

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

RESOLUTIONS OF PARAMOUNT HOTELS LIMITED

At an Extraordinary General Meeting of the above named company on the 21st day of July 1994, the following resolutions were duly proposed and passed as special resolutions:-

1. Articles of Association

That the Articles of Association contained in the printed document produced to the meeting marked 'A' and for the purpose of identification, signed by the Chairman thereof, be and the same are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

2. Sub-division of Existing Share Capital

That each of the existing ordinary shares of £1 in the capital of the company be sub-divided into 100 ordinary shares of £0.01 each and that such shares be and are hereby converted into 'A' ordinary shares.

3. Increase in Share Capital

That the authorised share capital of the Company be and is hereby increased from £1,000 to £99,000 by the creation of:-

3.1 100,000 'A' ordinary shares of £0.01 each ranking pari passu in all respects with the existing 'A' ordinary shares of £0.01 each in the Company;

3.2 600,000 'B' ordinary shares of £0.01 each; and

3.3 9,100,000 preference shares of £0.01 each.

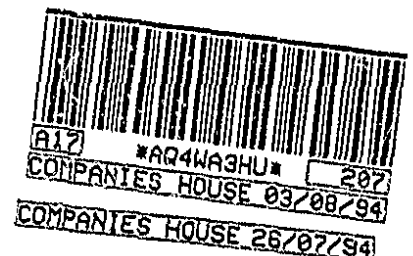
All such shares having the respective rights set out in the Articles of Association of the Company as proposed to be adopted by the resolution numbered 1 above.

4. Pre-emption Rights

That the directors be authorised to allot equity securities (as defined in Section 94 of the Companies Act 1985) pursuant to the authority conferred in the resolution above as a Section 89(1) of the Companies Act 1985 did not apply to such allotment provided that this authority shall expire on 21 August 1994.

...*M. S. Harrison*...

Chairman



ADOPTED ON 22 JULY 1994

PARAMOUNT HOTELS LIMITED

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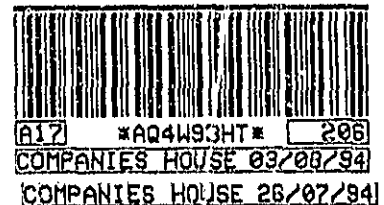
ARTICLES OF ASSOCIATION

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*W. Lupton*

Dibb Lupton Broomhead  
117 The Headrow  
LEEDS  
LS1 5JX  
Tel: 0532 439301  
Fax: 0532 452632

Ref: NGK/WPUNIT



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THE COMPANIES ACT 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF PARAMOUNT HOTELS LIMITED

Adopted by Special Resolution passed on July 1994

A. SHARE CAPITAL

1. The authorised share capital of the Company at the date of adoption of these Articles is £99,000 divided into:

200,000 "A" Ordinary Shares of 1p each ("A" Ordinary Shares);  
600,000 "B" Ordinary Shares of 1p each ("B" Ordinary Shares);  
and  
9,100,000 Preference Shares of 1p each ("Preference Shares")

B. RIGHTS OF THE "A" ORDINARY SHARES

2. Pari Passu with "B" Ordinary Shares

Save as otherwise specifically provided in these Articles, the "A" Ordinary Shares and the "B" Ordinary Shares shall rank pari passu, but shall constitute two separate classes of shares.

3. Restriction on transfer

The "A" Ordinary Shares and any interest therein shall not be transferable except:

- (a) with the written consent of the "B" Director;
- (b) on and after the admission ("Listing") of any of the Company's shares to the Official List of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange");
- (c) when a transfer is required by Article 4;
- (d) pursuant to an offer required to be made by Article 5;
- (e) to the trustees of a trust of which the only beneficiaries (and the only persons capable of being beneficiaries) are the "A" Ordinary Shareholder who established such trust and who is transferring the relevant "A" Ordinary Shares and/or his spouse and/or his lineal descendants by blood or adoption Provided that the trustees of any such trust shall not be entitled to transfer any "A" Ordinary Shares pursuant to this paragraph (e), other than to replacement trustees of the same trust; and

- (f) a transfer made upon the death of a shareholder to his executors, administrators or beneficiaries after expiry of the two month time limit in Article 4 without the "B" Director having exercised his rights.

