

Company number: 03075197

THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES
MEMBER'S WRITTEN RESOLUTION
Of

LIVING WITH CARE LIMITED
(the "Company")

Passed on : 29 April 2004

We, at the date hereof being the sole member of the Company, hereby agree that the following resolution be passed as a written resolution of the Company pursuant to Section 381A of the Companies Act 1985 (the "Act"), namely:

SPECIAL RESOLUTION

That the regulations contained in the printed document attached to this written resolution be adopted as the new articles of association of the Company in substitution for the existing articles of association of the Company.


.....
For and on behalf of
Barchester Healthcare Homes Limited

29 April 2004
.....
Date



THE COMPANIES ACTS 1985 to 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF

LIVING WITH CARE LIMITED¹

1 PRELIMINARY

- 1.1 The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) and as further amended by The Companies Act 1985 (Electronic Communications) Order 2000 (SI 2000 No. 3373) (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the Articles of Association of the Company.

- 1.2 In these Articles the expressions:-

"the Act"	means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force; and
"subsidiary company"	means a company which is a subsidiary of another company within the meaning of section 736 of the Act except that a company shall not be regarded as a subsidiary of another by reason only of the fact that that other is a member of it and has the right to appoint or remove a majority of its board of directors and the definition of "holding company" in the said section shall be construed accordingly.

2 ALLOTMENT OF SHARES

- 2.1 Notwithstanding any other provisions contained in this article 2, for so long as the Company is a subsidiary company, the directors shall not be entitled to exercise any of the powers, authorities, rights or discretions conferred on them by this article 2 without the prior consent of the Company's holding

¹ Adopted by virtue of a written resolution dated 29 April 2004

company. Authority given to the directors for the purposes of or pursuant to section 80 of the Act shall not constitute a consent pursuant to the provisions of this article 2.1.

- 2.2 Shares which are comprised in the authorised but unissued share capital of the Company shall be under the control of the directors who may (subject to section 80 of the Act and to article 2.4 below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.
- 2.3 In accordance with section 91(1) of the Act sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.
- 2.4 The directors are generally and unconditionally authorised for the purposes of section 80 of the Act to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said section 80) be renewed, revoked or varied by ordinary resolution.

3 GENERAL MEETINGS AND RESOLUTIONS

- 3.1 Every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Company.
- 3.2 Regulation 37 in Table A shall be read and construed as if the last sentence were omitted therefrom.
- 3.3.1 No business shall be transacted at any general meeting unless a quorum is present. Subject to article 3.3.2 below, 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, shall be a quorum.
- 3.3.2 If and for so long as the Company has only one member, that member present in person or by proxy or (if that member is a corporation) by a duly authorised representative shall be a quorum.
- 3.3.3 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand 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 the directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefor such adjourned general meeting shall be dissolved.
- 3.3.4 Regulations 40 and 41 in Table A shall not apply to the Company.

- 3.4.1 If and for so long as the Company has only one member and that member takes any decision which is required to be taken in general meeting or by means of a written resolution, that decision shall be as valid and effectual as if agreed by the Company in general meeting, subject as provided in article 3.4.3 below.
- 3.4.2 Any decision taken by a sole member pursuant to article 3.4.1 above shall be recorded in writing and delivered by that member to the Company for entry in the Company's minute book.
- 3.4.3 Resolutions under section 303 of the Act for the removal of a director before the expiration of his period of office and under section 391 of the Act for the removal of an auditor before the expiration of his period of office shall only be considered by the Company in general meeting.
- 3.5 A member present at a meeting by proxy shall be entitled to speak at the meeting and shall be entitled to one vote on a show of hands. In any case where the same person is appointed proxy for more than one member he shall on a show of hands have as many votes as the number of members for whom he is proxy. Regulation 54 in Table A shall be modified accordingly.
- 3.6.1 Regulation 62 in Table A shall be read and construed as if the words "within the United Kingdom" were omitted therefrom.
- 3.6.2 Unless resolved by ordinary resolution that regulation 62 in Table A shall apply without the following modification, the appointment of a proxy and any authority under which the proxy is appointed or a copy of such authority certified notarially or in some other way approved by the directors may be deposited or received at the place specified in regulation 62 in Table A up to the commencement of the meeting or (in any case where a poll is taken otherwise than at the meeting) of the taking of the poll or may be handed to the chairman of the meeting prior to the commencement of the business of the meeting.

4 APPOINTMENT OF DIRECTORS

- 4.1.1 Regulation 64 in Table A shall not apply to the Company.
- 4.1.2 The maximum number and minimum number respectively of the directors may be determined from time to time by ordinary resolution. Subject to and in default of any such determination there shall be no maximum number of directors and the minimum number of directors shall be one. Whenever the minimum number of directors is one, a sole director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the directors generally, and regulation 89 in Table A shall be modified accordingly.
- 4.2 The directors shall not be required to retire by rotation and regulations 73 to 80 (inclusive) in Table A shall not apply to the Company.
- 4.3 No person shall be appointed a director at any general meeting unless either:-
- (a) he is recommended by the directors; or

- (b) not less than 14 nor more than 35 clear days before the date appointed for the general meeting, notice signed by a member qualified to vote at the general meeting has been given to the Company of the intention to propose that person for appointment, together with notice signed by that person of his willingness to be appointed.

