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(Passed on 4 March 1996)

That:

- (a) the authorised share capital of the Company be increased from £12,500,000 to £14,500,000 by the creation of 2,000,000 new D ordinary shares of £1 each ("**D Shares**") and having the rights and being subject to the restrictions set out in the new articles of association referred to in paragraph (b) below;
- (b) the articles of association now produced to the meeting and initialled, for identification purposes only, by the chairman of the meeting be 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;
- (c) the directors of the Company (the "**Directors**") be and are hereby generally and unconditionally authorised and empowered to allot relevant securities (as defined in section 80 of the Companies Act 1985 (the "**1985 Act**")) up to an aggregate nominal amount of £2,000,000 (two million pounds) provided that such authority shall expire five years from the date on which this resolution is passed (save that the Directors may after such authority has expired allot relevant securities pursuant to an offer or agreement made by the Company before such expiry);
- (d) the Directors be and are hereby authorised and empowered to allot equity securities (as defined in section 94) of the 1985 Act) pursuant to the authority and power conferred by paragraph (c) of this resolution as if section 89(1) of the 1985 Act did not apply to any such allotment, provided that this authority and power shall be limited to allotments of D Shares;
- (e) the option agreement in the form presented to the meeting to be made between the Company, The Governor and Company of the Bank of Scotland, Calgarth Limited and Uberior Investments plc be and is hereby approved and the execution and performance thereof by the Company be and is hereby authorised, directed and approved.

~~Chairman~~



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COMPANIES HOUSE 05/06/98

COMPANIES HOUSE 07/05/96

/s/

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

PARAGON HOTELS LIMITED

(Adopted by Special Resolution passed on 4 March 1996)

CONSTITUTION

1. The Company is established as a private company within the meaning of Section 1(3) of the Companies Act 1985 in accordance with and subject to the provisions of the Companies Act 1985 as amended by the Companies Act 1989 (hereinafter referred to as "the Act") and of the Memorandum of Association of the Company and of the Regulations contained in Table A, in The Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (hereinafter referred to as "Table A") with the exception of Regulations 2, 17, 24, 32, 39, 40, 50, 64, 73 to 81 (inclusive), 91, 101 and 118 of Table A, and of any other Regulations which are inconsistent with the additions and modifications hereinafter set forth.

SHARE CAPITAL

2. (A) The share capital of the Company as at the date of adoption of these Articles is £14,500,000 divided into 2,500,000 'A' Ordinary Shares of £1 each (the "'A' Shares"), 1,666,667 'B' Ordinary Shares of £1 each (the "'B' Shares"), 833,333 'C' Ordinary Shares of £1 each (the "'C' Shares"), 7,500,000 Redeemable Preference Shares of £1 each ("the Preference Shares") and 2,000,000 'D' Ordinary Shares of £1 each ("the 'D' Shares").
- (B) Without prejudice to the other provisions of these Articles, the rights attaching to the 'A' Shares, 'B' Shares, 'C' Shares, 'D' Shares and the Preference Shares respectively shall be as follows:-

(1) **As regards Income**

- (a) The profits of the Company available for distribution in any financial year of the Company shall be applied in paying to the holders of the 'A' Shares, the 'B' Shares and the 'C' Shares pari passu (as if the same constituted one class of share) such dividend as may be unanimously determined by the 'A' Directors and the 'B' Directors (as both expressions are hereinafter defined) and approved by the Company in general meeting. Except as aforesaid, the 'A' Shares, 'B' Shares and the 'C' Shares shall not entitle the holders thereof to any participation in the profits of the Company;
- (b) every dividend shall be distributed to the appropriate shareholders pro rata according to the amounts paid up or credited as paid up on the shares of whatever class held by them respectively and shall accrue on a daily basis; and
- (c) neither the Preference Shares nor the 'D' Shares shall entitle the holders thereof to any participation in the profits of the Company.

