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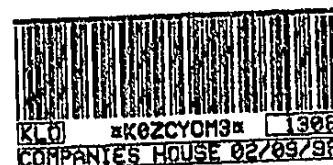
Company No. 3197645

**THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
SPECIAL RESOLUTIONS**

- of -

BROWNS HOTEL LIMITED

(Passed 29 August 1996)



At an Extraordinary General Meeting of the above-named Company duly convened and held on 29 August 1996 at Stornoway House, 13 Cleveland Row, London SW1A 1GG the following Resolutions were duly passed as four Special Resolutions in the case of Resolutions numbered 1, 2, 3 and 4:

SPECIAL RESOLUTIONS

1. That the 100 shares of £1 each in the capital of the Company be sub-divided into 400 shares of 25p each.
2. (a) That the authorised share capital of the Company be increased from £100 to £4,000,000 by the creation of 15,999,600 ordinary shares of 25p each ranking pari passu with the existing ordinary shares in the capital of the Company.

(b) That the directors be generally and unconditionally authorised, pursuant to section 80 Companies Act 1985 to exercise all powers of the Company to allot ordinary shares of 25p each in the Company up to an aggregate nominal value of £4,000,000 for a period expiring (unless previously renewed, varied or resolved by the Company in general meeting) on the fifth anniversary from the date hereof.
3. (a) THAT the authorised share capital of the Company be increased from £4,000,000 to £5,500,000 by the creation of 6,000,000 cumulative participating redeemable preference shares of 25p each, with the rights and subject to the restrictions set out in the Articles of Association of the Company as amended by resolution number 4.

(b) THAT the Directors be generally and unconditionally authorised, pursuant to section 80 of the Companies Act 1985 to exercise all powers of the Company to allot cumulative participating redeemable preference shares of 25p each in the Company up to an aggregate nominal amount of £1,500,000 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the fifth anniversary from the date hereof.

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4. THAT, subject to the passing of Special Resolutions numbered 1, 2 and 3 above, the Articles of Association of the Company be amended by

(a) deleting existing Article 3 and substituting for it the following new Article 3:

"3.

(A) The authorised share capital of the Company at the date of adoption of this Article is £5,500,000 divided into 16,000,000 Ordinary Shares of 25p each ("Ordinary Shares") and 6,000,000 cumulative participating redeemable preference shares of 25p each ("Preference Shares").

(B) Notwithstanding any other provisions of these Articles of Association, the rights and restrictions attaching to the Preference Shares are as follows:

(i) Income

(a) The holders of the Preference Shares (the "Holders") are entitled to receive a fixed cumulative preferential dividend in respect of each Preference Share in cash at the annual rate of 5.4873 per cent. (excluding any Associated Tax Credit) of the nominal amount of each Preference Share subject to adjustment as set out below (the "Preferential Dividend") which will be payable in equal half-yearly instalments in arrear (adjusted to take into account any interim Preferential Dividend paid pursuant to (b) below) on 15 February and 15 August in each year (or in either case if not a business day, on the next business day) (each a "Fixed Dividend Date") and shall accrue from (and including) the preceding Fixed Dividend Date (or in the case of the first payment of Preferential Dividend, the date of allotment of the relevant Preference Shares to (but excluding) the next Fixed Dividend Date.

Any Preferential Dividend shall only be payable to the extent that payment of the same can be made out of profits available for distribution under the provisions of the Companies Act 1985, as amended (the "Companies Act") as at each Fixed Dividend Date. The Preferential Dividend is payable in priority to a payment of a

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Participating Dividend (as defined below) and a dividend to the holders of any other class of share of the Company.

In the event that any withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature is imposed, levied, collected, withheld or assessed by the United Kingdom on any Preferential Dividend payable on any Fixed Dividend Date, then subject to the Companies Act, the dividend payable on such Fixed Dividend Date shall be fixed at such annual rate as will ensure that the Preferential Dividend payable on such date after such withholding or deduction represents an annual rate equal to 5.4873 per cent. of the nominal amount of each Preference Share (excluding any Associated Tax Credit).

For these purposes, the term "Associated Tax Credit" in relation to any dividend means the tax credit under section 231 of the Income and Corporation Taxes Act 1988 (if any) (or any credit substantially similar thereto and replacing the same) to which a company resident in the United Kingdom would be entitled in respect of such dividend.

