

Company Number 3685527

The Companies Act 1985

**ARTICLES OF ASSOCIATION  
OF  
LIBERTY INTERNATIONAL PLC**

Adopted by a Special Resolution passed on 26 March 1999  
and amended by Special Resolutions passed on 26 March 2003,  
on 18 March 2005, 31 March 2006 and 18 December 2006

**Linklaters**

One Silk Street  
London EC2Y 8HQ

Telephone (44-20) 7456 2000  
Facsimile (44-20) 7456 2222

Ref NMayo



## Table of Contents

Contents	Page
<b>PRELIMINARY ARTICLES .....</b>	<b>1</b>
1 Table A and other standard regulations do not apply .....	1
2 The meaning of words and phrases used in the Articles .....	1
<b>SHARE CAPITAL .....</b>	<b>4</b>
3 Form of the Company's share capital .....	4
<b>CHANGING CAPITAL .....</b>	<b>4</b>
4 The power to increase capital .....	4
5 Application of the Articles to new shares .....	5
6 The power to change capital .....	5
7 Fractions of shares .....	5
8 The power to reduce capital .....	5
9 Buying back shares .....	6
<b>SHARES .....</b>	<b>6</b>
10 The special rights of new shares .....	6
11 The Directors' power to deal with shares .....	6
12 The Directors' authority to allot "relevant securities" and "equity securities" .....	7
13 Power to pay commission and brokerage .....	8
14 Renunciations of allotted but unissued shares .....	8
15 No trusts or similar interests recognised .....	8
<b>SHARES IN UNCERTIFICATED FORM .....</b>	<b>9</b>
16 Holding shares in uncertificated form and effect of the CREST Regulations .....	9
<b>SHARE CERTIFICATES .....</b>	<b>9</b>
17 Certificates .....	9
18 Replacement share certificates .....	10
<b>CALLS ON SHARES .....</b>	<b>10</b>
19 The Directors can make calls on shares .....	10
20 The liability for calls .....	11
21 Interest on unpaid calls .....	11
22 Sums which are payable when a share is allotted are treated as a call .....	11
23 Calls can be for different amounts .....	11
24 Paying calls early .....	11
<b>FORFEITING SHARES AND LIENS OVER SHARES .....</b>	<b>11</b>
25 Notice following non-payment of a call .....	11
26 Contents of the notice .....	12
27 Forfeiture if the notice is not complied with .....	12
28 Forfeiture will include unpaid dividends .....	12
29 Dealing with forfeited shares .....	12
30 Cancelling forfeiture .....	12
31 The position of shareholders after forfeiture .....	12
32 The Company's lien on shares .....	13

33	Enforcing the lien by selling the shares.....	13
34	Using the proceeds of the sale.....	13
35	Evidence of forfeiture or sale.....	13
<b>CHANGING SHARE RIGHTS.....</b>		<b>14</b>
36	Changing the special rights of shares .....	14
37	More about the special rights of shares .....	14
<b>TRANSFERRING SHARES .....</b>		<b>14</b>
38	Share transfers.....	14
39	More about transfers of shares in certificated form.....	15
40	The Company can refuse to register certain transfers .....	15
41	Closing the Register .....	16
42	Overseas branch registers .....	16
<b>PERSONS AUTOMATICALLY ENTITLED TO SHARES BY LAW .....</b>		<b>16</b>
43	When a shareholder dies .....	16
44	Registering personal representatives and so on.....	16
45	A person who wants to be registered must give notice.....	16
46	Having another person registered .....	16
47	The rights of people automatically entitled to shares by law.....	17
<b>SHAREHOLDERS WHO CANNOT BE TRACED .....</b>		<b>17</b>
48	Shareholders who cannot be traced .....	17
<b>GENERAL MEETINGS .....</b>		<b>18</b>
49	The Annual General Meeting.....	18
50	Extraordinary General Meetings .....	18
51	Calling an Extraordinary General Meeting .....	18
52	Notice of meetings.....	18
53	A General Meeting can be moved at short notice .....	19
<b>PROCEEDINGS AT GENERAL MEETINGS .....</b>		<b>20</b>
54	The Chairman of a Meeting.....	20
55	Security, and other arrangements at General Meetings.....	20
56	Overflow meeting rooms .....	20
57	The quorum needed for meetings .....	20
58	The procedure if there is no quorum .....	21
59	Adjourning meetings.....	21
60	Amending resolutions .....	21
<b>VOTING PROCEDURES .....</b>		<b>22</b>
61	How votes are taken.....	22
62	How a poll is taken .....	22
63	Where there cannot be a poll .....	23
64	A meeting continues after a poll is demanded .....	23
65	Timing of a poll .....	23
66	The chairman's casting vote.....	23
67	The effect of a declaration by the chairman .....	23
<b>VOTING RIGHTS .....</b>		<b>23</b>

68	The votes of shareholders .....	23
69	Shareholders who owe money to the Company .....	24
70	Failure to comply with a notice under Section 212 of the Companies Act .....	24
71	Votes of shareholders who are of unsound mind .....	26
72	The votes of joint holders .....	26
73	Completing proxy forms .....	26
74	Delivering proxy forms.....	26
75	Revocation of proxies.....	27
76	Proxies speaking at meetings .....	27
77	Representatives of companies .....	28
78	Challenging votes .....	28
<b>DIRECTORS.....</b>		<b>28</b>
79	The number of Directors.....	28
80	Qualification to be a Director.....	28
81	Directors' fees and expenses .....	28
82	Special pay .....	29
83	Directors' expenses .....	29
84	Directors' pensions and other benefits.....	29
85	Appointing Directors to various posts.....	29
<b>CHANGING DIRECTORS .....</b>		<b>30</b>
86	Age limits .....	30
87	Retiring Directors.....	30
88	Eligibility for re-election .....	30
89	Re-electing a Director who is retiring .....	30
90	Election of two or more Directors .....	30
91	People who can be Directors .....	31
92	The power to fill vacancies and appoint extra Directors .....	31
93	Removing and appointing Directors by an Ordinary Resolution .....	31
94	When Directors are disqualified .....	31
<b>DIRECTORS' MEETINGS .....</b>		<b>32</b>
95	Directors' meetings.....	32
96	Who can call Directors' meetings .....	32
97	How Directors' meetings are called.....	32
98	Quorum.....	32
99	The chairman of Directors' meetings.....	32
100	Voting at Directors' meetings.....	33
101	Directors can act even if there are vacancies .....	33
102	Video conference and telephone meetings .....	33
103	Resolutions in writing .....	33
104	The validity of Directors' actions.....	34
<b>DIRECTORS' INTERESTS .....</b>		<b>34</b>
105	Directors' interests in transactions with the Company.....	34
106	When Directors can vote on things which they are interested in .....	34
107	More about Directors' interests .....	36
<b>DIRECTORS' COMMITTEES.....</b>		<b>36</b>

108	Delegating powers to committees .....	36
109	Committee procedure .....	36
<b>DIRECTORS' POWERS .....</b>		<b>36</b>
110	The Directors' management powers .....	36
111	The power to establish local boards and so on .....	37
112	The power to appoint attorneys .....	37
113	President .....	38
114	Signature on cheques etc .....	38
115	Borrowing powers .....	38
<b>ALTERNATE DIRECTORS .....</b>		<b>41</b>
116	Alternate Directors .....	41
<b>THE COMPANY SECRETARY .....</b>		<b>41</b>
117	The Company Secretary and Deputy and Assistant Company Secretaries .....	41
<b>THE SEAL .....</b>		<b>42</b>
118	The Seal .....	42
<b>AUTHENTICATING DOCUMENTS .....</b>		<b>42</b>
119	Establishing that documents are genuine .....	42
<b>RESERVES .....</b>		<b>43</b>
120	Setting up reserves .....	43
121	Assets bought as from a past date .....	43
<b>DIVIDENDS .....</b>		<b>43</b>
122	Final dividends .....	43
123	Fixed and interim dividends .....	43
124	Dividends not in cash .....	43
125	No dividends are payable except out of profits .....	44
126	Apportioning dividends .....	44
127	Deducting amounts owing from dividends and other money .....	44
128	Payments to shareholders .....	44
129	Record dates for payments and other matters .....	45
130	Dividends which are not claimed .....	45
131	Waiver of dividends .....	45
131A	Real Estate Investment Trust .....	45
<b>CAPITALISING RESERVES .....</b>		<b>52</b>
132	Capitalising reserves .....	52
<b>SCRIP DIVIDENDS .....</b>		<b>53</b>
133	Shareholders can be offered the right to receive extra shares instead of cash dividends....	53
<b>ACCOUNTS .....</b>		<b>54</b>
134	Accounting and other records .....	54
135	Location and inspection of records .....	54
136	Sending copies of accounts and other documents .....	55