(2) **As regards Capital**

On a return of assets on liquidation or otherwise, the assets of the Company available for distribution to the members of the Company, after payment of all its liabilities, shall be distributed as follows:-

- (a) first, in paying to the holders of the 'A' Shares, 'B' Shares and 'C' Shares pro rata in proportion to the number of shares held by them respectively a sum equivalent to the amounts paid up or credited as paid up on such shares and any premium paid on subscription for such shares respectively pari passu (as if the same constituted one class of share);
- (b) second, in paying to the holders of the Preference Shares an aggregate sum equivalent to (i) twenty five per cent (25%) of each

complete £4,000,000 available for distribution to the members of the Company after payment of the sums due to the holders of the 'A' Shares, 'B' Shares and 'C' Shares in terms of Article 2(B)(2)(a) above (subject to the payment of a maximum sum of £7,000,000 pursuant to this sub-paragraph (i)) and (ii) twenty-five per cent (25%) of the next complete £2,000,000 available for distribution to the members of the Company after payment of the sums due to the holders of the 'A' Shares, 'B' Shares and 'C' Shares in terms of Article 2(B)(2)(a) above and the sums due pursuant to sub-paragraph (i) above, subject always to a maximum of £1 per Preference Share;

- (c) third (subject always to paragraph (d) below), any surplus of assets of the Company shall be distributed amongst the holders of the 'A' Shares and the 'B' Shares pro rata in proportion to the number of shares held by them respectively and the amounts paid up or credited as paid up on the 'A' Shares and the 'B' Shares respectively and any premium paid on subscription for such shares respectively pari passu (as if the same constituted one class of share); and
- (d) fourth in respect of the D Shares a sum equivalent to the amounts paid up or credited as paid up on such shares and any premium paid on subscription therefor provided always that such sums shall only be payable provided and to the extent that the amount of the assets of the Company available for distribution as aforesaid is greater than £45 million. The D Shares shall, to the extent aforesaid only, rank ahead of the A Shares, B Shares and C Shares and Preference Shares in respect of the excess of any such assets over £45 million.

(3) **As regards Voting**

- (a) The holders of 'A' Shares and 'B' Shares shall be entitled to vote at all general meetings of the Company and each such holder shall have, on a show of hands, one vote and, on a poll, one vote for each 'A' Share or 'B' Share of which he or it is the holder.

- (b) The 'C' Shares, the 'D' Shares and the Preference Shares shall entitle the holders to receive notice of but not attend or vote at any general meeting of the Company.
- (C) Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of winding-up, with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles shall, mutatis mutandis, apply except that the necessary quorum shall be one person at least holding or representing by proxy one-third in nominal amount of the issued shares of the class (but if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of each share of the class held by them respectively. For these purposes, the 'A' Shares, 'B' Shares, 'C' Shares, the 'D' Shares and Preference Shares shall be deemed to be separate classes of shares.
- (D) Notwithstanding any other provisions in these Articles, no equity securities (as defined in Section 94 of the Act) shall be offered or allotted to any person except with the prior written consent of all of the members of the Company from time to time.
- (E) In accordance with Section 91 of the Act, Sections 89 (1) and 90 (1) to (6) inclusive of the Act shall be excluded from applying to the Company.

SHARE CERTIFICATES

3. Regulation 6 of Table A is hereby modified by adding after the words "Every certificate shall be sealed with the seal" where those words appear at the beginning of the second sentence thereof the following words:- "or otherwise subscribed or executed by or on behalf of the Company in accordance with the provisions of the Act."

LIEN

4. In Regulation 8 of Table A the words "(not being a fully paid share)" shall be omitted and the words "and the Company shall also have a first and paramount lien on all shares standing registered in the name of a single person or in the name of any person jointly with another or others for all monies presently payable by him or any of them or his estate or their estates to the Company" shall be inserted after the words "in respect of that share".

FORFEITURE OF SHARES

5. Regulation 18 of Table A is hereby modified by adding at the end of the first sentence thereof the following:-

"and all expenses that may have been incurred by the Company by reason of such non-payment."

TRANSFER OF SHARES

6. (A) Unless in any particular case all the holders for the time being of the 'A' Shares, the 'B' Shares and the 'C' Shares otherwise agree in writing, none of the shares of the Company shall be transferred except in accordance with the provisions contained in this Article.
- (B) The Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of shares which are not fully paid up or on which the Company has a lien.
- (C) For the purposes of these Articles, the renunciation or negotiation of any temporary document of title to any share shall constitute a transfer.
- (D) Except in the case of a transfer expressly authorised in terms of Article 6(A) above, no share or interest in any share of the Company shall be transferred or disposed of otherwise than in accordance with the following provisions of this Article 6.