Any reference in this paragraph (a) to the United Kingdom shall mean the United Kingdom, any political sub-division thereof and any authority having power to levy or impose taxation therein.

- (b) The Company may pay an interim Preferential Dividend on the Preference Shares in respect of any period to but excluding the date of payment.
- (c) Subject to the Companies Act and to paragraph (d) below and in addition to any Preferential Dividend paid, the holders of the Preference Shares are entitled to a dividend in cash (the "Participating Dividend") the aggregate total of which shall be equal to 0.04 per cent. (excluding any Associated Tax Credit) of the aggregate dividend (excluding any Associated Tax Credit) paid at any one time in respect of the Ordinary Shares (the "Ordinary Dividend") after the date of allotment of the Preference Shares. The Participating Dividend shall

be payable on the day on which the Ordinary Dividend is paid (a "Participating Dividend Date").

- (d) The maximum aggregate amount payable by way of Preferential and Participating Dividend in respect of each Preference Share in respect of each twelve month period beginning 15 August shall not exceed 1.8375p per Preference Share. In calculating in accordance with paragraph (c) above the amount of Participating Dividend payable, on any Participating Dividend Date it shall be assumed that the Preferential Dividend payable in respect of the twelve month period beginning 15 August in which such Participating Dividend Date falls shall be paid in full (whether or not yet payable) and shall be of such amount as, taking account of the applicable law as at the relevant Participating Dividend Date, will have been payable by way of Preferential Dividend in such twelve month period applying paragraph (a) above. Accordingly, if necessary, to ensure that the maximum amount is not exceeded the relevant Participating Dividend will be reduced by an appropriate amount.
- (e) The Preference Shares do not confer a further right to participate in the profits of the Company.
- (f) The Company may pay any dividend or other amount payable in respect of a Preference Share (i) in cash, (ii) by cheque, warrant or money order made payable to or to the order of a Holder, (iii) by a bank or other funds transfer system to an account designated in writing by a Holder, or (iv) by such other method as a Holder may in writing direct.
- (ii) Capital
 - (a) On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares) the assets of the Company available for distribution among the members shall be applied in paying to the Holders the following amounts, in priority to a payment to the holders of any other class of share:

- (1) the amount of any arrears and accruals of any Preferential Dividend to be calculated down to and including the date of commencement of the winding up (in the case of a winding up) or of the return of capital (in another case), to be payable whether or not the dividend has been declared or earned;
- (2) the amount of any arrears of any Participating Dividend;
- (3) the nominal amount of the Preference Shares; and
- (4) a sum equal to 0.04 per cent. of all assets of the Company available for distribution after taking account of (1), (2) and (3) above and the nominal value of all other shares at the Company in issue

provided always that the aggregate sum paid in respect of each Preference Share under (1) to (4) above shall not exceed 30p.

- (b) The Preference Shares shall not confer any further right of participation in the assets of the Company.

(iii) **Redemption**

- (a) Subject to the provisions of these Articles and the Companies Act, the Preference Shares may be redeemed in whole or in part by the Holders or the Company at any time after 14 August 1999. On 15 August 2001 the Company shall redeem any Preference Shares remaining in issue.
- (b) Immediately prior to the redemption of any Preference Share the Company shall pay a Preferential Dividend on the Preference Share in respect of the period from (and including) the preceding Fixed Dividend Date down to and including the date of redemption together with all arrears of Preferential Dividend (if any) whether or not declared or earned and all arrears of Participating Dividend (if any).