<b>AUDITORS .....</b>	<b>55</b>
137 Acts of Auditors.....	55
138 Auditors at General Meetings.....	55
<b>NOTICES.....</b>	<b>55</b>
139 Serving and delivering notices and other documents .....	55
140 Notices to joint holders .....	56
141 Notices for shareholders with foreign addresses .....	56
142 When notices are served.....	56
143 Serving notices and documents on shareholders who have died or are bankrupt .....	57
144 If documents are accidentally not sent.....	57
145 Signature of documents .....	57
146 Electronic communication .....	57
<b>WINDING UP.....</b>	<b>58</b>
147 Directors' power to petition .....	58
148 Distribution of assets in kind.....	58
<b>DESTROYING DOCUMENTS.....</b>	<b>58</b>
149 Destroying documents.....	58
<b>INDEMNITY AND INSURANCE.....</b>	<b>59</b>
150 Indemnity.....	59
151 Insurance.....	60
<b>GLOSSARY.....</b>	<b>60</b>

**The Companies Act 1985**  
**Company Limited by Shares**  
**ARTICLES OF ASSOCIATION**

Adopted by a Special Resolution passed on 26 March 1999  
and amended by Special Resolutions passed on 26 March 2003, 18 March 2005, 31 March 2006  
and 18 December 2006

**of**  
**LIBERTY INTERNATIONAL PLC**  
**PRELIMINARY ARTICLES**

**1 Table A and other standard regulations do not apply**

The regulations in Table A of the Companies (Tables A to F) Regulations 1985, and any similar regulations in any other legislation relating to companies, do not apply to the Company.

**2 The meaning of words and phrases used in the Articles**

- 2.1** The following table gives the meaning of certain words and phrases as they are used in these Articles. However the meaning given in the table does not apply if that is inconsistent with the context in which a word or phrase appears. After the Articles there is a Glossary which explains various words and expressions. The Glossary also explains some of the words in the Memorandum. But the Glossary is not part of the Memorandum or Articles, and it does not affect their meaning. The words in the table and the rest of Article 2 which are explained in the Glossary are printed in *italics*.

<b>Words</b>	<b>Definitions</b>
<b>amount (of a share)</b>	This refers to the <i>nominal value</i> of the share.
<b>Articles</b>	The Company's Articles of Association, including any changes made to them.
<b>Companies Act</b>	The Companies Act 1985.
<b>company</b>	Includes any corporate body.
<b>the Company</b>	Liberty International PLC.
<b>CREST Regulations</b>	The Uncertificated Securities Regulations 2001.
<b>dividend arrears</b>	This includes any dividends on shares with <i>cumulative</i> rights which could not be paid, but which have been carried forward.
<b>electronic mail</b>	Includes any electronic transmission in any form through any medium.

**Words****existing shares (of any kind)****legislation****London Stock Exchange****operator****officer****Ordinary Shareholder****paid-up share or other security****pay****recognised clearing house****recognised investment exchange****Register****Registered Office****relevant system****rights of any share****Seal****Secretary****shareholder****shareholders meeting****subsidiary****Definitions**Shares which are in *issue* at the relevant time.

The Companies Act, the CREST Regulations and all other laws and regulations applying to the Company.

London Stock Exchange Limited.

CRESTCo Limited or any other operator of a *relevant system* under the CREST Regulations.

includes a Director, manager and the Secretary, but does not include an auditor.

A holder of the Company's Ordinary Shares.

Includes a share or other security which is treated ("credited") as *paid up*.

Includes any kind of reward or payment for services.

A clearing house granted recognition under the Financial Services and Markets Act 2000.

An investment exchange granted recognition under the Financial Services and Markets Act 2000.

The Company's register of *members*.

The Company's registered office.

A relevant system under the CREST Regulations whose operator allows shares or other securities of the Company to be transferred using that system.

The rights attached to the share when it is issued, or afterwards.

The Company's Common Seal, or any official seal kept by the Company under section 40 of the Companies Act (called a **Securities Seal**).

Any person appointed by the Directors to do work as the Company Secretary including any assistant or deputy secretary.

A holder of the Company's shares.

Includes both a General Meeting of the Company and a meeting of any class of holders of the Company's shares.

A "*subsidiary undertaking*", as defined in section



## Words

### terms of a share

### UK Listing Authority

### United Kingdom

### in writing

## Definitions

258 of the Companies Act.

The terms on which a share was issued.

The Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000.

Great Britain and Northern Ireland.

In writing, or any way of representing or copying words legibly so that they are permanent, or in electronic form.

- 2.2** References to a **debenture** include **debenture stock** and references to a **debenture holder** include a **debenture stockholder**.
- 2.3** Where the Articles refer to a person who is automatically entitled to a share by law, this includes a person who is entitled to the share as a result of the death, or bankruptcy, of a shareholder.
- 2.4** Words which refer to a single number also refer to plural numbers, and the other way around.
- 2.5** Words which refer to males also refer to females, and to companies and so on.
- 2.6** References to a **person** or **people** include companies, *unincorporated associations* and so on.
- 2.7** References to the **Directors** are to the board of directors unless the way in which "directors" is used does not allow this meaning.
- 2.8** Any headings in these Articles are only included for convenience. They do not affect the meaning of the Articles.
- 2.9** When an Act, or a section of an Act, is referred to, this includes any amendment to the Act or section, as well as its inclusion in a later Act. This principle of interpretation also applies to other kinds of legislation.
- 2.10** When an Act or other legislation or the Articles are referred to, the version which is current at any particular time will apply.
- 2.11** Where the Articles give any power or authority to anybody, this power or authority can be used on any number of occasions, unless the way in which the word is used does not allow this meaning.
- 2.12** Any word which is defined in the Companies Act or the CREST Regulations means the same in the Articles, unless the Articles define it differently, or the way in which the word is used is inconsistent with the definition given in the Companies Act or the CREST Regulations.
- 2.13** Where the Articles say that anything can be done by passing an *Ordinary Resolution*, this can also be done by passing a *Special Resolution* or an *Extraordinary Resolution*.

- 2.14** Where the Articles refer to changing the amount of shares this means doing any or all of the following:
- sub-dividing the shares into other shares with a smaller nominal amount;
  - consolidating the shares into other shares with a larger nominal amount; and
  - dividing shares which have been consolidated into shares with a larger nominal amount than the original shares had.
- 2.15** Where the Articles refer to any document being **made effective** this means being signed, sealed or executed in some other legally valid way.
- 2.16** Where the Articles refer to **months** or **years**, these are calendar months or years.
- 2.17** Articles which apply to fully-paid shares can also apply to stock. References in those Articles to **share** or **shareholder** include stock or stockholder.
- 2.18** Where the Articles refer to **communication** and **electronic communication** this has the same meaning as in the Electronic Communications Act 2000. Electronic communication includes, without limitation, e-mail, facsimile, CD-Rom, audio tape and telephone transmission and (in the case of electronic communication by the Company in accordance with Article 146.2) publication on a web site.
- 2.19** Where the Articles refer to **address** this includes, in relation to electronic communication, any number or address (including, in the case of any uncertificated proxy instruction allowed under Article 74, an identification number of a participant in the relevant system) used for the purposes of such communication.
- 2.20** Where the Articles refer to shares in **certificated form**, this means that ownership of the shares can be transferred using a written transfer document (rather than in accordance with the CREST Regulations) and that a share certificate is usually issued to the owner.
- 2.21** Where the Articles refer to shares in **uncertificated form**, this means that ownership of the shares can be transferred in accordance with the CREST Regulations without using a written transfer document and that no share certificate is issued to the owner.

