

Company No. 3229746

THE COMPANIES ACT 1985 AND 1989

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COMPANY LIMITED BY SHARES

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SPECIAL RESOLUTION

OF

SHELFCO (NO.1226) LIMITED

At an Extraordinary General Meeting of the above-named Company held on 14 November 1996, the following resolution was passed as a Special Resolution:-

THAT the regulations contained in the document produced to the meeting and signed for the purposes of identification by the Chairman thereof be and the same are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the regulations contained or incorporated in the existing Articles of Association of the Company.



CHAIRMAN

WX12076/1



**THE COMPANIES ACT 1985**

**COMPANY LIMITED BY SHARES**

**NEW ARTICLES OF ASSOCIATION**

of

**SHELF CO (NO.1226) LIMITED**

**PRELIMINARY**

1. The regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 (as amended so as to affect companies first registered on the date of the adoption of these Articles) shall, except as hereinafter provided and so far as not inconsistent with the provisions of these Articles, apply to the Company to the exclusion of all other regulations or Articles of Association. References herein to Regulations are to regulations in the said Table A unless otherwise stated.

**SHARE CAPITAL**

2. The share capital of the Company at the date of the adoption of these Articles is £1,000 divided into 1000 Ordinary Shares of £1 each.

**ISSUE AND PURCHASE OF SHARES**

3. Subject to Section 80 of the Companies Act 1985, all unissued shares shall be at the disposal of the Directors and Section 89(1) of the Companies Act 1985 shall not apply.

**TRANSFER OF SHARES**

4. Subject to the provisions of Regulation 24 any share may only be transferred to any person with the consent in writing of all other members of the Company.
5. Except in the case of a transfer expressly authorised by the preceding sub-clause, no transfer of a share shall be registered and no sale, disposal or other disposition of any interest in any share whether legal or beneficial shall be permitted, without the sanction of an effective resolution of the Directors and if such sanction be not given or refused within eight weeks after the transfer is lodged for registration the sanction shall be deemed to have been refused at the expiration of such period and the transferee shall be notified accordingly and any purported sale, disposal or other disposition aforesaid shall be void unless prior notice thereof is given to the Directors and such sanction obtained prior to any actual sale, disposal or other disposition.

## **PROCEEDINGS AT GENERAL MEETINGS**

6. If at any adjourned meeting a quorum is not present within ten minutes from the time appointed for the adjourned meeting (or such longer interval as the chairman of the meeting may think fit to allow) the meeting shall be dissolved except that if a meeting to consider a resolution or resolutions for the winding up of the Company and the appointment of a Liquidator be adjourned for want of a quorum and if at such adjourned meeting such a quorum is not present within five minutes from the time appointed for the adjourned meeting, any one or more members present in person or by proxy shall constitute a quorum for the purposes of considering and if thought fit passing such resolution or resolutions but no other business may be transacted. Regulation 41 shall be extended accordingly.
7. The chairman at any General Meeting shall not be entitled to a second or casting vote. Regulation 50 shall not apply.
8. In the case of a body corporate a resolution in writing may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be extended accordingly.

## **VOTES OF MEMBERS**

9. On a show of hands every member who is present in person shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote.
10. An instrument appointing a proxy (and, where it is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof) must either be delivered at such place or one of such places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting (or, if no place is so specified, at the registered office) at least one hour before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used or be delivered to the Secretary (or the chairman of the meeting) on the day and at the place of, but in any event before the time appointed for holding, the meeting or adjourned meeting or poll. An instrument of proxy shall not be treated as valid until such delivery shall have been effected. Regulation 62 shall not apply.

## **NUMBER OF DIRECTORS**

11. The maximum number of Directors shall be eight. Regulation 64 shall not apply.

## **ALTERNATE DIRECTORS**

12. The holders of a majority in number of all of the issued shares may at any time appoint any person (including another Director) to be the alternate Director of any Director and may at any time terminate such appointment. The same person may be appointed as the alternate Director of more than one Director. Regulations 65 to 68 shall be modified accordingly.
13. The appointment of any alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director of whom he is the alternate ceases to be a Director.