#### 4. Compulsory transfer

4.1 If an "A" Ordinary Shareholder, or an employee of the Company or any of its subsidiaries who transferred "A" Ordinary Shares to a trust in accordance with Article 3(e), ceases for any reason whatsoever to be employed by the Company or any of its subsidiaries, then the remaining "A" Ordinary Shareholders or the "B" Director shall have the right within the period of 2 months from such cessation, to require that such "A" Ordinary Shareholder (or his personal representatives in case of death) and the trustees of any trust referred to in Article 3(e) established by him ("Compulsory Transferor") transfer his (or their) entire holding of "A" Ordinary Shares (free from all liens, charges, encumbrances and third party rights whatsoever and together with all rights then attaching thereto) to such persons as the "A" Ordinary Shareholders shall nominate, subject always to the consent of the "B" Director such consent not to be unreasonably withheld.

4.2 The price at which such transfer shall be made shall be:

- (a) (subject to (b) below) at either the price agreed between the "B" Director and the Compulsory Transferor or, if no agreement is reached within 14 days of the exercise of such right by the "B" Director, the price certified by the auditors of the Company to be the market value of such "A" Ordinary Shares at the time of such cessation;
- (b) if the relevant "A" Ordinary Shareholder or employee resigned his employment (other than by reason of permanent ill health or permanent disability) or the Company was entitled to summarily dismiss him without notice, at the nominal amount plus any premium paid on subscription of such "A" Ordinary Shares or, if less, the amount provided for in (a) above.
- (c) if the employment of the relevant "A" ordinary shareholder or employee ceases by reason of ill health or disability, the rights of the remaining "A" ordinary shareholders and the "B" Director referred to in Article 4.1 above shall (at the discretion of the Board of Directors of the Company which discretion shall be exercised within three months of the matter first coming to the attention of the Board of Directors.) not accrue until the expiry of the period of three years from the date of cessation of employment and the price at which the

shares of such Compulsory Transferor are to be sold pursuant to Article 4.4 (a) shall be determined by reference to the date of expiry of such period. For the avoidance of doubt if the Board does not exercise its discretion under this paragraph then paragraphs (a) and (b) above shall apply.

- 4.3 The Compulsory Transferor shall deliver a duly executed stock transfer form and the relative share certificate to the Company within 14 days of agreement or certification of the price in accordance with Article 4.2 in exchange for payment of such price.
- 4.4 If a Compulsory Transferor fails to transfer such "A" Ordinary Shares in accordance with Article 4.3 the directors may (and will if so requested by the "B" Director) authorise any person to execute and deliver on his behalf the necessary stock transfer form and the Company shall receive the purchase money in trust for the Compulsory Transferor and cause the purchaser to be registered as the holder of such shares (subject to payment of any stamp duty). The receipt of the Company for the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof). The Compulsory Transferor shall in such case be bound to deliver up his certificate for such "A" Ordinary Shares to the Company whereupon he shall be entitled to receive the purchase price without interest.
5. Right to receive an offer in the event of a Sale
- 5.1 If a transfer of any "B" Ordinary Shares would result if made and registered in a person (and any other person who in relation to him is a connected person as defined by Section 839 Income and Corporation Taxes Act 1988) holding, or increasing a holding of, more than 75 per cent of the "B" Ordinary Shares (a "Sale") then before such transfer is registered by the Company, the proposed transferee must have:
- (a) made an offer in writing to acquire all the "A" Ordinary Shares on exactly the same terms as it is proposing to acquire such "B" Ordinary Shares, except that:
    - (i) such offer must be open for acceptance for at least 21 days; and
    - (ii) if the proposed transferee has acquired any other "A" Ordinary Shares or "B" Ordinary Shares within the period of six months prior to such offer for a greater consideration then the terms of such offer shall be increased to equal such greater consideration

- (b) made an offer to acquire any Preference Shares which cannot for any reason be redeemed upon such Sale in accordance with Article 17.3 in cash for the amount which would be payable if such Preference Shares were to be redeemed under Article 17.3.