- (c) A Preference Share shall not be redeemed if paragraph (b) above has not been complied with.
- (d) The redemption monies payable on each Preference Share are the nominal amount of the Preference Share.
- (e) Redemption is to be effected by giving to the Company or to the Holders of the Preference Shares to be redeemed, as appropriate, not less than 21 days' written notice (a "Redemption Notice"). The Redemption Notice shall specify the number of Preference Shares to be redeemed, the date fixed for redemption (the "Redemption Date") and the place at which the certificates for the Preference Shares are to be presented for redemption (which shall be the registered office of the Company).
- (f) On the Redemption Date the Holder whose Preference Shares are to be redeemed is bound to deliver to the Company at the registered office of the Company the certificate for the Preference Shares to be redeemed. On receipt, the Company shall forthwith pay to the Holder (or, in the case of joint holders, to the Holder whose name stands first in the register in respect of the relevant Preference Share) the redemption monies due to him. If the certificate includes Preference Shares not redeemable on that occasion, a new certificate for the balance of the Preference Shares shall be issued to the Holder without charge.
- (g) If the Holder whose Preference Shares are to be redeemed fails to deliver the certificate in accordance with paragraph (f) above to the Company, the Preference Shares shall nevertheless be redeemed on the Redemption Date but the Company may retain the redemption monies. The redemption monies shall be paid to the Holder within seven days of receipt of the certificate or a duly executed indemnity in respect of the certificate (if the certificate has been lost or destroyed) in a form previously approved by, and reasonably satisfactory to, the Company. No person shall have a claim against the Company for interest on retained redemption monies.

- (h) As from the Redemption Date, the Preferential Dividend ceases to accrue and the Participating Dividend ceases to be payable (except to the extent it is already then payable but not paid) in respect of redeemed Preference Shares unless, on the presentation of the certificate for the Preference Shares to be redeemed and a receipt for the redemption monies signed and authenticated in such manner as the Board reasonably requires, payment of the redemption monies is refused.
- (i) The receipt by the Holders (or, in the case of joint holders, the receipt of any of them) of the redemption monies, shall be an absolute discharge to the Company in respect of the redeemed Preference Shares.
- (j) The Board may, pursuant to the authority given by the adoption of this Article, consolidate and sub-divide the share capital available for issue as a consequence of a redemption of Preference Shares pursuant to this paragraph (iii) into Ordinary Shares or any other class of share into which the authorised share capital of the Company is at the time divided, each of a like nominal amount as the shares of that class then in issue, or into unclassified shares of the same nominal amount as the Preference Shares. The Board may issue shares in anticipation of redemption to the extent permitted by the Companies Act and the Articles.
- (iv) Pre-emption rights
 - (a) A Holder of the Preference Shares ("Selling Shareholder") who wishes to transfer any of its Preference Shares to a person who is not a United Kingdom tax resident member of Granada Group PLC group or the Lazard Brothers & Co., Limited, Lazard Frères & Co LLC or Caisse Nationale de Credit Agricole groups or otherwise not a United Kingdom tax resident member of the same group as Credit Agricole Lazard Financial Products Bank ("CALFP") (meaning in each case a subsidiary or holding company of the body corporate or a subsidiary of a holding company of the body corporate) shall, unless the Company or all the holders of Ordinary Shares agree otherwise, serve

notice on the Company ("Sale Notice") stating that it wishes to transfer all its Preference Shares ("Sale Shares") and the Asking Price (as defined below) for each share).

- (b) The Selling Shareholder shall state in the Sale Notice that it is only willing to transfer all the Sale Shares and that no Sale Shares can be sold (whether to an existing member or a third party) unless offers are received for all of them.
- (c) The Sale Notice shall make the Company the agent of the Selling Shareholder for the sale of the Sale Shares on the following terms, which the Company shall notify to its other members within seven days of receiving the Sale Notice:
 - (i) the consideration for each sale share (the "Asking Price") shall be the lower of:
 - (aa) the aggregate of (x) the nominal amount of the Sale Share and (y) $\frac{1}{T}$ x the amount of any arrears and (1-T) accruals of any Preferential Dividend relating to the Sale Share calculated down to and including Completion Date (as defined below) where T is in relation to any accounting period (within the meaning of section 12 of the Income and Corporation Taxes Act 1988) of the Selling Shareholder, the effective rate of corporation tax which would be applicable to the taxable profits of the Selling Shareholder arising in such accounting period (if there were such profits and ignoring for this purpose any special rate applicable to small companies or to any special class of companies of which the Selling Shareholder is not a member (and for these purposes the Selling Shareholder shall not be regarded as a member of any class of companies which comprises fewer than nine unrelated companies in addition to the Selling Shareholder)), such rate to be a weighted average

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calculated for financial years or other statutory periods which are not the same as such accounting period (the "Tax Rate"); and

