

THE COMPANIES ACT 1985 TO 1989

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

ENFRANCHISE 144 LIMITED

Company Number  
(to be called Ebbgate Nursing Homes (London) Limited)

Adopted by Special Resolution passed on 30<sup>th</sup> December 1993.

1. PRELIMINARY

The Regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended by the Companies (Tables A to F) (Amendment) Regulations 1985) (hereinafter referred to as "Table A") shall, except as hereinafter provided and so far as not inconsistent with the provisions of these Articles, apply to the Company to the exclusion of all other regulations or articles of association. References herein to Regulations are to Regulations in the said Table A. The following Regulations are excluded: 2, 17, 39, 50, 54, 64 to 69, 73 to 80 (inclusive), 89, 94, 95, 109 and 118. The following Regulations are hereinafter modified: 24, 40, 41, 44, 46, 81 and 115.

A reference to a Regulation shall be a reference to a Regulation of Table A.

2. PRIVATE COMPANY

The Company is a private company and accordingly the Company shall not:

- (1) offer to the public (whether for cash or otherwise) any shares in or debentures of the Company; or
- (2) allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

3. INTERPRETATION

- (1) In the first line of Regulation 1 after the word "regulations" the words "and in any articles adopting the whole or in part the same" shall be inserted.

- (2) In these Articles:

- (a) unless the context otherwise requires the following expressions have the following meanings:

"A Director" means any director for the time being appointed and holding office pursuant to Article 11(1);

"A Shares" means the A Ordinary Shares of £1 each in the share capital of the Company from time to time;

"B Director" means any director for the time being appointed and holding office pursuant to article 11(2);

"B Shares" means the B Ordinary

Shares of £1 each in the share capital of the Company from time to time;

"share" means a share in the capital of the Company of whatever class.

- (3) A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of the regulations of these Articles.

4. SHARE CAPITAL

- (1) The authorised share capital of the Company at the date of adoption of these articles is £100 divided into 50 A Shares and 50 B Shares having attached thereto the rights and privileges set out hereunder.
- (2) (a) The A Shares shall entitle the holders thereof to one vote for each Share held.
- (b) On a distribution the holders of the A Shares as a group shall be entitled to receive sixty per cent. (60%) of the total amount distributed.
- (c) On a winding-up the holders of the A Shares as a group shall be entitled to receive sixty per cent. (60%) of the total amount of any surplus assets of the Company remaining after payment of its liabilities.
- (3) (a) The B Shares shall entitle the holders thereof to one vote for each Share held.
- (b) On a distribution the holders of the B

Shares as a group shall be entitled to receive forty per cent. (40%) of the total amount distributed.

- (c) On a winding-up the holders of the B Shares as a group shall be entitled to receive forty per cent. (40%) of the total amount of any surplus assets of the Company remaining after payment of its liabilities.
- (4) The 'A' Shares and 'B' Shares shall be separate classes of shares but save as herein expressly provided shall rank pari passu in all respects.

5. ISSUE OF NEW SHARES

- (1) The authorised and issued share capital of the Company shall consist only of A Shares and B Shares in the proportions represented by the number of 'A' Shares relative to the number of 'B' Shares set out in Article 4 above.
- (2) All unissued shares in the capital of the Company for the time being shall be issued only in such a manner as to establish or maintain the proportions represented by the number of 'A' Shares relative to the number of 'B' Shares specified in paragraph (1) and so that on each occasion (unless all the the members otherwise agree in writing) A Shares and B Shares are issued at the same price and (save as provided herein) otherwise on the same terms. No share of either class shall be issued otherwise than to members holding shares of the same class except with the prior written consent of all the members. As between holders of the same class any shares shall be issued in proportion to their existing holdings of such shares or in such other proportions as may be agreed between them in writing.

- (3) Section 89(1) and sub-section 1 to 6 of section 90 of the Act shall not apply to the Company.

6. TRANSFER OF SHARES

No share in the capital of the Company shall be or be purported to be transferred or otherwise disposed of or encumbered save pursuant to any written agreement of all the members.

7. PROCEEDINGS AT GENERAL MEETINGS

- (1) No business shall be transacted at any general meeting unless a quorum is present. Two members present in person or by proxy of a duly authorised representative of a corporation shall be a quorum of which one shall be or represent a holder of any of the A Shares and the other shall be or represent a holder of any of the B Shares. Regulation 40 shall be modified accordingly.
- (2) Regulation 41 shall be read as if the words 'and if at the adjourned meeting a quorum is not present within half an hour from the time appointed therefor, or if during the meeting a quorum ceases to be present, such adjourned meeting shall be dissolved' were added to the end thereof.
- (3) In regulation 44 the words 'of the class of shares the holders of which appointed him a director' shall be substituted for the words 'any class of shares in the Company'.
- (4) A poll may be demanded by a single member having the right to vote at the meeting and Regulation 46 (b) shall be amended accordingly.
- (5) An instrument appointing a proxy may, in the case

of corporation, be signed on its behalf by a director or the secretary thereof or by its duly authorised attorney or duly authorised representative.

- (6) The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to vote on a poll on the election of the chairman and on a motion to adjourn the meeting.
  - (7) The chairman of a general meeting shall not be entitled to a second or casting vote.
8. Any such resolution in writing as is referred to in Regulation 53 may, in the case of a Corporation, be signed on its behalf by a director or secretary thereof or by its duly appointed Attorney or authorised representative and may consist of several documents in the like form each signed by one or more of the members (or their duly authorised representatives).