## **SHARE CAPITAL**

### **3 Form of the Company's share capital**

The Company's share capital at the date when these Articles are adopted consists of 500,000,000 Ordinary Shares of 50p each.

## **CHANGING CAPITAL**

### **4 The power to increase capital**

The Company's shareholders can increase the Company's share capital by passing an Ordinary Resolution. The resolution will fix the amount of the increase and the nominal amount of the new shares and the currency or currencies of the shares.

## **5 Application of the Articles to new shares**

The provisions of the Articles and the legislation about payment of calls, transfer, automatic entitlement by law, forfeiture, lien and all other things apply to new shares under Article 4 in the same way as if they were part of the Company's existing share capital.

## **6 The power to change capital**

The shareholders can pass Ordinary Resolutions to do any of the following:

- to consolidate, or consolidate and then divide, all or any of its share capital into shares of a larger nominal amount than the existing shares;
- to cancel any shares which have not been taken, or agreed to be taken, by any person at the date of the resolution, and reduce the amount of the Company's share capital by the amount of the cancelled shares;
- to divide some or all of its shares into shares which are of a smaller nominal amount than is fixed in the Memorandum of Association. This is subject to any restrictions under the legislation. The resolution can provide that, as between the holders of the divided shares, different rights and restrictions of a kind which the Company can apply to new shares may apply to different divided shares.

## **7 Fractions of shares**

**7.1** If any shares are consolidated or divided, the Directors have power to deal with any fractions of shares which result or any other difficulty that arises. If the Directors decide to sell any shares representing fractions, they can do so for the best price reasonably obtainable and distribute the net proceeds of sale among members in proportion to their fractional entitlements. The Directors can sell to any person (including the Company, if the legislation allows this) and can authorise any person to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any steps to see how any money he is paying is used. Nor will his ownership be affected if the sale was irregular or invalid in any way.

**7.2** So far as the legislation allows this, when they consolidate or divide shares, the Directors can treat a shareholder's shares which are held in certificated form and in uncertificated form as separate shareholdings. The Directors can also arrange for any shares which result from a consolidation or division and which represent rights to fractions of shares to be entered in the Register as shares in certificated form where this makes it easier to sell them.

## **8 The power to reduce capital**

The Company's shareholders can pass a Special Resolution to:

- reduce its share capital in any way; or
- reduce any capital redemption reserve or share premium account or other undistributable reserve in any way.

This is subject to any restrictions under the Companies Act.

## **9 Buying back shares**

**9.1** The Company can buy back, or agree to buy back in the future, any shares of any class (including redeemable shares), if the legislation allows this. However, if the Company has existing securities which are admitted to the official list maintained by the UK Listing Authority and are convertible into, exchangeable for, or carry a right to subscribe for other shares which are equity shares, then the Company can only buy back (or agree to buy back) equity shares of that class if:

- the terms of issue of the convertible securities allow the Company to buy back equity shares; or
- the terms of issue of the convertible securities say that the basis on which they convert can be adjusted if the Company buys back equity shares; or
- the buy-back or agreement to buy back has been approved by an Extraordinary Resolution passed by the holders of the convertible securities.

**9.2** The Company may not exercise any right in respect of treasury shares held by it, including any right to attend or vote at meetings, to participate in any offer by the Company to shareholders or to receive any distribution (including in a winding-up), but without prejudice to its right to sell treasury shares, to receive an allotment of shares as fully paid bonus shares in respect of treasury shares or to receive any amount payable on redemption of any redeemable treasury shares.

## **SHARES**

## **10 The special rights of new shares**

**10.1** If the Company issues new shares, the new shares can have any rights or restrictions attached to them. The rights can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. These rights and restrictions can apply to sharing in the Company's profits or assets. Other rights and restrictions can also apply, for example on the right to vote.

**10.2** The rights and restrictions referred to in Article 10.1 can be decided by an Ordinary Resolution passed by the shareholders. The Directors can also take these decisions if they do not conflict with any resolution passed by the shareholders.

**10.3** If the legislation allows this, the rights of any new shares can include rights for the holder and/or the Company to have them redeemed.

**10.4** The ability to attach particular rights and restrictions to new shares may be restricted by special rights previously given to holders of any existing shares.

## **11 The Directors' power to deal with shares**

The Directors can decide how to deal with any shares which have not been issued. The Directors can allot them on any terms, which can include the right to transfer the allotment to another person before any person has been entered on the Register. This is known as the right to **renounce** the allotment. The Directors can also grant options to give people a right to acquire shares in the future. Or the Directors can dispose of the shares in any other way. The Directors are free to decide who they deal with, when they deal with the shares, and the terms on which they deal. But they must obey:

- the provisions of the legislation relating to authority, pre-emption rights and other matters; and
- any resolution of a General Meeting which is passed under the legislation.

## **12 The Directors' authority to allot "relevant securities" and "equity securities"**

**12.1** This Article regulates the authority of the directors to allot relevant securities and their power to allot equity securities for cash and to sell treasury shares for cash.

**12.2** The directors are authorised, generally and without conditions, under Section 80 of the Companies Act 1985, to allot relevant securities. They are authorised to allot them for any prescribed period. The maximum amount of relevant securities which the directors can allot in each prescribed period is the **Section 80 Amount**.

**12.3** Under the directors' general authority in Article 12.2, they have the power to allot equity securities, entirely paid for in cash, and to sell treasury shares, entirely paid for in cash, in each case free of the restriction in Section 89(1) of the Companies Act. They have the power to allot equity securities and to sell treasury shares for any prescribed period. There is no maximum amount of equity securities or treasury shares which the directors can allot or sell when the allotment or the sale is in connection with a rights issue. In all other cases, the maximum amount of equity securities and treasury shares which the directors can allot or sell is the **Section 89 Amount**.

**12.4** During each prescribed period, the directors can make offers and enter into agreements which would, or might, require shares or other securities to be allotted or sold after those periods.

**12.5** For the purposes of this Article:

- **rights issue** means an offer of equity securities which is open for a period decided on by the directors to the people who are registered on a particular date (chosen by the Directors) as holders of:
  - Ordinary Shares (other than the Company), in proportion to their holdings of Ordinary Shares;
  - other classes of equity or non-equity securities which give them the right to receive the offer.

However, the directors can do the following things (and the issue will still be treated as a rights issue for the purpose of this Article if they do so):

- sell any fractions of equity securities to which people would be entitled and keep the net proceeds for the Company's benefit or make other appropriate *arrangements to deal with such fractions*;
- make the rights issue subject to any limits or restrictions which the directors think are necessary or appropriate to deal with legal or practical problems under the laws of any territory, or under the requirements of any recognised regulatory body, or stock exchange, in any territory; or
- treat a shareholder's holdings in certificated form and uncertificated form as separate shareholdings.

- **prescribed period** means a period of no more than five years fixed by the shareholders by passing a resolution at a General Meeting. The shareholders can, by passing further resolutions, renew or extend this period for periods of no more than five years each. Such resolutions can take the form of:
  - an ordinary resolution fixing a period under Article 12.2; or
  - a special resolution fixing a period under Article 12.3; or
  - a special resolution fixing identical periods under Article 12.2 and under Article 12.3; or
  - a special resolution fixing different periods under Article 12.2 and under Article 12.3.
- the Section 80 Amount for a prescribed period is that stated in a relevant resolution passed by the shareholders at a General Meeting;
- the Section 89 Amount for a prescribed period is that stated in a relevant special resolution; and
- in working out any maximum amounts of securities referred to in this Article, the nominal value of rights to subscribe for shares, or to convert any securities into shares, will be taken as the nominal value of the shares which would be allotted if the subscription or conversion takes place.