- (E) Subject to the foregoing provisions of this Article 6, before transferring or disposing of any shares or any interest in any shares of the Company, the person proposing to transfer or dispose of the same ("the Proposing Transferor") shall give a notice in writing (a "Transfer Notice") to the Company that he desires to transfer the same and shall deposit with the Company the relevant share certificate(s). The Transfer Notice shall constitute the Company his agent for the sale of the shares therein mentioned ("the Sale Shares") at the Prescribed Price during the Prescribed Period (as both expressions are hereinafter defined) in accordance with and subject to the provisions of this Article 6. The Transfer Notice shall (save as hereafter expressly provided) be irrevocable and no Transfer Notice shall relate to more than one class of share. The Prescribed Price for each class of share in the Company shall be determined in accordance with Article 6(F) below.
- (F) Subject to Article 6(M) below, if not more than one month before or after the date on which the Transfer Notice was given the Proposing Transferor and the Directors shall have agreed a price per share as representing the fair value thereof or as being acceptable to the Proposing Transferor then such price shall be the Prescribed Price (subject to the deduction therefrom of any dividend or other distribution declared or made after such agreement and prior to the said date).
- (G) Subject to Article 6(M) below, if the Prescribed Price was agreed as aforesaid prior to the date on which the Transfer Notice was given, the Prescribed Period shall commence on such date and expire three months thereafter.
- (H) The Sale Shares shall first by notice in writing be offered by the Company to all members (if any) holding shares of the same class (other than the member to whose shares the Transfer Notice relates or any member who is bound to give a Transfer Notice in respect of his shares or any of them) for purchase at the Prescribed Price on terms that, in case of competition, the Sale Shares shall (in accordance with but subject to the provisions of Article 6(I) below) be sold to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holdings of shares of the same class. Such offer shall limit a time (not being less than twenty-one days) within which it must be accepted or in default will lapse.

- (I) If the Sale Shares are not so accepted or if there is no other member holding shares of the same class, the Sale Shares shall be offered by the Company, in the case of 'A' Shares, to each holder of 'B' Shares and 'C' Shares (the 'B' Shares and 'C' Shares being treated as one class for these purposes) in the proportion to which each holding of 'B' or 'C' Shares bears to the aggregate total of 'B' Shares and the 'C' Shares respectively in issue from time to time, or in such proportion as they agree amongst themselves (other than, if relevant, any member who is bound to give a Transfer Notice in respect of his shares or any of them) and, in the case of 'B' Shares or 'C' Shares or 'D' Shares or Preference Shares, to each holder of 'A' Shares (other than, if relevant, any member who is bound to give a Transfer Notice in respect of his shares or any of them) for purchase at the Prescribed Price in the same manner, mutatis mutandis, as set out in Article 6(H) above.
- (J) If the Company shall within the Prescribed Period find a member or members pursuant to Article 6(H) or Article 6(I) ("Purchasers") to purchase the Sale Shares or any of them, it shall give notice in writing thereof to the Proposing Transferor and he shall be bound, upon payment of the Prescribed Price, to transfer such shares to the Purchaser or respective Purchasers (if more than one). Every such notice shall state the name and address of the Purchaser and the number of the Sale Shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Company not being less than three days nor more than ten days after the date of such notice Provided that if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the Sale Shares this Article 6(J) shall not apply unless the Company shall have found Purchasers for the whole of such shares.
- (K) If a Proposing Transferor makes default in so transferring all or any of the Sale Shares as aforesaid, the Company shall, if so required by the Purchasers, authorise some person to execute and deliver on his behalf the necessary transfers and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchasers to be registered as the holder or holders of such Sale Shares. The receipt by the Company of the purchase money shall be a good discharge to the Purchasers (who shall not be bound to see to the application thereof) and after the Purchasers have been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

- (L) If the Company shall not within the Prescribed Period find Purchasers willing to purchase all the Sale Shares, the Company shall within the Prescribed Period give to the Proposing Transferor notice thereof and the Transfer Notice shall thereupon lapse and no transfer of the Sale Shares shall be effected.
- (M) If any member or person is required or deemed to give a Transfer Notice pursuant to Article 7 below, he shall forthwith deposit with the Company the share certificate(s) in respect of the shares in the Company the subject of the Transfer Notice. The Prescribed Price for the purposes of any such required or deemed Transfer Notice shall be the price per share calculated in accordance with the following provisions of this Article 6(M). The Prescribed Period shall commence on the date of service or deemed service of the Transfer Notice pursuant to Article 7 below. The Transfer Notice required or deemed to have been given as aforesaid shall be deemed to contain such stipulation as is referred to in the proviso to Article 6(J) above. Any member or person required or deemed to give a Transfer Notice as aforesaid shall be deemed to be a Proposing Transferor and the shares to which such Transfer Notice relates shall accordingly be Sale Shares. Upon receipt of such required or deemed Transfer Notice, the Directors shall request the auditors of the Company or, if such auditors are unable or unwilling to act, the Directors and the Proposing Transferor shall nominate by agreement or, in default of such agreement, the President for the time being of the Institute of Chartered Accountants in England and Wales (or any successor body) on the application of either the Directors or the Proposing Transferor shall nominate a firm of independent accountants (such auditors or firm of independent accountants being hereinafter referred to as the "independent accountants") to determine and certify the price per share considered by them to be the Prescribed Price for the purpose of this Article 6(M). In determining and certifying the Prescribed Price as aforesaid, the independent accountants shall:-
- (a) determine the sum which a willing buyer would offer to a willing seller for the entire issued share capital of the Company;
 - (b) determine a price per share of the relevant class or classes of shares comprised in the Transfer Notice in accordance with and by application of the formula set out in Article 6(N) below.

