors Meeting the Chairman of the Meeting shall not have a second or casting vote.
- 14 Subject to the provisions of Section 317 of the Act a Director may contract with and participate in the profits of any contracts or arrangements as if he were not a Director. A Director shall also be capable of voting in respect of such contracts or arrangements, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company, or in respect of the terms thereof and may

be counted in the quorum at any Meeting at which any such matter is considered

SECRETARY

- 15 The first Secretary of the Company shall be the person or persons named as Secretary in the Statement delivered to the Registrar of Companies prior to the incorporation of the Company and deemed to be appointed accordingly

DIVIDENDS

- 16 (a) Subject to the provisions of the Act and to paragraph (d) below, the Company may, by Ordinary Resolution passed at a General Meeting of the Company, upon the recommendation of the Directors declare a dividend.

(b) Subject to paragraph (d) below every such aforesaid General Meeting at which a dividend is declared shall, by Ordinary Resolution, direct that such dividend be paid either in respect of one class of shares to the exclusion of the other class, or in respect of both classes of shares

(c) Subject to paragraph (d) below, where a dividend is declared in respect of both classes of shares the Company may, by Ordinary Resolution, differentiate between the classes as to the amount or percentage of dividend payable, but in default the shares in each such class shall be deemed to rank *pari passu*, in all respects as if they constituted one class of shares

(d) Provided always that no dividend shall be declared to either class of shares where the Directors recommend that no dividend should be declared nor shall any dividend be declared to either class which exceeds the amount recommended by the Directors in respect of that class

(e) When paying interim dividends the Directors may make payments to one class of shares to the exclusion of the other class or to both classes of shares When making such payments the Directors may differentiate between the classes as to the amount or percentage of dividend payable Regulations 102 and 103 of Table A shall be read and construed accordingly

BORROWING POWERS OF THE DIRECTORS

- 17 The Directors of the Company may exercise all the powers of the Company to borrow money, whether in excess of the nominal amount of the share capital of the Company for the time being issued or not and to mortgage or charge its undertaking property or uncalled capital, or any part thereof, and subject to section 80 of the Act to issue debentures, debenture stock and other securities whether outright or as security for any debt liability or obligation of the Company or of any third party

ALTERNATE DIRECTORS

18. Any Director may in writing appoint any person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present

Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. The remuneration of such an alternate shall be payable out of the remuneration payable to the Director appointing him and the proportion thereof shall be agreed between them. An alternate need not hold any share qualification.

EXECUTIVE DIRECTORS

- 19 (a) The Directors may from time to time appoint to the office of Executive Director any employee or shareholder of the Company. The number of Executive Directors shall not exceed the number of Directors for the time being of the Company and shall have such duties and powers as the Directors may from time to time determine. An Executive Director shall not be required to hold any share qualification. The Executive Directors shall not be entitled to notice of or to attend at Meetings of the Directors except in cases where the Directors resolve that their presence is required and they shall not vote on any resolution submitted to a Meeting of the Directors other than a resolution on which the Meeting decides that they shall be allowed to vote. The appointment of an Executive Director shall not constitute him as a Director within the meaning of the expression 'Director' as defined in the Companies Act, 1985, or for the purposes of Table A or these Articles, and he shall remain at all times and in all respects subject to the control of the Directors and he may at any time be removed or suspended from office by the Directors.
- (b) An Executive Director may be paid out of the funds of the Company such remuneration (if any) for his services as an Executive Director as the Directors shall from time to time determine in addition to his remuneration for his other employment with the Company.
- (c) An Executive Director appointed hereunder may be described by the Company as an Associate Director, or a Technical, Works, Sales or Special Director or by any other name the Directors should so specify.

INDEMNITY

- 20 Subject to Section 310 of the Act and in addition to such indemnity as is contained in Regulation 118 of Table 'A' every Director, Officer or Official of the Company shall be indemnified out of the funds of the Company against all costs, charges, losses and expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto.

DISQUALIFICATION OF DIRECTORS

- 21 The office of a Director shall be vacated -
- (a) If by notice in writing to the Company he resigns the office of Director,

- (b) If he ceases to be a Director by virtue of Section 291 of the Act,
- (c) If he becomes bankrupt or insolvent or enters into any arrangement with his creditors,
- (d) If he becomes of unsound mind,
- (e) If he is prohibited from being a Director by any order made under Sections 1 to 7, Section 8 (as amended by Section 79 of the Companies Act 1989) and Sections 9 and 10 of the Company Directors Disqualification Act 1986
- (f) If he is removed from office by a resolution duly passed under Section 303 of the Act

NOTICES

- 22 Subject to the provisions of clauses (a) and (b) of these Articles proof that an envelope containing a notice was properly addressed, prepaid and posted by registered or recorded delivery or other similar service to his registered address shall be conclusive evidence that Notice was given

(a) Any notice served on a person at an address within the United Kingdom shall be deemed to have been served at the expiration of forty-eight hours after the envelope containing it was posted as aforesaid or in the event of a notice being served personally at the time such service took place

(b) Any notice served on a person at an address outside the United Kingdom in an envelope properly addressed, prepaid and posted as aforesaid shall be deemed to have been served at the expiration of forty-eight hours after the envelope containing it would have been delivered in the ordinary course of post in the circumstances prevailing at the time of posting

THE COMPANY SEAL

- 23 (a) Pursuant to Section 36A of the Companies Act 1985, as introduced by Section 130 of the Companies Act 1989, the Company can execute documents and deeds without the use of a Seal and any Share Certificate signed by a Director and Secretary or by two Directors shall be as valid as a Certificate sealed with the Seal of the Company and Regulations 6 and 101 of Table 'A' shall be amended accordingly

(b) The Company may in accordance with Section 39 of the Companies Act 1985 have an official seal for use in any territory district or place elsewhere than in the United Kingdom but shall only be used by a Director and Secretary or by two Directors or by such person or persons on such occasions and in such circumstances as are specifically authorised by a resolution of the Board of Directors for the time being of the Company who shall have the authority to amend, suspend or withdraw such authority as they think fit

Names, Addresses and Descriptions of the Subscribers

Chettleburgh's Limited
by Robert Stephen Kelford
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Company Registration Agents

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Anglo-Japanese Consultant

Dated the 2nd day of March 1992

Witness to the above signatures -

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Company Registration Agent