### **13 Power to pay commission and brokerage**

The Company can use all the powers given by the legislation to pay commission or brokerage (a special form of commission) to any person who:

- applies, or agrees to apply, for any new shares; or
- gets anybody else to apply, or agree to apply for, any new shares.

### **14 Renunciations of allotted but unissued shares**

Where a share has been allotted to a person but that person has not yet been entered on the Register, the Directors can recognise a transfer (called a **renunciation**) by that person of his right to the share in favour of some other person. The ability to renounce allotments only applies if the terms on which the share is allotted are consistent with renunciation. The Directors can impose terms and conditions regulating renunciation rights and can allow renunciation rights to be securities in uncertificated form in their own right.

### **15 No trusts or similar interests recognised**

**15.1** The Company will only be affected by, or recognise, a current and absolute right to whole shares. The fact that any share, or any part of a share, may not be owned outright by the registered owner is not of any concern to the Company, for example if a share is held on any kind of trust.

**15.2** The only exception to what is said in Article 15.1 is for any right:

- which is expressly given by these Articles; or
- which the Company has a legal duty to recognise.

## **SHARES IN UNCERTIFICATED FORM**

### **16 Holding shares in uncertificated form and effect of the CREST Regulations**

- 16.1** Subject to the Articles and so far as the law allows this, and apart from any class of wholly dematerialised security, the Directors can decide that any class of shares can be held in uncertificated form and that title to such shares can be transferred using a relevant system, or that shares of any class must cease to be held and transferred in uncertificated form.
- 16.2** These Articles do not apply to shares of any class which are held in uncertificated form to the extent that the Articles are inconsistent with:
- the holding of shares of that class in uncertificated form;
  - the transfer of title to shares of that class by means of a relevant system; or
  - any provision of the CREST Regulations.

## **SHARE CERTIFICATES**

### **17 Certificates**

- 17.1** When a shareholder is first registered as the holder of any class of shares in certificated form, he is entitled, free of charge, to one certificate for all the shares in certificated form of that class which he holds. If he holds shares of more than one class in certificated form, he is entitled to a separate share certificate for each class. But this does not apply if the legislation requires, or allows, the Company not to issue share certificates.
- 17.2** If a shareholder gets more shares in certificated form of any class he is entitled, without charge, to another certificate for the extra shares.
- 17.3** If a shareholder transfers part of his shares covered by a certificate, he is entitled, free of charge, to a new certificate for the balance if the balance is also held in certificated form. The old certificate will be cancelled.
- 17.4** The Company does not have to issue more than one certificate for any share in certificated form, even if that share is held jointly.
- 17.5** When the Company delivers a certificate to one joint holder of shares in certificated form, this is treated as delivery to all of the joint shareholders.
- 17.6** The Company can deliver a certificate to a broker or agent who is acting for a person who is buying the shares in certificated form, or who is having the shares transferred to him in certificated form.
- 17.7** The Directors can decide how share certificates are made effective. For example, they can be:
- signed by one or more Directors and the Secretary;
  - sealed with the Seal; or
  - printed, in any way, with a copy of the Seal or with a copy of the signature of one or more Directors and the Secretary. The copy can be made or produced mechanically, electronically or in any other way the Directors approve.

**17.8** A share certificate must state the number and class of shares to which it relates and the amount paid up on those shares. It cannot be for shares of more than one class.

**17.9** The time limit for the Company to provide a share certificate under this Article for shares in certificated form is:

- one month after the allotment of a new share (or any longer period provided by its terms of issue);
- five business days after a transfer of fully-paid shares is presented for registration; or
- two months after a transfer of partly-paid shares is presented for registration.

## **18 Replacement share certificates**

**18.1** If a shareholder has two or more share certificates for shares of the same class which are in certificated form, he can ask the Company for these to be cancelled and replaced by a single new certificate. The Company must comply with such request, without making a charge for doing so.

**18.2** A shareholder can ask the Company to cancel and replace a single share certificate with two or more certificates, for the same total number of shares. The Company may comply with such request.

**18.3** A shareholder can ask the Company for a new certificate if the original is:

- damaged or defaced; or
- said to be lost, stolen, or destroyed.

**18.4** If a certificate has been damaged or defaced, the Company can require the certificate to be delivered to it before issuing a replacement. If a certificate is said to be lost, stolen or destroyed, the Company can require satisfactory evidence, and an indemnity, before issuing a replacement.

**18.5** The Directors can require the shareholder to pay the Company's exceptional out of pocket expenses for issuing any share certificates under Article 18.3.

**18.6** Any one joint shareholder can request replacement certificates under this Article.

## **CALLS ON SHARES**

### **19 The Directors can make calls on shares**

The Directors can call on shareholders to pay any money which has not yet been paid to the Company for their shares but this is subject to the terms of allotment of those shares. *This includes both the nominal value of the shares and any premium which may apply.* They can also make calls on people who are automatically entitled to shares by law. If the terms of issue of the shares allow this, the Directors can:

- make calls as often, and whenever, they think fit;
- decide when and where the money is to be paid;
- decide that the money can be paid by instalments; or



- wholly or partly revoke or postpone any call.

A call is treated as having been made as soon as the Directors pass a resolution authorising it.

## **20 The liability for calls**

A member who has received at least 14 days' notice giving the amount called, the time or times and place for payment must pay the call as required by the notice. Joint shareholders are liable jointly and severally (which, in general terms, means together and separately) to pay any money called for.

## **21 Interest on unpaid calls**

If the person due to pay any money called for in this way does not pay it by the day that it is due, he is liable to pay interest on the money. This interest will run from the day the money is due until it has actually been paid. The yearly interest rate is that fixed by the Directors (subject to a maximum of 15 per cent.) but the Directors can decide not to charge any or all of this interest.

## **22 Sums which are payable when a share is allotted are treated as a call**

If the terms of a share require any money to be paid at the time the share is allotted, or at any fixed date, then this money will be treated in the same way as a valid call for money on shares which is due on the same date. If this money is not paid, everything in the Articles relating to non-payment of calls applies. This includes Articles which allow the Company to forfeit or sell shares and to claim interest.

## **23 Calls can be for different amounts**

On or before an issue of shares, the Directors can decide that shareholders can be called on to pay different amounts, or that they can be called on at different times.

## **24 Paying calls early**

The Directors can accept payment in advance of some or all of the money from a shareholder before he is called on to pay the money. The Directors can agree to pay interest on money paid in advance until it would otherwise be due to the Company at a rate fixed by the Directors.

# **FORFEITING SHARES AND LIENS OVER SHARES**

## **25 Notice following non-payment of a call**

Articles 25 to 35 apply if a shareholder fails to pay the whole amount of a call, or an instalment of a call, by the day that it is due. They also apply in the same way to a person who is automatically entitled to a share by law. The Directors can serve a notice on him any time after the date the call or its instalment is due, if the whole amount immediately due has not been paid.

## **26 Contents of the notice**

This notice must:

- demand payment of the amount immediately payable, plus any interest and any of the Company's expenses caused by the failure to pay;
- give a date by when the total referred to immediately above must be paid, but this must be at least seven days after the notice is served on the shareholder;
- say where the payment must be made; and
- say that if the full amount demanded is not paid by the time stated, and where stated, the Company can forfeit the shares on which the call or instalment was due.

## **27 Forfeiture if the notice is not complied with**

If the notice is not complied with, the shares that it relates to can be forfeited at any time while any amount (including interest and expenses) is still outstanding. This is done by the Directors passing a resolution stating that the shares have been forfeited. The Directors can accept the surrender of any share that would otherwise be forfeited. A surrendered share is treated in the same way as a forfeited share.