- (N) (i) Notwithstanding any other provisions of these Articles, in the event of a proposed sale or transfer of shares in the capital of the Company or interest in any shares (irrespective of how arising) but excepting always any sale or transfer of shares in accordance with the other provisions of Article 6, no sale or transfer of such shares or any interest in such shares shall be permitted, made or validly registered in the Register of Members of the Company unless and until the prospective purchaser of the shares has first offered unconditionally (except as provided in this Article 6(N)) to purchase from all of the members of the Company for cash at the Specified Price (as hereinafter defined) per share their entire holding of shares in the capital of the Company and such offer(s) have been unconditionally accepted by all of the members and all the shares of the Company subject to such offer have been purchased and sold pursuant to the terms of such offer(s).
- (ii) For the purposes of this Article 6(N), the expression Specified Price shall mean:-
- (a) in respect of the Preference Shares, a sum equal to the aggregate of (i) twenty five per cent (25%) of each complete £4,000,000 by which the aggregate purchase price for the entire issued share capital of the Company exceeds £10,000,000 (subject to the payment of a maximum sum of £7,000,000 pursuant to this sub-paragraph (i)) and (ii) twenty five per cent (25%) of the next complete £2,000,000 by which the aggregate purchase price for the entire issued share capital of the Company exceeds £38,000,000 all as such aggregate shall be divided by the number of Preference Shares which remain in issue at the date of such offer and subject always to a maximum of £1 per Preference Share;
- (b) in respect of the 'A' Shares, 'B' Shares and the 'C' Shares, a sum calculated in accordance with the following formula, namely:

$$\frac{X - Y}{Z}$$

where

X = the aggregate purchase price to be offered by the prospective purchaser for the entire issued share capital of the Company in terms of Article 6(N)(i) above;

Y = the aggregate purchase price to be paid by the prospective purchaser (a) in terms of Article 6(N)(ii)(a) above for all of the Preference Shares and (b) in terms of Article 6(N)(ii)(c) below for all of the 'D' Shares;

Z = the aggregate number of 'A' Shares, 'B' Shares and 'C' Shares in issue as at the date of the offer received from the prospective purchaser in terms of Article 6(N)(i) above

provided always that the maximum price per 'C' Share shall be £2 and the price per 'A' Share and 'B' Share shall be the same in any and all circumstances.

- (c) In respect of the D Shares a sum equivalent to the amounts paid up or credited as paid up on such shares and any premium paid on subscription therefor provided always that such sums shall only be payable provided and to the extent that the aggregate purchase price to be offered by the prospective purchaser for the entire issued share capital of the Company in terms of Article 6(N)(i) above is greater than £45 million. The D Shares shall to the extent aforesaid only rank ahead of the A Shares, B Shares and C Shares and Preference Shares in respect of the excess of any such aggregate purchase price over £45 million. In all other cases the Specified Price in respect of the D Shares shall be £1 in aggregate for all the 'D' Shares.

MANDATORY TRANSFERS AND DISENFRANCHISEMENT

7. (A) (i) A person entitled to shares in consequence of the bankruptcy of a member shall be bound at any time, if and when required in writing by the Directors

so to do, to give a Transfer Notice pursuant to Article 6 above in respect of such shares.