5.2 Article 5.1 shall not apply to any transfer:

- (a) to which the provisions of Article 9(b) to (e) apply; or
- (b) made with the consent of the holders of 90 per cent of the "A" Ordinary Shares and 90 per cent of the "B" Ordinary Shares.

6. Variation of class rights and issues of "A" Ordinary Shares

- 6.1 The rights attaching to the "A" Ordinary Shares shall only be adversely varied with the consent in writing of the holders of not less than 75 per cent of the "A" Ordinary Shares or by an extraordinary resolution passed at a separate class meeting of the holders of the "A" Ordinary Shares. Any variation which does not adversely affect their rights shall not require such consent. Events which shall be deemed to be a variation of the rights attaching to the "A" Ordinary Shares shall include:-

6.1.1 any alteration to the Memorandum or Articles of Association of the Company (other than increases in the authorised share capital or consolidation or subdivision thereof); or

6.1.2 the passing of any resolution for the winding up of the Company.

- 6.2 Any authorised but unissued "A" Ordinary Shares existing at the date of adoption of these Articles shall, at the direction of the "A" Ordinary Shareholders be issued and allotted to such persons as the "A" Ordinary Shareholders shall nominate, subject always to the consent of the "B" Director, such consent not to be unreasonably withheld.

C. RIGHTS AND OBLIGATIONS OF THE "B" ORDINARY SHARES

7. Pari passu with "A" Ordinary Shares

Save as otherwise specifically provided in these Articles, the "B" Ordinary Shares and the "A" Ordinary Shares shall rank pari passu, but shall constitute two separate classes of shares.

8. Pre-emption rights on transfer

- 8.1 8.1.1 Any "B" Ordinary Shareholder who wishes to transfer any "B" Ordinary Shares ("Transferor Shareholder") shall (unless the provisions of

Article 9 apply) serve a written notice ("Transfer Notice") on the Company stating the number of shares he wishes to transfer ("Transfer Shares") and the proposed price for each such share ("the Prescribed Price").

8.1.2 Within 7 days of the receipt of a Transfer Notice the Company shall send a copy of it to the other "B" Ordinary Shareholders who shall each be entitled to offer to purchase all or any of the Transfer Shares at the Prescribed Price. Any such offer must be made in writing to the Company within 21 days of the despatch by the Company of such copy of the Transfer Notice.

8.1.3 If the Company shall receive offers for a number of "B" Ordinary Shares in excess of the Transfer Shares then those "B" Ordinary Shareholders who shall have made such offers shall be deemed (as far as practicable and without exceeding the number of shares which each such "B" Ordinary Shareholders shall have offered to purchase) to have offered to purchase the Transfer Shares in proportion to their existing holdings of "B" Ordinary Shares.

8.2 If the Company shall have received offers to purchase any of the Transfer Shares in accordance with Article 8.1, it shall forthwith give notice thereof to the Transferor Shareholder who shall then be bound to transfer such Transfer Shares (free from all liens, charges, encumbrances and third party rights whatsoever and together with all rights then attaching thereto) upon payment of the Prescribed Price for each share. Such notice shall state the name and address of each of the purchasers and the number of Transfer Shares to be acquired by him and the purchase shall be completed at a place and time to be appointed by the Company being not less than 3 and not more than 10 days after the date of such notice. However, if the Transfer Notice states that the Transferor Shareholder is not willing to transfer part only of the Transfer Shares, then the provisions of Article 8.4 shall apply if the Company does not receive offers for all of the Transfer Shares.

8.3 If a Transferor Shareholder fails to transfer any Transfer Shares to a purchaser in accordance with Article 8.2 the directors may (and will if so requested by the "B" Director) authorise any person to execute and deliver on his behalf the necessary stock transfer form and the Company shall receive the Prescribed Price for each share in trust for the Transferor Shareholder and cause the purchaser to be registered as the holder of such shares (subject to payment of any stamp duty). The receipt of the Company for the purchase money shall be a good



discharge to the purchaser (who shall not be bound to see to the application thereof). The Transferor Shareholder shall in such case be bound to deliver up his certificate for the Transfer Shares to the Company whereupon he shall be entitled to receive the Prescribed Price for each share without interest. If such certificate shall comprise any shares which the Transferor Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Transferor Shareholder a fresh certificate for such shares.