14. An alternate Director shall be entitled to receive notices of all meetings of the Directors and of all committees of Directors of which the Director of whom he is the alternate is a member to attend and vote and be counted in the quorum at any such meeting at which the Director of whom he is the alternate is not personally present and generally to perform all the functions of the Director of whom he is the alternate in his absence and the provisions of these Articles shall apply as if he were a Director of the relevant class. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative. The last sentence of Regulation 66 shall be deleted.

#### **APPOINTMENT AND REMOVAL OF DIRECTORS**

15. The holders of a majority of shares may from time to time appoint any person to be a Director. The Directors shall not be subject to retirement by rotation. Regulations 73 to 80 shall not apply.
16. Subject to Article 15, the Directors may appoint a person who is willing to act to be a director either to fill a vacancy or an additional director provided that the appointment does not cause the number fixed by or in accordance with the articles as the maximum number of directors.
17. The office of a Director shall be vacated in any of the events specified in Regulation 81 and also if he shall be removed from office by the holders of a majority of the shares or shall in writing offer to resign and the Directors shall resolve to accept such offer.
18. Any such appointment or removal by the holders of a majority of shares shall be in writing served on the Company and signed by the holders of a majority of the issued Shares. In the case of a body corporate such document may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative.

#### **PROCEEDINGS OF DIRECTORS**

19. No Director shall be appointed otherwise than as provided in these Articles. Regulation 90 shall be modified accordingly.
20. Any Director or alternate Director may participate in a meeting of the Directors or such committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting.
21. The quorum for a meeting of any such committee shall be fixed by the Directors and unless so fixed at any other number shall be two.
22. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors. Any notice convening a meeting of the Directors shall be given in writing to all the Directors of the Company together with an agenda setting out details of the matters to be discussed at that meeting. No business shall be discussed at any meeting of the Directors unless it is contained in the agenda accompanying the notice of the meeting. The Chairman shall not be entitled to a second or casting vote. Regulation 88 shall be modified accordingly.
23. On any matter in which a Director is in any way interested he may (subject always to his properly disclosing the same) nevertheless vote and be taken into account

for the purposes of a quorum and (save as otherwise agreed) may retain for his own absolute use and benefit all profits and advantages directly or indirectly accruing to him thereunder or in consequence thereof. Regulations 94 to 98 shall be modified accordingly.

- 24.1 Subject to the provisions of the Act, the Memorandum and the Articles, to any directions given by special resolution and to the provisions of Article 24.2 the business of the company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors. Regulation 70 shall not apply.
- 24.2 The following matters shall save to the extent envisaged in the relevant annual budget of the Company (together with any amendments made thereto) adopted or amended in accordance with Article 24.2.23 shall require the consent of the Board of Directors of the ultimate holding company from time to time of the Company (where "holding company" shall have the meaning prescribed to it in the Companies Act 1985 (as amended)) and the Company shall not effect any of the following matters without obtaining such consent:-
- 24.2.1 make any change in the Accounting Reference Date of the Company;
  - 24.2.2 save as required by law sell, transfer, lease, licence, assign or otherwise dispose of the whole or any material part of its business, undertaking, property and/or assets;
  - 24.2.3 carry on any activity other than the Business as defined on the attached Schedule or cease to carry on the business carried on by it at the date of adoption of these Articles;
  - 24.2.4 issue or allot or agree to issue or allot any shares or stock in its capital or any security convertible into such shares or stock or any loan stock or grant or agree to grant options over or rights in any such shares, stock, securities or loan stock;
  - 24.2.5 enter into any contract of employment or consultancy with any person or make any change to the terms of engagement of any employee or consultant having a salary (on a full time basis) equivalent to or in excess of £25,000 per annum;
  - 24.2.6 pay fees or emoluments to the Directors other than to the Directors who have service contracts with the Company in circumstances where the payments are made in accordance with the terms thereof;
  - 24.2.7 give any guarantee, indemnity or the like, save in the ordinary course of business, in respect of a liability that does not exceed £5,000;
  - 24.2.8 create or issue any debenture, mortgage, charge or other security or increase the amount of any borrowings capable of being secured thereby;
  - 24.2.9 acquire or dispose of any share, debenture, mortgage, loan capital or security (or any interest therein) in any body corporate or trust;