- (ii) A person entitled to shares in consequence of the death of a member shall be bound at any time after the expiry of one year from the date of such death, if and when required in writing by the Directors so to do, to give a Transfer Notice pursuant to Article 6 above in respect of such shares.
- (iii) If a liquidator or administrator is appointed of any corporate member of the Company or if a receiver or administrative receiver is appointed in respect of all or any part of the assets and undertaking of a corporate member of the Company, such liquidator, administrator, receiver or administrative receiver shall be deemed to have served a Transfer Notice pursuant to Article 6 above on the date of his appointment in respect of all the shares in the Company owned by such corporate members.

(B) For the purpose of ensuring that a transfer of shares is duly authorised hereunder or that no circumstances have arisen whereby a Transfer Notice is required or deemed to be given hereunder, the Directors may from time to time require any member or any person entitled to the shares of any member in consequence of bankruptcy or death or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may reasonably think fit regarding any matter which they may reasonably deem relevant to such purpose. Failing such information or evidence being furnished to the reasonable satisfaction of the Directors within a reasonable time after request, the Directors shall be entitled:-

- (i) to refuse to register the transfer in question or in case no transfer is in question to require by notice in writing that a Transfer Notice be given by the holders of the relevant shares in respect of all such shares in accordance with Article 6. If such information or evidence discloses that a Transfer Notice ought to have been given in respect of any shares, the Directors may by notice in writing require that a Transfer Notice be given or state that a Transfer Notice shall be deemed to have been given by the holders of those shares in respect of all such shares; and/or

- (ii) to serve upon the registered holder of the shares in question a notice ("a Disenfranchisement Notice") stating that such shares shall from the service of such Disenfranchisement Notice on the registered holder confer no right to attend or vote at any general meeting of the Company or at any class meeting or to receive or be entitled to receive any dividend or other distribution thenceforth until such time as the Directors shall think fit and such shares shall confer no such rights accordingly.
- (C) In any case where the Directors have duly required a Transfer Notice to be given in respect of any shares or any one or more members have become bound to give a Transfer Notice and such Transfer Notice is not duly given within a period of one calendar month (or such longer period (if any) as the Directors may allow for the purpose) such Transfer Notice shall (except and to the extent that a transfer of any of such shares expressly authorised in terms of Article 6(A) above prior to the expiry of the said period shall have been lodged), be deemed to have been given on such date after the expiry of the said period as the Directors may by resolution determine and the provisions of Article 6 above relating to transfers shall take effect accordingly.
- (D) Upon the occurrence of an event specified in 7(A) above, the Directors shall serve a Disenfranchisement Notice upon the holders of the shares in question forthwith upon receipt of an instruction from the holders of the other shares (of whatever class) in the Company so to do. A Disenfranchisement Notice served in accordance with this Article 7(D) shall remain in force until such time as the holders of the other shares (of whatever class) in the Company shall think fit.

GENERAL MEETINGS

- 8. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. A quorum shall consist of two persons 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 which is a member. Provided that, so long as the issued share capital of the Company is divided into 'A' Shares and 'B' Shares, at least one person shall be a member or a proxy for a member or a duly authorised representative of a corporation which is the holder of 'A' Shares and at least one

person shall be a member or a proxy for a member or a duly authorised representative of a corporation which is the holder of 'B' Shares, provided always that, where not less than 28 days' notice of a general meeting has been given to the members, those members present shall be a quorum and may transact the business which may be transacted at that general meeting.

9. Regulation 41 of Table A is hereby modified by the deletion of the words "or if during a meeting such a quorum ceases to be present."
10. A poll may be demanded at any general meeting by the Chairman or by any member present in person or by proxy or, in the case of a corporation, by a duly authorised representative, and such person shall be entitled to vote. Regulation 46 of Table A shall be construed accordingly.
11. No resolution not previously approved by the Directors shall be moved by any member other than a Director at a general meeting unless the member intending to move the same shall have left a copy thereof with his name and address at the registered office of the Company three clear days prior to such meeting.
12. Notice of every general meeting shall be given to every member whether or not he shall have supplied to the Company an address within the United Kingdom for the giving of notices and Regulations 112 and 116 of Table A shall be construed accordingly.
13. Any member may participate in a general meeting by means of conference telephone or other communications equipment whereby all parties participating in the meeting can hear and speak to one another and participation in a general meeting in this manner shall be deemed to constitute presence in person at such general meeting. The word "meeting" in these Articles shall be construed accordingly.

DIRECTORS

14. Unless otherwise determined by special resolution of the Company, the maximum number of Directors (other than alternate Directors) shall be 5.