## **28 Forfeiture will include unpaid dividends**

All dividends which are due on the forfeited shares, but not yet paid, will also be forfeited.

## **29 Dealing with forfeited shares**

A share forfeited or surrendered under Article 27 belongs to the Company. The Directors can sell or dispose of any forfeited share on any terms, and in any way that they decide. This can be with, or without, a credit for any amount previously paid up for the share. It can be sold or disposed of to any person, including the previous shareholder, or the person who was previously automatically entitled by law to the share. The Directors can, if necessary, authorise any person to transfer a forfeited or surrendered share.

## **30 Cancelling forfeiture**

After a share has been forfeited, the Directors can cancel the forfeiture. But they can only do this before the share has been sold or disposed of. This can be on any terms that they decide.

## **31 The position of shareholders after forfeiture**

A shareholder loses all rights in connection with forfeited shares. If the shares are in certificated form, he must surrender any certificate for those shares to the Company for cancellation. A person is still liable to pay calls which had been made, but not paid, before the forfeiture of his shares. He must also pay interest on the unpaid amount, from the date of forfeiture or surrender until it is paid. The Directors can fix the rate of interest, but it must not be more than 15 per cent a year. The shareholder continues to be liable for all claims and demands which the Company could have made relating to the forfeited share. He is not entitled to any credit for the value of the share when it was forfeited or for money received by the Company under Article 29, unless the Directors decide to allow credit for all or any of that value.

### **32 The Company's lien on shares**

The Company has a lien on all partly-paid shares. This lien has priority over claims of others to the shares. This lien is for any money owed to the Company for the shares. The Directors can decide to give up any lien which has arisen. They can also decide to suspend any lien which would otherwise apply to particular shares.

### **33 Enforcing the lien by selling the shares**

If the Directors want to enforce the lien referred to in Article 32, they can sell some or all of the shares in any way they decide. The Directors can authorise someone to transfer the shares sold. But they cannot sell the shares until all of these conditions are met:

- the money owed by the shareholder must be immediately payable;
- the Directors must have given a written notice to the shareholder. This notice must say how much is due. It must also demand that this money is paid, and say that the shareholder's shares can be sold if the money is not paid;
- the notice just referred to must have been served on the shareholder, or on any person who is automatically entitled to the shares by law. This notice can be served in any way that the Directors decide; and
- the money has not been paid by at least 14 days after the notice has been served.

### **34 Using the proceeds of the sale**

If the Directors sell any shares under Article 33, the net proceeds will first be used to pay off the amount which is then payable to the Company. The Directors will pay any money left over to the former shareholder, or to any person who would otherwise be automatically entitled to the shares by law. But the Company's lien will also apply to any money left over, to cover any money still due to the Company which is not yet payable: the Company has the same rights over this money as it had over the shares immediately before they were sold. If the shares are in certificated form, the Company need not pay over anything left under this Article until the certificate representing the shares sold has been delivered to the Company for cancellation.

### **35 Evidence of forfeiture or sale**

A Director, or the Company Secretary, can make a statutory declaration which declares:

- that he is a Director or the Company Secretary of the Company;
- that a share has been properly surrendered, forfeited or sold to satisfy a lien of the Company; and
- when the share was surrendered, forfeited or sold.

This will be evidence of these facts which cannot be disputed. If this declaration is delivered to the new holder of a share, with any relevant transfer being made, this gives the new holder good title to the share. Nor does the new holder of the share need to take any steps to see how any money he may be paying for the share is used. The new shareholder's ownership of the share will not be affected if the steps taken to surrender or forfeit the share, or the sale or disposal of the share, were invalid or irregular, or if anything that should have been done was not done.

## CHANGING SHARE RIGHTS

### 36 Changing the special rights of shares

- 36.1** If the Company's share capital is split into different classes of share, and if the legislation allows this, the special rights which are attached to any of these classes can be varied or abrogated if this is approved by an Extraordinary Resolution. This must be passed at a separate meeting of the holders of the relevant class of shares. This is called a **class meeting**. Alternatively, the holders of at least three-quarters of the existing shares of the class (by nominal value) can give their consent in writing.
- 36.2** The special rights of a class of shares can be varied or abrogated while the Company is a going concern, or while the Company is being wound up, or if winding up is being considered.
- 36.3** All the Articles relating to General Meetings apply, with any necessary changes, to a class meeting, but with the following adjustments:
- At least two people who hold (or who act as proxies for) at least one third of the total nominal value of the existing shares of the class are a quorum. However, if this quorum is not present at an adjourned meeting, one person who holds shares of the class, or his proxy, is a quorum.
  - Anybody who is personally present, or who is represented by a proxy, can demand a poll.
  - On a poll, the holders of shares will have one vote for every share of the class which they hold.
- 36.4** This Article also applies to the variation or abrogation of special rights of shares forming part of a class. Each part of the class which is being treated differently is viewed as a separate class in operating this Article.

### 37 More about the special rights of shares

- 37.1** The special rights of existing shares are not regarded as varied:
- if new shares are created, or issued, which rank equally with, or after, any other existing shares in sharing in profits or assets of the Company; or
  - if the Company buys back or redeems its own shares.

But this does not apply if the terms of the existing shares expressly say otherwise.

## TRANSFERRING SHARES

### 38 Share transfers

- 38.1** Unless the Articles say otherwise, any shareholder can transfer some or all of his shares to another person.
- 38.2** Every transfer of shares in certificated form must be in writing, and either in the usual standard form, or in any other form approved by the Directors.

- 38.3** Transfers of uncertificated shares are, unless the CREST Regulations otherwise provide, carried out using a relevant system.

### **39 More about transfers of shares in certificated form**

- 39.1** The transfer form for shares in certificated form must be delivered to the office where the Register is kept. The transfer form must have with it:

- the share certificate for the shares to be transferred; and
- any other evidence which the Directors ask for to prove that the person wishing to make the transfer is entitled to do this.

- 39.2** However, if a transfer is by a recognised clearing house or its nominee or by a recognised investment exchange, a share certificate is only needed if a certificate has been issued for the shares in question.

- 39.3** A share transfer form must be signed, or made effective in some other way, by the person making the transfer. It need not be made effective by using a seal of that person.

- 39.4** A share transfer form must also be signed, or made effective in some other way, by the person the share is being transferred to, if the share is not a fully paid-up share. It need not be made effective by using a seal of that person.

- 39.5** The person making a transfer will be treated as continuing to be the shareholder until the name of the person to whom a share is being transferred is put on the Register for that share.

- 39.6** If the Company registers a transfer, it can keep the transfer form.

- 39.7** A transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.

- 39.8** No fee is payable to the Company for transferring shares or registering changes relating to the ownership of shares.

- 39.9** Transfers may not be in favour of more than four joint holders.

- 39.10** A transfer form must be properly stamped (for payment of stamp duty) where this is required.

### **40 The Company can refuse to register certain transfers**

- 40.1** The Directors can refuse to register a transfer of any shares in certificated form which are not fully paid-up. They do not have to give any reasons for refusing. But, if any of those shares have been admitted to the official list maintained by the UK Listing Authority, the Directors cannot refuse to register a transfer if this would stop dealings in the shares from taking place on an open and proper basis.

- 40.2** If the Directors decide not to register an allotment or transfer of a share, either under Article 40.1 or, because it does not comply with any of the requirements in Article 39, they must notify the person to whom such share was to be allotted or transferred. This must be done no later than two months after the Company receives:

- the letter of allotment or transfer (in the case of a share in certificated form); or

- the instruction from the operator of the relevant system (in the case of a share in uncertificated form).

#### **41 Closing the Register**

The Directors can decide to suspend the registration of transfers by closing the Register. This can be for part of a day, a day, or more than a day. Suspension periods can vary between different classes of shares. But the Register cannot be closed for more than 30 days a year. In the case of shares in uncertificated form, the Register must not be closed *without the consent of the operator of a relevant system*.