8.4 If the Company does not receive offers to purchase all of the Transfer Shares in accordance with Article 8.1 then the Company shall promptly notify the Transferor Shareholder. The Transferor Shareholder shall within the period of two months from such notification be entitled to transfer those Transfer Shares for which the Company shall not have received offers (or, where the Transferor Shareholder shall have stated that he is not willing to transfer part only of the Transfer Shares, all but not part only of the Transfer Shares) at a price which is not less than the Prescribed Price for each share PROVIDED that no transfer of any share shall be permitted to any person firm or corporation directly engaged or carrying on business in competition with the Company.

8.5 If the Proposing Transferor is also a holder of Preference Shares he may state in the Transfer Notice that the Transfer Shares are to include a number of Preference Shares, and any offer by the other "B" Ordinary Shareholders (and any transfer by the Transferor Shareholder in accordance with Article 8.4) must be, in that case, in respect of both "B" Ordinary Shares and Preference Shares, in the proportions set out in the Transfer Notice.

9. Transfers not subject to pre-emption rights

9.1 Article 8 shall not apply to any transfer made:

- (a) with the written consent of the "B" Director however this Article 8(a) shall not apply to any transfer prohibited by Article 8.4;
- (b) on or after Listing;
- (c) to Schroder Venture Advisers, Schrodors plc or any of its subsidiaries or to any partnership (or to the partners of any such partnership) of which any of them is general partner, manager or adviser or to any unit trust or other fund of which any of them is trustee, manager or adviser or any unit trust, partnership or other fund, the managers of which are advised by any of them ("the Defined Group") or to any nominee or trustee for any member of the Defined

Group (whether on a change of nominee or trustee or otherwise)

- (d) to the holders of units in, or partners in or members of or investors in any such unit trust or fund referred to in (c) above;
- (e) by the subscribers of any "B" Ordinary Shares within 12 months of the date of subscription for the purposes of syndication;
- (f) pursuant to the option arrangement with Midland Bank plc.

9.2 The Directors shall refuse to register any transfer of shares which would reduce the holding of the Investors (as defined in the Subscription and Shareholders Agreement entered into on the date of the adoption of these Articles) below such number of "B" Ordinary Shares as are required to satisfy the Investors' obligations under the Option Agreement (as defined in the Subscription and Shareholders Agreement referred to above).

#### 10. Rights to receive an offer in the event of a Sale

10.1 If a transfer of any "B" Ordinary Shares would result if made and registered in a Sale then before such transfer is registered by the Company, the proposed transferee must have:

- (a) made an offer in writing to acquire all the other "B" Ordinary Shares on exactly the same terms as it is proposing to acquire such "B" Ordinary Shares, except that:
  - (i) such offer must be open for acceptance for at least 21 days; and
  - (ii) if the proposed transferee has acquired any other "A" Ordinary Shares or "B" Ordinary Shares within the period of six months prior to such offer for a greater consideration then the terms of such offer shall be increased to equal such greater consideration
- (b) made an offer to acquire any Preference Shares which cannot for any reason be redeemed upon such Sale in accordance with Article 17.3 in cash for the amount which would be payable if such Preference Shares were to be redeemed under Article 17.3.

10.2 Article 10.1 shall not apply to any transfer:

- (a) to which the provisions of Article 9(b) to (e) apply;

- (b) made with the consent of the holders of 90 per cent of the "A" Ordinary Shares and 90 per cent of the "B" Ordinary Shares.

10.3 Any transfer referred to in Article 10.1 shall be subject to the provisions of Article 8.

11. Right to appoint "B" Director

Those holders of a majority of the "B" Ordinary Shares held by members of the Defined Group shall be entitled to appoint and remove a director (the "B" Director). Such appointment or removal shall be made either by resolution of the directors at the request of such holders or by notice in writing from such holders to the Company.