- (bb) the consideration offered for each Sale Share by a bona fide third party offeror;
- (II) the Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them;
- (III) each of the holders of the Ordinary Shares ("Ordinary Shareholders") is entitled to offer to buy the Sale Shares in proportions reflecting, as nearly as possible, the nominal amount of their existing holdings; an Ordinary Shareholder is entitled to offer to buy fewer Sale Shares than his proportional entitlement;
- (IV) Ordinary Shareholders may offer to buy any number of the Preference Shares that are not accepted by the other Ordinary Shareholders ("Excess Shares"); and
- (V) seven days after the Company's despatch of the terms for the sale of the Sale Shares (the "Closing Date"):
 - (aa) the Sale Notice shall become irrevocable;
 - (bb) an Ordinary Shareholder who has not responded to the offer in writing shall be deemed to have declined it; and
 - (cc) each offer made by an Ordinary Shareholder to acquire Sale Shares shall become irrevocable.
- (d) If there are any Excess Shares, each Ordinary Shareholder who offered to buy Excess Shares shall be entitled to a number of Excess Shares reflecting, as nearly as possible, the number of Excess Shares

he offered to buy as a proportion of the total number of Excess Shares for which offers were received.

- (e) Within five days after Closing Date, the Company shall notify the Selling Shareholder and the Ordinary Shareholders who offered to buy Sale Shares of the result of the offer and if any Sale Shares are to be sold pursuant to the offer:
 - (I) the Company shall notify the Selling Shareholder of the names and addresses of the Ordinary Shareholders who are to buy Sale Shares and the number to be bought by each;
 - (II) the Company shall notify each Ordinary Shareholder of the number of Sale Shares he is to buy; and
 - (III) the Company's notices shall state a place and time, between three and seven days later, on which the sale and purchase of the Sale Shares is to be completed (the "Completion Date").
- (f) If the Selling Shareholder fails to transfer Sale Shares in accordance with paragraph (e) above, the Directors may authorise any Director to transfer the Sale Shares on the Selling Shareholder's behalf to the buying Ordinary Shareholders concerned against receipt by the Company of the Asking Price per share. The Company shall hold the Asking Price in trust for the Selling Shareholder without any obligation to pay interest. The Company's receipt of the Asking Price shall be a good discharge to the buying Ordinary Shareholder. The Directors shall then authorise registration of the transfer once appropriate stamp duty (if any) has been paid. The defaulting Selling Shareholder shall surrender his share certificate (or an indemnity in respect of the certificate (if the certificate has been lost or destroyed) in a form previously approved by, and reasonably satisfactory to, the Company) for the Sale Shares to the Company. On surrender, he shall be entitled to the Asking Price for the Sale Shares.
- (g) If, by the Closing Date the Company has not received offers for all the Sale Shares, the Selling Shareholder may within the next six

months transfer all the Sale Shares to any person at no less than the Asking Price per share with any other terms being no more favourable than those in the Sale Notice.

(v) Issue of further preference shares

No further preference shares ranking as regards participation in the profits or assets of the Company *pari passu* with or in priority to the Preference Shares may be created or issues without the prior written consent of the Holders of the Preference Shares.

(vi) Attendance at general meetings and voting

(a) Preference Shares confer the right to receive notice of but not to attend or vote at a general meeting unless:

EITHER (I) at the date of the notice convening the meeting at a dividend relating to the Preference Shares is payable and has not been paid and for this purpose a dividend is deemed payable on the relevant Fixed Dividend Date or Participating Dividend Date (as appropriate) whether or not declared;

OR (II) the business of the meeting includes consideration of a resolution to wind up the Company or varying any of the special rights attached to the Preference Shares

in which case, if a holder is entitled to attend and vote as a result of (I) above, he may vote in respect of any resolution considered at the meeting and, if the holder is entitled to attend and vote as a result of (II) above, he may vote only in respect of a resolution referred to in (II).

(vii) Fully-paid shares

Preference Shares may only be issued fully paid or credited as fully paid."; and

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(b) the addition of the following new Article 11A:

"11A. In Regulation 40 in Table A the following words shall be added to the end of the second sentence, namely: "Except where the company is a private company limited by shares or by guarantee and having one member or if, having more than one member, then having only one member entitled to vote upon the business to be transacted at the meeting, in which case the quorum shall be one, being the member or proxy for the member or duly authorised representative of a corporation.""

Signed:.....*H. Tautz*