15. (A) The holders of the 'A' Shares shall be entitled to nominate and appoint 3 Directors (inclusive of the Chairman and Managing Director of the Company) (and to nominate and appoint alternates therefor). The holders of the 'B' Shares shall be entitled to nominate and appoint 2 Directors (and to nominate and appoint alternates therefor).
- (B) The holder or holders of each class of share entitled to appoint a Director or Directors pursuant to paragraph (A) of this Article shall be entitled from time to time to substitute or remove from office any Director or Directors so appointed and to appoint another Director or other Directors in place of such Director or Directors who may have been so substituted or removed from or otherwise vacated office. Any appointment, substitution or removal under this Article shall be made in writing under the hand or hands of the holder or holders of not less than 75 per cent of the shares of the class concerned and any such appointment or removal shall take effect from the date upon which it is lodged at the registered office for the time being of the Company.
- (C) The Directors for the time being appointed by the holders of the 'A' Shares and the holders of the 'B' Shares shall respectively be known as the "A" Directors" and the "B" Directors".
- (D) The Directors shall procure that one of the "A" Directors is appointed and acts as Chairman.
16. (A) The quorum necessary for transaction of business at a meeting of the Directors shall be two, of which one shall be an "A" Director present in person or by an alternate and one a "B" Director present in person or by an alternate provided always that, where not less than 28 days' notice of a meeting of the Directors has been given to the Directors, those Directors present shall be a quorum and may transact the business which may be transacted at that meeting. An alternate director who is not himself a Director may, if his appointor is not present, be counted towards the quorum.
- (B) Questions arising at any meeting of the Directors or any committee shall be decided by a majority of votes of the Directors present provided that:-

- (i) if at any meeting of the Directors or of any committee of the Directors any "A" Director is not present in person or represented by an alternate Director, the votes of the "A" Director or "A" Directors present in person or represented by an alternate Director or alternate Directors shall be increased so that such "A" Director or "A" Directors shall be entitled together to cast the same aggregate number of votes as could be cast by the "A" Directors if they were all present; and
- (ii) if at any meeting of the Directors or of any committee of the Directors any "B" Director is not present or represented by an alternate Director, the votes of the "B" Director or "B" Directors present in person or represented by an alternate Director or alternate Directors shall be increased so that such "B" Director or "B" Directors shall be entitled together to cast the same aggregate number of votes as could be cast by the "B" Directors if they were all present.

17. The office of a Director shall be vacated:-

- (a) if he becomes bankrupt or apparently insolvent or suspends payment or compounds with his creditors or grants a Trust Deed for behoof of his creditors;
- (b) if he becomes of unsound mind or a patient for the purpose of any statute relating to mental health or otherwise incapacitated;
- (c) if (not being a Director holding executive office as such for a fixed term) by notice in writing to the Company he resigns his office;
- (d) if he is prohibited by law from being a Director or ceases to be a Director by virtue of any provision of the Act or any statutory modification or re-enactment thereof; or
- (e) if he is removed from office under Article 15(B).

18. In the event of any Director necessarily performing or rendering any special duties or services to the Company outside his ordinary duties as a Director, the Directors may, if so

authorised by an ordinary resolution of the Company, pay such Director special remuneration and such special remuneration may be by way of salary, commission, participation in profits or otherwise as may be arranged.

19. It shall not be necessary to give notice to a Director who is absent from the United Kingdom unless that Director has given the Company his address outside the United Kingdom and Regulation 88 of Table A shall be modified accordingly.
20. Regulation 94 of Table A is hereby modified by the insertion of a new paragraph after the end of paragraph (d) thereof as follows "or (e) he has disclosed to the Directors the nature and extent of any material interest or duty of his as aforesaid in accordance with the provisions of Regulations 85 and 86 of Table A".
21. Any Director (or, where appropriate, his alternate Director) may participate in a meeting of the Directors by means of conference telephone or other communications equipment whereby all parties participating in the meeting can hear and speak to one another and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting. The word "meeting" in these Articles shall be construed accordingly.

INDEMNITY

- 22 (A) Every Director or officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution or discharge 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 which the charge is found not proven or in connection with any application under Section 727 of the Act 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 and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to be incurred by the Company in the execution or discharge of the duties of his office or in relation thereto provided that this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.

- (B) Without prejudice to the provisions of Article 22(A), the Directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or employees or auditors of the Company, or of any other Company in which the Company or any of the predecessors of the Company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund; for the purposes of this Article "subsidiary undertaking" shall have the same meaning as in the Companies Act 1989.