12. Fee of "B" Director

The "B" Director shall be entitled to an annual fee of £15,000 (or such higher amount as the Board may from time to time determine) plus VAT payable quarterly in arrears together with all expenses reasonably incurred by him in connection with his office as a director.

13. Variation of class rights

The rights attaching to the "B" Ordinary Shares shall only be adversely varied with the consent in writing of the holders of not less than 75 per cent of the "B" Ordinary Shares or by an extraordinary resolution passed at a separate class meeting of the holders of the "B" Ordinary Shares. Any variation which does not adversely affect their rights shall not require such consent.

D. RIGHTS OF THE PREFERENCE SHARES

14. Dividends

14.1 The holders of the Preference Shares are entitled to receive, in priority to the transfer of any sum to reserves and to any rights of the holders of any other class of shares in the Company to receive any dividend or other distribution and payable without any resolution of the directors or shareholders, a fixed cumulative preferential dividend ("Preference Dividend") at the following rates per annum (exclusive of any associated tax credit) in respect of the periods set out below:

Rate per annum	Period
No dividend	from the date of issue to 31 October 1995;
10 per cent	from 1 November 1995 and thereafter

in each case on the nominal amount plus any premium paid on subscription on the Preference Shares. The Preference Dividend shall accrue from day to day and be paid half-yearly on each 1 November and 1 May falling after 1 November 1995 (a "Preference Dividend Payment Date") in respect of the half-years ending on those dates or, in the case of the first Preference Dividend Payment Date, in respect of the period from 1 November 1995. Any amount unpaid shall be carried forward and be payable in priority to the Preference Dividend payable on any later date.

14.2 The rate at which the Preference Dividend is payable shall be a rate per annum compounded with rests on the Preference Dividend Payment Dates, and the amount payable in respect of any overdue dividend shall be increased accordingly.

14.3 The "B" Director has the right to waive any Preference Dividend and the right to elect that such waived Preference Dividend be paid on any future Preference Dividend Date.

14.4 Any Preference Dividend not paid on its due date or waived in accordance with Article 14.3 above shall itself be entitled to receive a fixed cumulative preferential dividend of 10% per annum (compounded on each Dividend Payment Date) on the amount of such arrears.

15. Return of capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst its shareholders shall be applied, in priority to any payment to the holders of any other class of shares in the Company, in paying to the Preference Shareholders:

- (i) first, the nominal amount plus any premium paid on subscription of the Preference Shares; and
- (ii) secondly, a sum equal to any accrued, unpaid Preference Dividend to be calculated down to the date of return of capital and to be payable irrespective of whether the Company has sufficient distributable profits out of which to pay such sum.

16. Further participation

The Preference Shares shall not confer any further right of participation in the profits or assets of the Company.

17. 17.1 Scheduled redemption

The Company shall redeem on the following dates the following number of Preference Shares, namely

Date	Number
1 November 1999	half the Preference Shares in issue
1 November 2000	the remainder of the Preference Shares in issue

#### 17.2 Early voluntary redemption by the Company

The Company may at any time redeem all or any of the Preference Shares by serving notice of such redemption upon the Preference Shareholders specifying a date upon which redemption is to take place being not less than 14 days nor more than 30 days from the date of such notice and stating the number of Preference Shares to be redeemed.

#### 17.3 Redemption on a Listing or Sale

The Company shall redeem all the Preference Shares immediately prior to a Listing or a Sale.

#### 17.4 Early redemption required by Preference Shareholders

The Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of a majority of the Preference Shares to require redemption of all or any of the Preference Shares in the event that:

- 17.4.1 any sum due in respect of Preference Shares is not paid on the date specified in these Articles (other than a Preference Dividend waived pursuant to Article 14.3) irrespective of whether the Company had sufficient distributable profits or reserves out of which to pay such sum save that there shall be a grace period of 3 days for failure to pay which is due to technical or administrative delays in funds transmission in the banking system; and
- 17.4.2 any indebtedness of the Company or any of its subsidiaries shall become repayable prior to its specified maturity or demand shall be made for repayment thereof;
- 17.4.3 material breach of any of the provisions of the Investment Agreement.