4.4.1 Subject to article 4.3 above, the Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

4.4.2 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the *appointment does not cause the number of directors to exceed any number determined in accordance with article 4.1.2 above as the maximum number of directors and for the time being in force.*

4.5 Notwithstanding any other provisions of this article 4, for so long as the Company is a subsidiary company, its holding company may appoint any person to be a director or remove any director from office howsoever appointed.

5 CONSENT, APPOINTMENT OR REMOVAL BY HOLDING COMPANY

5.1 Every consent or any appointment or removal of a director under the powers conferred upon a holding company by these Articles shall be made by instrument in writing and signed by a director or the company secretary of such holding company and such instrument shall only take effect on the service thereof at the registered office of the Company. Every such instrument shall be annexed to the directors' minute book as soon as practicable after such service.

5.2 The Company may specify to its holding company an address for the purpose of receiving electronic communications in respect of any consent or any appointment or removal of a director under the powers conferred upon a holding company by these Articles. *Thereafter an electronic communication to that address for any of the aforesaid purposes shall take effect on receipt at that address. A copy shall be annexed to the directors' minute book as soon as practicable after such service.*

5.3 No person dealing with the Company shall be concerned to see or enquire as to whether the powers of the directors have been in any way restricted hereunder or as to whether any requisite consent of a holding company has been obtained and any restriction imposed by these Articles shall be subject to the provisions of the Act.

5.4 If the Company has more than one holding company then for the purpose of these Articles references to its holding company shall be read and construed as references to its immediate holding company.

6 BORROWING POWERS

6.1 The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they

think fit, and subject (in the case of any security convertible into shares) to section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and 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.

7 ALTERNATE DIRECTORS

7.1 Unless otherwise determined by the Company in general meeting by ordinary resolution an alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of regulation 66 in Table A shall be modified accordingly.

7.2 A director, or any such other person as is mentioned in regulation 65 in Table A, may act as an alternate director to represent more than one director, and an alternate director shall be entitled at any meeting of the directors or of any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

7.3 Regulation 66 in Table A shall be read and construed as if the last sentence were omitted therefrom.

8 GRATUITIES AND PENSIONS

8.1.1 The directors may exercise the powers of the Company conferred by its Memorandum of Association in relation to the payment of pensions, gratuities and other benefits and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

8.1.2 Regulation 87 in Table A shall not apply to the Company.

9 NOTICES

9.1 Regulation 112 in Table A shall be read and construed as if the third sentence was omitted therefrom.

9.2 Regulation 116 in Table A shall be read and construed as if the words "within the United Kingdom" were omitted therefrom.

10 MEETINGS

10.1 In this article "communication" and "electronic communication" shall bear the meanings set forth in the Electronic Communications Act 2000 or any statutory modification or re-enactment thereof.

10.2 A person in communication by electronic means with the chairman and with all other parties to a meeting of the directors or of a committee of the directors shall be regarded for all purposes as personally attending such a meeting provided that but only for so long as at such a meeting he has the

ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by electronic means.

- 10.3 A meeting at which one or more of the directors attends by electronic means is deemed to be held at such place as the directors shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the directors attending the meeting are physically present, or in default of such a majority, the place at which the chairman of the meeting is physically present.

11 PROCEEDINGS OF DIRECTORS

- 11.1.1 Regulation 88 in Table A shall be read and construed as if the third sentence were omitted therefrom.
- 11.1.2 A director may vote, at any meeting of the directors or of any committee of the directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.
- 11.1.3 Each director shall comply with his obligations to disclose his interest in contracts under section 317 of the Act.
- 11.1.4 Regulations 94 to 97 (inclusive) in Table A shall not apply to the Company.

12 THE SEAL

- 12.1 If the Company has a seal it shall only be used with the authority of the directors or of a committee of directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or second director. The obligation under regulation 6 in Table A relating to the sealing of share certificates shall apply only if the Company has a seal. Regulation 101 in Table A shall not apply to the Company.
- 12.2 The Company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors.

13 INDEMNITY

- 13.1 Every director or other officer or auditor of the Company shall 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 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, or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the Court, and 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 in so far as its provisions are not avoided by section 310 of the Act.

13.2 The directors shall have power to purchase and maintain for any director, officer or auditor of the Company insurance against any such liability as is referred to in section 310(1) of the Act.

13.3 Regulation 118 in Table A shall not apply to the Company.

14 TRANSFER OF SHARES

14.1 Subject to article 14.2, the directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share.

14.2 The Directors shall not decline to register any transfer of shares where such transfer is executed by or in favour of any bank or institution to whom such shares have been charged or mortgaged nor may the Directors suspend registration of any Member which is a bank or institution or any other person to whom such shares have been transferred, charged or mortgaged. A certificate by any office of such bank or institution that the relevant shares are so transferred, charged or mortgaged shall be conclusive evidence of such fact for the purposes of registering a transfer of such shares.

14.3 The first sentence of regulation 24 in Table A shall not apply to the Company.