#### **42 Overseas branch registers**

The Company can use all the powers that the legislation gives to keep an overseas branch register. The Directors can make and change any regulations they decide on relating to this register, as long as the legislation allows this.

### **PERSONS AUTOMATICALLY ENTITLED TO SHARES BY LAW**

#### **43 When a shareholder dies**

**43.1** When a sole shareholder dies (or a shareholder who is the last survivor of joint shareholders dies), *his legal personal representatives will be the only people who the Company will recognise as being entitled to his shares.*

**43.2** If a shareholder who is a joint shareholder dies, the remaining joint shareholder or shareholders will be the only people who the Company will recognise as being entitled to his shares.

**43.3** But this Article does not discharge the estate of any shareholder from any liability.

#### **44 Registering personal representatives and so on**

A person who becomes automatically entitled to a share by law can either be registered as the shareholder, or can select some other person to have the share transferred to. The person who is automatically entitled by law must provide any evidence of his entitlement which is reasonably required by the Directors.

#### **45 A person who wants to be registered must give notice**

If a person who is automatically entitled to shares by law wants to be registered as a shareholder, he must deliver or send a notice to the Company saying that he has made this decision. He must sign this notice, and it must be in the form which the Directors require. This notice will be treated as a transfer form. All of the provisions of these Articles about registering transfers of shares apply to it. The Directors have the same power to refuse to register the automatically entitled person as they would have had in deciding whether to register a transfer by the person who was previously entitled to the shares.

#### **46 Having another person registered**

If a person who is automatically entitled to a share by law wants the share to be transferred to another person, he must do this:

- for a share in certificated form by signing a transfer form to the person he has selected; and
- for a share in uncertificated form by a transfer using a relevant system.

The Directors have the same power to refuse to register the person selected as they would have had in deciding whether to register a transfer by the person who was previously entitled to the shares.

## **47 The rights of people automatically entitled to shares by law**

**47.1** A person who is automatically entitled to a share by law is entitled to any dividends or other money relating to the share, even though he is not registered as the holder of that share. But the Directors can withhold the dividend and other money until a person who is automatically entitled by law provides any evidence of his entitlement which is reasonably required by the Directors. They can also withhold the dividend or other moneys if the person who was previously entitled to the share could have had his dividend or such other moneys withheld.

**47.2** Unless he is registered as the holder of the share the person automatically entitled to a share by law is not entitled:

- to receive notices of meetings of shareholders, or to attend or vote at these meetings;
- to any of the other rights and benefits of being a shareholder;

unless the Directors decide to allow this.

## **SHAREHOLDERS WHO CANNOT BE TRACED**

### **48 Shareholders who cannot be traced**

**48.1** The Company can sell any shares at the best price reasonably obtainable if:

- during the 12 years before the earliest of the advertisements referred to in the next point, at least three dividends have been paid and none have been claimed in respect of those shares;
- after this 12-year period, the Company announces that it intends to sell the shares by placing an advertisement in a national newspaper and in a newspaper appearing in the area which includes the address held by the Company for serving notices relating to the shares;
- during this 12-year period, and for three months after the advertisements appear, the Company has not heard from the shareholder or any person who is automatically entitled to the shares by law; and
- the Company has notified the London Stock Exchange that it intends to sell the shares, if the shares are listed there.

**48.2** To sell any shares in this way, the Company can authorise any person to transfer the shares. This transfer will be just as effective as if it had been made by the registered holder of the shares, or by a person who is automatically entitled to the shares by law. The

ownership of the person to whom the shares are transferred will not be affected even if the sale is irregular or invalid in any way.

- 48.3** The net sale proceeds belong to the Company until claimed under this Article, but it must pay these to the shareholder who could not be traced, or to the person who is automatically entitled to his shares by law, if that shareholder, or that other person, asks for it.
- 48.4** The Company must record the name of that shareholder, or the person who was automatically entitled to the shares by law, as a creditor for this money in its accounts. The money is not held on trust, and no interest is payable on the money. The Company can keep any money which it has earned by using the net sale proceeds. The Company can use the money for its business, or it can invest the money in any way that the Directors decide. But the money cannot be invested in the Company's shares, or in the shares of any holding company of the Company.
- 48.5** In the case of uncertificated shares, this Article is subject to any restrictions which apply under the CREST Regulations.

## **GENERAL MEETINGS**

### **49 The Annual General Meeting**

Within 18 months following incorporation of the Company and thereafter in each year the Company must hold an Annual General Meeting, in addition to any other General Meetings which are held in the year. The notice calling the meeting must say that the meeting is the Annual General Meeting. There must not be a gap of more than 15 months between one Annual General Meeting and the next. The Directors will decide when and where to hold the Annual General Meeting.

### **50 Extraordinary General Meetings**

*If a General Meeting is not an Annual General Meeting, it is called an Extraordinary General Meeting.*

### **51 Calling an Extraordinary General Meeting**

The Directors can decide to call an Extraordinary General Meeting at any time. Extraordinary Meetings must also be called promptly in response to a requisition under the legislation.

### **52 Notice of meetings**

- 52.1** At least 21 clear days' notice in writing must be given for every Annual General Meeting and for any other meeting where it is proposed to pass a Special Resolution or to pass on some other resolution of which "special notice" under the Companies Act has been given to the Company. For every other General Meeting at least 14 clear days' notice in writing must be given. However a shorter period of notice can be given:

- for an Annual General Meeting, if all the members who can attend and vote agree;  
or



- for an Extraordinary General Meeting, if a majority of the members agree and those members hold at least 95 per cent by nominal value of the shares which can be voted at the meeting.

**52.2** Any notice of meeting must:

- say *where the meeting is to be held*;
- give the date and time of the meeting;
- give the general nature of the business of the meeting;
- say if any resolution will be proposed as a Special Resolution or Extraordinary Resolution; and
- say that a shareholder who can attend and vote can appoint one or more proxies (who need not be shareholders) to attend instead of him and to vote for him on a poll.

**52.3** Notices of meetings must be given to the shareholders, unless the Articles or the rights of the shares say they are not entitled to receive them from the Company. Notice must also be given to the Company's Auditors. The day when the notice is served (see Article 142), or is treated as served, and the day of the meeting do not count towards the period of notice. However, the Company can decide that only people who are entered on the Register at the close of business on a particular day are entitled to receive such a notice. That day shall be a day chosen by the Company and falling not more than 21 days before the notice is sent.

**52.4** If the Company cannot effectively call a General Meeting by sending notices through the post or by electronic mail, because the postal service or electronic mail system is suspended or restricted in the United Kingdom, the Directors can call the meeting by publishing a notice in at least one United Kingdom national newspaper. Notice published in this way will be treated as being properly served on shareholders who are entitled to receive it on the day when the advertisement first appears. If it becomes generally possible to use the postal service or electronic mail system again more than seven days before the meeting, the Company must send confirmation of the notice through the post or by electronic mail.

**53 A General Meeting can be moved at short notice**

If the Directors consider that it is impractical, or unreasonable, to hold a General Meeting at the place stated in the notice calling the meeting, they can move or postpone the meeting, or do both of these things. If the Directors do this, an announcement of the date, time and place of the rearranged meeting will, if practical, be published in at least two United Kingdom national newspapers. Notice of the business of the meeting does not need to be given again. The Directors must take reasonable steps to ensure that any shareholder trying to attend the meeting at the original time and place is informed of the new arrangements. If a meeting is rearranged in this way, proxy forms can be delivered, in the way required by Article 74, until 48 hours before the rearranged meeting. The Directors can also move or postpone the rearranged meeting, or both, under this Article.