#### 17.5 Provisions applicable to all redemptions

Each such redemption of some but not all of the Preference Shares shall be made amongst the holders thereof pro-rata as nearly as possible to their then holdings of Preference Shares.

17.6 Upon the due date for any redemption of Preference Shares ("a Redemption Date") the Company shall pay the following amount in cash in respect of each Preference Share to be redeemed:

- (a) the nominal amount plus any premium paid on subscription of such Preference Share; and
- (b) a redemption premium equal to 10 per cent of the amount specified in (a) above compounded annually for each year or part of a year thereafter; and
- (c) any unpaid Preference Dividend accrued up to the Redemption Date.

17.7 On each Redemption Date the redemption moneys payable thereon shall (irrespective of whether the Company has sufficient distributable reserves out of which to pay such sum) become a debt due and payable by the Company to the Preference Shareholders and subject to receipt of the relevant share certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company) the Company shall forthwith upon such Redemption Date pay the redemption moneys to the Preference Shareholders.

17.8 On redemption the Company shall cancel the share certificate of the shareholder concerned and, in the case of a redemption of part of the shares included in the certificate, without charge issue a fresh certificate for the balance of shares not redeemed.

17.9 As from the due date for any redemption the Preference Dividend shall cease to accrue on the Preference Shares due to be redeemed on that date unless on the presentation of the certificate (or an indemnity as aforesaid) relating thereto the Company fails to make payment of the redemption moneys in which case the Preference Dividend shall continue to accrue from the due date for redemption to the date of actual redemption.

#### 17.10As regards voting

Preference Shareholders shall be entitled to receive notice of and attend but not to speak or vote at all general meetings of the Company unless any of the events set out in Article 17.4 exist when the Preference Shareholders shall while such event exists be entitled to speak and vote at any general meeting of the Company and on a show of hands each Preference Shareholder present in person or by proxy shall have one vote and on a poll each Preference Shareholder shall have one vote for every Preference Share of which he is the holder.

## E. GENERAL PROVISIONS

### 18. Table A

18.1 The regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended) ("Table A") shall apply to the Company save insofar as they are excluded or modified hereby. No other regulations contained in any statute, statutory instrument or other subordinate legislation shall apply as the regulations or the articles of the Company.

18.2 The regulations of Table A numbered 24, 38, 60, 61, 64, 73, 74, 75, 76, 77, 78, 80, 81, 90, 94, 95, 96, 97, 98, 115 and 118 shall not apply. The regulations of Table A numbered 35, 37, 46, 53, 57, 59, 62, 68, 79, 88, 89, 91, 92, 93, 110, 112 and 116 shall be modified. Subject to such exclusions and modifications, and in addition to the remaining regulations of Table A, the provisions hereof shall be the articles of association of the Company.

18.3 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution shall also be effective, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution shall also be effective.

### 19. Private Company

The Company is a private company limited by shares and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

### 20. Authority to issue shares

20.1 The directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital) to such persons, at such times and generally on such terms and conditions as the directors may determine. Further, the directors shall have general and unconditional authority pursuant to section 80 of the Companies Act 1985 ("the Act") to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that section) for a period expiring on the fifth anniversary of the date of adoption of these Articles unless previously renewed, varied or revoked by the Company in general meeting, and the maximum amount of relevant securities which may be allotted pursuant to such authority shall be the authorised but as yet unissued share capital of the company at the date of adoption of these Articles or, where the authority is renewed, at the date of that renewal.

20.2 The directors shall be entitled, pursuant to the authority conferred by paragraph 20.1 of this article or under any renewal of such authority, to make at any time prior to its expiry any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority and to allot relevant securities pursuant to such offer or agreement.

21. Pre-emption rights on issue of shares

21.1 The pre-emption provisions of section 89(1) of the Act and the provisions of sub-sections (1) to (6) inclusive of section 90 of the Act shall not apply to any allotment of the Company's equity securities.