9. VOTES OF MEMBERS

- (1) Subject as provided below in this paragraph and to any other special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder provided that:
  - (a) no shares of either class shall confer any right to vote upon a resolution for the removal from office of a director appointed

by holders of shares of the other class;

- (b) if at any meeting any holder of shares is not present in person or by proxy the votes exercisable on a poll in respect of the shares of the same class held by members present in person or by proxy shall be pro tanto increased (fractions of a vote by any member being permitted) so that such shares shall together entitle such members to the same aggregate number of votes as could be cast in respect of all the shares of that class if all the holders thereof were present in person; and
- (c) no resolution shall be passed unless both an A Shareholder and a B Shareholder shall have voted in favour.

10. ALTERNATE DIRECTORS

- (1) Any director (other than an alternate director or an additional director) may at any time appoint any person (including another director) to be an alternate director and may at any time terminate such appointment. Any such appointment or termination of appointment shall be effected in like manner as provided in Article 11(4). The same person may be appointed as the alternate director of more than one director.
- (2) The appointment of an alternate director shall determine on the happening of any event which if he were a director would cause him to vacate such office or if his appointor ceased to be a director.
- (3) An alternate director shall be entitled to receive notices of meetings of the directors and of any

committee of the directors of which his appointor is a member and shall be entitled to attend and vote as a director and be counted in the quorum at any such meeting at which his appointor is not personally present and generally at such meetings to perform all functions of his appointor as a director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a director of a relevant class. It shall not be necessary to give notices of meetings to an alternate director who is absent from the United Kingdom. If an alternate director shall be himself a director or shall attend any such meeting as an alternate for more than one director his voting rights shall be cumulative, but he shall count as only one for the purpose of determining whether a quorum is present. If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability his signature to any resolution in writing of the directors shall be as effective as the signature of his appointor. An alternate director shall not (save as aforesaid) have power to act as a director nor shall be deemed to be a director for power to act as a director nor shall he be deemed to be a director for the purposes of these Articles.

- (4) An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a director but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable by his appointor as such appointor may by



notice in writing to the Company from time to time direct.

11. APPOINTMENT AND RETIREMENT OF DIRECTORS

- (1) The holders of a majority of the A Shares shall be entitled by notice in writing to the Company to appoint two directors and by like notice to remove such directors and at any time and from time to time by like notice to appoint any other person to be a director in the place of a director so removed. Any director so appointed shall be an A Director.
- (2) The holders of a majority of the B Shares shall be entitled by notice in writing to the Company to appoint two directors and by like notice to remove any of such directors and at any time and from time to time by like notice to appoint any other person to be a director in place of a director so removed. Any director so appointed shall be a B Director.
- (3) The number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two, of whom one shall be an A Director and one shall be a B Director.
- (4) A notice of appointment or removal of a director pursuant to this Article shall take effect upon lodgment at the office or on delivery to a meeting of the directors or on delivery to the secretary.
- (5) Every director appointed pursuant to this Article shall hold office until he is either removed in manner provided by this Article or dies or vacates office pursuant to Regulation 81 (as modified by Article 14) and (subject to Section 303 Companies

Act 1985) neither the company in general meeting nor the directors shall have power to fill any such vacancy.

- (6) Any director appointed pursuant to this Article shall be a liberty from time to time to make such disclosure to his appointor(s) as to the business and affairs of the Company and its subsidiaries as he shall in his absolute discretion determine.

- 12. No director shall be appointed otherwise than as provided in these Articles.

13. DISQUALIFICATION AND REMOVAL OF DIRECTORS

Regulation 81 shall be modified by deleting paragraph (e) thereof. The office of a director shall also be vacated if he shall be removed from office in accordance with the provisions of Article 11.

14. PROCEEDINGS OF DIRECTORS

- (1) The quorum for the transaction of the business of the directors shall be two of whom one shall be an A Director and one a B Director.
- (2) Any committee of the directors shall include at least one A Director and one B Director and the quorum for the transaction of the business of any such committee shall be two of whom one shall be an A Director and one a B Director.
- (3) In the event that at any duly convened meeting of the directors or of any committee of the directors the meeting is not so quorate, or if during the meeting such a quorum ceases to be present, the meeting shall be adjourned to the same day in the next week at the same time and place (or to such

other day and at such other time and place as an A Director and a B Director may agree in writing) and at such adjourned meeting the quorum shall be any two directors.

15. All business arising at any meeting of the directors or of any committee of the directors shall be determined by all present A and B Directors having an equal number of votes irrespective of the actual number of attending directors appointed by Shareholders of either class provided that no resolution shall be passed unless both an A Director and a B Director shall have voted in favour.
16. A director who is in any way either directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the directors in accordance with Section 317 of the Act. Subject to such disclosure, a director shall be entitled to vote on any resolution concerning a contract or arrangement in which he directly or indirectly has any interest and shall be counted in the quorum present at a meeting in relation to any such resolution Regulations 94 and 95 shall not apply.
17. Appropriate complete minutes of each meeting of the directors shall be maintained by the Company and copies thereof distributed to the directors as soon as reasonably practicable after the meeting shall have been held.
18. BORROWING POWERS

The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof and subject as otherwise provided in these Articles 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.

19. ACCOUNTS AND INFORMATION

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

20. NOTICES

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

21. INDEMNITY

Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise 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 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. No Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto but this Article shall only have effect insofar as its provisions are not avoided by the Act.

22. BOARD MEETINGS BY TELEPHONE

Any Director or alternate Director or member of a committee of the Directors may participate in a meeting of the Directors or such committee by means of conference, telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in the meeting in this manner shall be deemed to constitute a presence in person at such meeting.