- 24.2.10 make any loan other than credit given in the normal course of trading;
- 24.2.11 make any tax elections;
- 24.2.12 purchase, lease, acquire, take options over, exchange or otherwise deal in any real property or any interest therein, acquire any asset for a consideration of more than £5,000 or otherwise enter into a capital commitment in respect of an amount which exceeds £5,000;
- 24.2.13 institute any litigation, arbitration or other similar proceedings except in respect of debt collection in the ordinary course;
- 24.2.14 enter into any agreement, transaction or arrangement with any of the members of the ultimate holding company from time to time of the Company or any person who is an associated company or affiliate or with any person who is otherwise connected with any of them within the meaning of S.839 Income and Corporation Taxes Act 1988 and for these purposes an "affiliate" in relation to a partnership shall mean any other partnership, corporation, company, other entity or person which owns or controls a majority of the voting interests in that partnership and "associated company" shall mean in respect of a body corporate any subsidiary of that body corporate or any company of which the body corporate is a subsidiary or a subsidiary of such company and "subsidiary" shall have the meaning ascribed to it in Section 736 of the Companies Act 1985;
- 24.2.15 enter into any loan agreement or other financing agreement other than any of the financing agreements in existence at the date of adoption of these Articles or incur commitments of a like nature which shall include without limitation agreements for the leasing hire purchase or purchase on deferred terms of any asset (other than in respect of office equipment and office consumables which do not exceed £5,000 in aggregate), make alterations to any such agreement as is entered into and make drawings or pre-payments thereunder or make any amendment to the terms thereof;
- 24.2.16 enter into any material contract or commitment or pay any management or other fee other than in the ordinary and proper course of business on arm's length terms;
- 24.2.17 enter into any joint venture, partnership or profit sharing agreement with any other person;
- 24.2.18 sell, release assign or factor the debts or securities of the Company;
- 24.2.19 appoint any person as a Director of the Company or any subsidiary company;
- 24.2.20 approve any transferee or allottee of any share in it;
- 24.2.21 pay any dividend;
- 24.2.22 do or permit or suffer to be done any act or thing whereby the Company may be wound up (whether voluntarily or compulsorily);
- 24.2.23 approve any annual budget or any amendments thereto or any business plan from time to time of the Company; or

- 24.2.24 commit itself to incur expenditure whether of a revenue or a capital nature which exceeds in each case £5,000 unless such expenditure is incurred in the relevant annual budget approved or amended in accordance with Article 24.1.23.
- 24.3 Any breach of the foregoing Article 24.2 may be ratified by the Board of Directors from time to time of the ultimate holding company from time to time of the Company.
- 24.4 Notwithstanding anything contained in these Articles the Company and the Directors shall be bound to recognise a transfer of any share in the Company the transfer of which is required by any person (including without limitation The Governor and Company of the Bank of Scotland) pursuant to such person's proper enforcement of security granted to such person over such share.
- 24.5 The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties provided always that such expenses shall not exceed £5,000 per annum in aggregate. Regulation 83 shall be amended accordingly.

#### **INDEMNITY**

- 25.1 Subject to the provisions of and so far as may be permitted by law, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings 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 and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. Regulation 118 shall not apply.
- 25.2 The Company shall be entitled to purchase and pay for Directors and officers liability insurance for the benefit of the Directors and its officers.

## **SCHEDULE**

"Business"

the management of Retirement Homes and any other residential property in the United Kingdom and the provision of helpline and emergency services to any person together with the ownership of the reversionary interests in Retirement Home and the buying and selling of Retirement Homes.

"Retirement Home"

means a self-contained residential unit having its own living-space and bathroom facilities which may take the form of a house, bungalow, apartment or hotel unit available to persons over the age of 55 years with or without communal facilities and which unit may have the benefit of other services, including food and beverage services, house keeping and warden services and/or an emergency call facility but which are not subject to the registration requirements of The Registered Homes Act 1984.