21.2 The Company shall not allot any equity securities unless:

- (a) such allotment is of "A" Ordinary Shares and "B" Ordinary Shares as nearly as practicable in the same proportions in which they were in issue immediately prior to such allotment;
- (b) such "A" Ordinary Shares are first offered to the holders of the "A" Ordinary Shares and such "B" Ordinary Shares are first offered to the holders of the "B" Ordinary Shares, in each case as nearly as practicable in the proportions in which they held "A" Ordinary Shares or, as the case may be, "B" Ordinary Shares immediately prior to such allotment.

Such offer shall be open for a period of 14 days. Any shares which are not accepted by any shareholder may be allotted to such other person as the Directors determine.

21.3 The provisions of Article 21.2 do not apply to any issue of shares pursuant to the Subscription and Shareholders Agreement entered into by the Company on the same date as the adoption of these Articles.

22. Purchase of own shares

Regulation 35 of Table A shall be modified by the deletion of the words "otherwise than out of distributable profits of the company or the proceeds of a fresh issue of shares" and the substitution for them of the words " , whether out of its distributable profits or out of the proceeds of a fresh issue of shares or otherwise".

23. Notice of general meetings

Regulation 37 of Table A shall be modified by the deletion of the words "eight weeks" and the substitution for them of the words "twenty-eight days" and by the insertion of the words "or the "B" Director acting alone" after the second word of that regulation.



24. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or an elective resolution shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by a least fourteen clear days' notice but a general meeting, other than a meeting called for the passing of an elective resolution, may be called by shorter notice if it is so agreed:
- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
  - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being (i) a majority together holding not less than such percentage in nominal value of the shares giving that right as has been determined by elective resolution of the members in accordance with the Act, or (ii) if no such elective resolution is in force, a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right.
25. Proceedings at general meetings
- A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A shall be modified accordingly.
26. Regulation 53 of Table A shall be modified by the addition at the end of the following sentence: "If such a resolution in writing is described as a special resolution or as an extraordinary resolution or as an elective resolution, it shall have effect accordingly."
27. A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. The person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise it if were an individual member.
28. Votes of members
- Regulation 57 of Table A shall be modified by the inclusion after the word "shall" of the phrase "unless the directors otherwise determine".
29. Regulation 59 of Table A shall be modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment thereof."

30. An instrument appointing a proxy shall be in writing in any form which is usual or in which the directors may approve and shall be executed by or on behalf of the appointor.

31. Regulation 62 of Table A shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to", by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the words "one hour" in place of "24 hours".

32. Number of directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum and the minimum number shall be one.

33. Alternate directors

An alternate director who is absent from the United Kingdom shall be entitled to receive notice of all meetings of directors and meetings of committees of directors Provided he has notified the Company in writing of an address for service and regulation 66 of Table A shall be modified accordingly.

34. Regulation 68 of Table A shall be modified by the addition at the end of the following sentence: "Any such notice may be left at or sent by post or facsimile transmission to the office or such other place as may be designated for the purpose by the directors."

35. Borrowing powers of directors

The directors may exercise all the powers of the Company to borrow and raise money and to mortgage and charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the provisions of the Act, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

36. Appointment and removal of directors

The directors shall not be subject to retirement by rotation and any reference in any regulation of Table A to retirement by rotation shall be disregarded.

37. The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

38. A person appointed by the directors to fill a vacancy or as an additional director shall not retire from office at the annual general meeting next following his appointment and the last two sentences of regulation 79 of Table A shall be deleted.

39. No person shall be or become incapable of being appointed a director by reason only of his having attained the age of seventy or any other age nor shall any special notice be required in connection with the appointment or the approval of the appointment of such person, and no director shall vacate his office at any time by reason only of the fact that he has attained the age of seventy or any other age. Section 293 of the Act shall not apply to the Company.

40. The holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may, at any time and from time to time, remove any director from office (other than the "B" Director) or appoint any person to be a director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the articles as the maximum number of directors. Such removal or appointment shall be effected by notice to the Company signed by or on behalf of such holder or holders (which notice may consist of several documents in the like form each signed by or on behalf of one or more holders) and left at or sent by post or facsimile transmission to the office or such other place designated by the directors for the purpose. Such removal or appointment shall take effect immediately upon deposit of the notice in accordance with the articles or on such later date (if any) as may be specified in the notice.