## PROCEEDINGS AT GENERAL MEETINGS

### 54 The Chairman of a Meeting

- 54.1** The Chairman of the Directors will be the chairman at every General Meeting, if he is willing and able to take the chair.
- 54.2** If the Company does not have a Chairman, or if the Chairman is not present, willing and able to chair the meeting, a Deputy Chairman will chair the meeting if he is present, willing and able to take the chair.
- 54.3** If the Company does not have a Chairman or a Deputy Chairman, or if neither the Chairman or any Deputy Chairman are present, willing and able to chair the meeting, after waiting five minutes from the time that a meeting is due to start, the Directors who are present will choose one of themselves to act as chairman. If there is only one Director present, he will be chairman, if he agrees.
- 54.4** If there is no Director present, willing and able to be chairman, then the shareholders who are personally present at the meeting and entitled to vote will decide which one of them is to be chairman.
- 54.5** To avoid any doubt, nothing in the Articles restricts or excludes any of the powers or rights of a chairman of a meeting which are given by law.

### 55 Security, and other arrangements at General Meetings

Either the chairman of a meeting, or the Company Secretary, can take any action he considers appropriate for:

- the safety of people attending a General Meeting;
- proper and orderly conduct at a General Meeting; or
- the meeting to reflect the wishes of the majority.

### 56 Overflow meeting rooms

The Directors can arrange for any people who they consider cannot be seated in the main meeting room, where the chairman will be, to attend and take part in a General Meeting in an overflow room or rooms. Any overflow room will have a live video link from the main room, and a two-way sound link. The video and sound link must enable those in all the rooms to see and hear what is going on in the other rooms. The notice of the meeting does not have to give details of any arrangements under this Article. The Directors can decide on how to divide people between the main room and any overflow room. If any overflow room is used, the meeting will be treated as being held, and taking place, in the main room.

### 57 The quorum needed for meetings

Before a General Meeting starts to do business, there must be a quorum present. If there is not, the meeting cannot carry out any business. Unless the Articles say otherwise, a quorum for all purposes is two people who are entitled to vote. They can be personally present or proxies for shareholders or a combination of shareholders and proxies.

## **58 The procedure if there is no quorum**

This Article applies if a quorum is not present within five minutes of the time fixed for a General Meeting to start or within any longer period which the chairman may decide on or if any time during the meeting a quorum ceases to be present. If the meeting was called by shareholders it is dissolved. Any other meeting is adjourned to any day, time and place stated in the notice of meeting. If the notice does not provide for this, the meeting is adjourned to a day, time and place decided on by the chairman.

## **59 Adjourning meetings**

**59.1** *The chairman of a meeting can adjourn the meeting, before or after it has started, and whether or not a quorum is present, if he considers that:*

- there is not enough room for the number of shareholders who wish to attend the meeting;
- the behaviour of the people present prevents, or is likely to prevent, the business of the meeting being carried out in an orderly way; or
- an adjournment is necessary for any other reason, so that the business of the meeting can be properly carried out.

The chairman does not need the consent of the meeting to adjourn it for any of these reasons to a time, date and place which he proposes. This includes an indefinite adjournment. The adjournment will be to another time, which may be later on the same day as the meeting, and can be to another place. The chairman will decide on these matters.

**59.2** The chairman of a meeting can also adjourn a meeting which has a quorum present, if this is agreed by the meeting. This can be to a time, date and place proposed by the chairman. It includes an indefinite adjournment. The chairman must adjourn the meeting if the meeting directs him to. In these circumstances the meeting will decide how long the adjournment will be, and where it will adjourn to. If a meeting is adjourned indefinitely, the Directors will fix the time, date and place of the adjourned meeting.

**59.3** Meetings can be adjourned more than once. But if a meeting is adjourned for at least 30 days or indefinitely, at least seven days' notice must be given for the adjourned meeting in the same way as was required for the original meeting. If a meeting is adjourned for less than 30 days, there is no need to give notice about the adjourned meeting, or about the business to be considered there.

**59.4** A reconvened meeting can only deal with business that could have been dealt with at the meeting which was adjourned.

## **60 Amending resolutions**

**60.1** Amendments can be proposed to any resolution if they are only clerical amendments, or amendments to correct some other obvious error in the resolution.

**60.2** No other amendments can be proposed to any Special or Extraordinary Resolution.

**60.3** If the chairman, acting in good faith, rules an amendment out of order, any error in that ruling will not affect the validity of a vote on the original resolution.

## VOTING PROCEDURES

### 61 How votes are taken

**61.1** If a resolution is put to the vote at a General Meeting, it will be decided by a show of hands unless a poll is demanded either (i) before a resolution is put to the vote on a show of hands, or (ii) before or at the time the result of the show of hands is declared by the chairman. A poll can be demanded by:

- the chairman of the meeting;
- at least three shareholders at the meeting who are entitled to vote (including proxies of shareholders entitled to vote);
- one or more shareholders at the meeting who are entitled to vote and who have, between them, at least 10 per cent of the total votes of all shareholders who have the right to vote at the meeting (including proxies for shareholders entitled to vote); or
- one or more shareholders who have shares which allow them to vote at the meeting, where the total amount which has been paid up on these shares is at least 10 per cent of the total sum paid up on all shares which give the right to vote at the meeting (including proxies for shareholders entitled to vote).

**61.2** A proxy form gives the proxy the authority to demand a poll, or to join others in demanding one. A demand for a poll made by a proxy for a shareholder is treated in the same way as a demand by the shareholder himself.

**61.3** A demand for a poll can be withdrawn if the chairman agrees to this. If a poll is demanded, and this demand is then withdrawn, any declaration by the chairman of the result of a vote on that resolution by a show of hands, which was made before the poll was demanded, will stand.

### 62 How a poll is taken

**62.1** If a poll is demanded in the way allowed by the Articles, the chairman of the meeting decides where, when and how it will be carried out. The result is treated as the decision of the meeting where the poll was demanded, even if the poll is carried out after the meeting.

**62.2** The chairman can:

- decide that a ballot or voting papers or tickets will be used;
- appoint one or more scrutineers (who need not be shareholders);
- adjourn the meeting to a day, time and place which he decides on for the result of the poll to be declared.

**62.3** If the meeting directs him to, the chairman must appoint a scrutineer.

**62.4** If a poll is called, a shareholder can vote either personally or by his proxy. If a shareholder votes on a poll, he does not have to use all of his votes; nor does he have to cast all his votes in the same way. If a shareholder has not given his proxy instructions on how to vote on any matter voted on at a meeting on which a proxy is entitled to vote, his proxy may choose how he votes or may abstain from voting.

**63 Where there cannot be a poll**

A poll is not allowed on a vote to elect a chairman of a meeting. Nor is a poll allowed on a vote to adjourn a meeting, unless demanded by the chairman of the meeting.

**64 A meeting continues after a poll is demanded**

A demand for a poll on a particular matter does not stop a meeting from continuing and dealing with other matters. But once all these matters have been dealt with, the meeting is treated as having ended immediately after the poll has been taken, even though the result of the poll is to be worked out and announced later.

**65 Timing of a poll**

A poll on a resolution to adjourn the meeting must be taken immediately at the meeting. Any other poll can either be taken immediately at the meeting or within 30 days and at a time and place decided on by the chairman. No notice is required for a poll which is not taken immediately.

**66 The chairman's casting vote**

If the votes are equal, either on a show of hands or a poll, the chairman of the meeting is entitled to a further, casting vote. This is in addition to any other votes which he may have as a shareholder, or as a proxy.

**67 The effect of a declaration by the chairman**

The following applies when there is a vote by a show of hands, and no poll is demanded, or any demand for a poll is withdrawn. Any of the following declarations by the chairman of the meeting which is entered in the minute book is conclusive proof that:

- a resolution has been carried;
- a resolution has been carried unanimously;
- a resolution has been carried by a particular majority;
- a resolution has been lost; or
- a resolution has been lost by a particular majority.

There is no need to prove the number, or proportion, of votes recorded for or against a resolution.

## **VOTING RIGHTS**

**68 The votes of shareholders**

- 68.1** When a shareholder is entitled to attend a meeting and vote, he has only one vote on a show of hands. A proxy cannot vote on a show of hands. Where there is a poll, a shareholder who is present in person or by proxy and who is entitled to be present and to vote has one vote for every share which he holds. This is subject to any special rights or restrictions which are given to any class of shares by, or in accordance with, the Articles.