41. Disqualification and removal of directors

The office of a director shall be vacated if:

41.1 he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or

41.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

41.3 he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or

41.4 he resigns his office by notice in writing to the Company; or

41.5 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) shall not during such period have attended any such meetings instead of him, and the directors resolve that his office be vacated; or

41.6 (other than in the case of the "B" Director) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors; or

41.7 (other than in the case of the "B" Director) he is removed from office by notice given by a member or members under Article 40.

42. Proceedings of directors

Regulation 88 of Table A shall be modified by the exclusion of the third sentence and the substitution of the following sentence: "Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom Provided he has notified the Company in writing of an address for service."

43. 43.1 Any director or his alternate may validly participate in a meeting of the directors or a committee of directors 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 directors or a committee of the directors shall for the purposes of the articles be deemed to be validly and effectively transacted at a meeting of the directors or of a committee of the directors notwithstanding that fewer than two directors or alternate directors are physically present at 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.

43.2 Meetings of the board of directors shall take place no less frequently than once per calendar month and at least five clear working days notice shall be given to each director Provided that with the consent of the "B" Director board meetings may be held less frequently and a shorter period of notice for any board meeting may be given.

44. If and for so long as there is a sole director, he may exercise all the powers conferred on the directors by the articles by resolution in writing signed by him, and regulations 88, 89, 91, 92 and 93 of Table A and Article 43.1 shall not apply.

45. Directors' appointments and interests

Without prejudice to the obligation of any director to disclose his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty and if he does so vote his vote shall be counted and he shall be counted in the quorum present at a meeting in relation to any such resolution.

46. Dividends

The directors may deduct from any dividend or other moneys payable to any member on or in respect of a share any moneys presently payable by him to the Company in respect of that share.

47. Capitalisation of profits

The directors may, with the authority of an ordinary resolution of the Company, resolve that any shares allotted under regulation 110 of Table A to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividend and regulation 110 of Table A shall be modified accordingly.

48. Notices

Regulation 112 of Table A shall be modified by the deletion of the last sentence and the substitution therefor of the following: "Any member whose registered address is not within the United Kingdom shall be entitled to have notices given to him at that address."

49. Any notice sent by post to an address within the United Kingdom shall be deemed to have been given within twenty-four hours, if prepaid as first class, and within forty-eight hours, if prepaid as second class, after the same shall have been posted. Any such notice sent by post to an address outside the United Kingdom shall be deemed to have been given within seventy-two hours, if prepaid as airmail. In proving the giving of notice it shall be sufficient to prove that the envelope containing the same was properly addressed, prepaid and posted. Any notice not sent by post but left at the relevant address shall be deemed to have been given on the day it was so left.

50. Regulation 116 of Table A shall be modified by the deletion of the words "within the United Kingdom".

51. Indemnity

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every director, alternate director, secretary, auditor or other officer or employee of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses, damages and liabilities which he may sustain or incur in or about the execution of his duties or the exercise of his powers or otherwise in relation thereto including, without prejudice to the generality of the foregoing, any liability incurred defending any proceedings, whether civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without any

finding or admission of 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.

52. The directors may exercise all the powers of the Company to purchase and maintain for any director, auditor or other officer (including former directors and other officers) or any other person insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.

DRAFT

[To be typed on Paramount Notepaper]

(To : Liam Walshe, Michael Lavizani) 1994

Dear

In consideration of you today entering into a Subscription and Shareholders' Agreement between Paramount Hotels Limited ("the Company") (1) Michael Purtill and others (2) and [the Investors] (3) the Company hereby undertakes to indemnify and hold you harmless against all costs, demands, claims and liabilities arising out of claims made or which may be made against you by [Principal Hotels Limited], (other than claims which arise or relate to breach of your employment contract) by you in connection with the termination of your employment arrangements with them.

For and on behalf of Paramount Hotels Limited