- 68.2** To decide who can attend or vote at a meeting and how many votes can be cast, the notice of the meeting can give a time by which people must be entered on the Register in order to be entitled to attend or vote at the meeting. This time must be not more than 48 hours before the time fixed for the meeting.

**69 Shareholders who owe money to the Company**

Unless the Articles say otherwise, the only people who can attend or vote at General Meetings are shareholders who have paid the Company all calls, and all other sums, relating to their shares which are due at the time of the meeting. This applies both to attending a meeting personally and to appointing a proxy.

**70 Failure to comply with a notice under Section 212 of the Companies Act**

- 70.1** This Article applies if any shareholder, or any person appearing to be interested in shares held by that holder, has been properly served with a notice under Section 212 of the Companies Act, requiring information about interests in shares, and has failed for a period of 14 days to supply to the Company the information required by that notice. Then (unless the Directors otherwise decide) the shareholder is not (for so long as the failure continues) entitled to attend or vote either personally or by proxy at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings as holder of:

- the shares in relation to which the default occurred (called **default shares**);
- *any further shares which are issued in respect of default shares; and*
- any other shares held by the shareholder holding the default shares.

- 70.2** Any person who acquires shares subject to restrictions under Article 70.1 is subject to the same restrictions, unless:

- the transfer was an approved transfer (see Article 70.9);
- the transfer was by a shareholder who was not himself in default in supplying the information required by the notice under Article 70.1, the transfer is of part only of his holding, and a certificate in accordance with Article 70.3 is provided.

- 70.3** Where the default shares represent 0.25 per cent or more of the existing shares of a class, the Directors can in their absolute discretion by notice (a **direction notice**) to the shareholder direct that:

- any dividend or part of a dividend or other money which would otherwise be payable on the default shares shall be retained by the Company (without any liability to pay interest when that dividend or money is finally paid to the shareholder); and/or
- the shareholder will not be entitled to elect to receive shares in place of dividends withheld; and/or
- no transfer of any of the shares held by the shareholder will be registered unless:
  - either the transfer is an approved transfer (see Article 70.9);
  - or the shareholder is not himself in default as regards supplying the information required; and (in this case)

- the transfer is of part only of his holding; and
- when presented for registration, the transfer is accompanied by a certificate by the shareholder. This certificate must be in a form satisfactory to the Directors and state that after due and careful enquiry the shareholder is satisfied that none of the shares included in the transfer are default shares.

**70.4** Any direction notice can treat shares of a shareholder in certificated and uncertificated form as separate shareholdings and either apply only to shares in certificated form or to shares in uncertificated form or apply differently to shares in certificated and uncertificated form. In the case of shares in uncertificated form the Directors can only use their discretion to prevent a transfer if this is allowed by the CREST Regulations.

**70.5** The Company must send a copy of the direction notice to each other person who appears to be interested in the shares covered by the notice, but if it fails to do so, this does not invalidate the direction notice.

**70.6** A direction notice has the effect which it states while the default resulting in the notice continues. It then ceases to apply when the Directors decide (which they must do within one week of the default being cured). The Company must give the shareholder immediate written notice of the Directors' decision.

**70.7** A direction notice also ceases to apply to any shares which are transferred by a shareholder in a transfer which would be allowed under Article 70.3 even where a direction notice restricts transfers.

**70.8** For the purposes of this Article a person is treated as appearing to be interested in any shares if the shareholder holding those shares has been served with a notice under Section 212 of the Companies Act and:

- the shareholder has named that person as being so interested; or
- (after taking into account the response of the shareholder to the notice and any other relevant information) the Company knows or reasonably believes that the person in question is or may be interested in the shares.

**70.9** For the purposes of this Article a transfer of shares is an **approved transfer** if:

- it is a transfer of shares to an offeror under an acceptance of a takeover offer (as defined in Section 428 of the Companies Act); or
- the Directors are satisfied that the transfer is made pursuant to a sale in good faith of the whole of the beneficial ownership of the shares to a person who is not connected with the shareholder or with any person who appears to be interested in the shares. This includes such a sale made through a recognised investment exchange or a stock exchange outside the United Kingdom on which the Company's shares are normally traded. For this purpose any associate is included amongst the people who are connected with the shareholder or any person appearing to be interested in the shares. The definition of **associate** in Section 435 of the Insolvency Act 1986 applies to this article 70.9.

**70.10** This Article does not restrict in any way the provisions of the Companies Act which apply to failures to comply with notices under Section 212 of that Act.

## **71 Votes of shareholders who are of unsound mind**

This Article applies where:

- a shareholder is of unsound mind; and
- a court which claims jurisdiction to protect people who are unable to manage their own affairs has made an order about the shareholder.

If the Directors, in their absolute discretion, permit, the person or people appointed to act for the shareholder can vote for the shareholder and exercise other rights of the shareholder relating to General Meetings. This includes appointing a proxy, voting on a show of hands, and voting on a poll. However, it only applies if any evidence which the Directors may require of their authority to do these things is provided to the Directors.

## **72 The votes of joint holders**

This Article applies to a share held by joint shareholders. If more than one of the joint shareholders votes, the only vote which will count is the vote of the first voter listed on the Register for the share.

## **73 Completing proxy forms**

- 73.1** A proxy form can be in any form which is commonly used, or in any other form which the Directors approve.
- 73.2** A proxy form must be in writing. A proxy form given by an individual must be signed by the shareholder appointing the proxy, or by an attorney who has been properly appointed in writing. If a proxy is appointed by a company, the form should be sealed with the company's seal or signed by an officer or an attorney who is authorised to act on behalf of the company. Signatures need not be witnessed.
- 73.3** The Directors can decide to accept proxies delivered by electronic communication, subject to compliance with Article 145 and to any limitations, restrictions or conditions they decide to apply. Article 73.2 does not apply to a proxy delivered in this way.
- 73.4** A proxy need not be a shareholder.

## **74 Delivering proxy forms**

- 74.1** A proxy form must be delivered to the place stated in the notice of meeting, or in the proxy form, or, if no place is stated, to the office where the Register is kept or, if the Directors decide to accept proxies by electronic communication, in the way that they specify. It must be delivered at least:
- 48 hours before a meeting, or an adjourned meeting; or
  - 48 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting.
- 74.2** If a proxy form is signed by an attorney, the power of attorney or other authority relied on to sign it, or a duly certified copy must be delivered with the proxy form, unless the power of attorney has already been registered with the Company.
- 74.3** If Article 74 is not complied with, the proxy will not be able to act for the person who appointed him.



- 74.4** A proxy form will also be valid for any adjournment of the meeting it relates to unless it states otherwise. If a proxy form which relates to several meetings has been properly delivered for one meeting, or adjourned meeting, it does not need to be delivered again for any later meeting which the proxy form covers.
- 74.5** The Directors may allow a proxy for a holder of any shares in uncertificated form to be appointed by electronic communication in the form of an uncertificated proxy instruction. The Directors may also allow any supplement to the uncertificated proxy instruction or any amendment or revocation of any uncertificated proxy instruction to be made by a further uncertificated proxy instruction.
- 74.6** The Directors may decide what method should be used to determine at what time the *instruction or notification is treated as being received by the Company*. The Directors may treat any notification or instruction purporting or expressed to be sent on behalf of a holder of a share in uncertificated form as sufficient evidence of the authority of the person sending the instruction to send it on behalf of that holder.
- 74.7** An **uncertificated proxy instruction** is a properly authenticated dematerialised instruction, and/or other instruction or notification, sent through a relevant system to a participant in that system chosen by the Directors to act for the Company. The uncertificated proxy instruction can be in any form, and subject to any terms and conditions, that the Directors decide are appropriate, but always subject to the facilities and requirements of the relevant system.

## **75 Revocation of proxies**

Any vote cast in the way a proxy form authorises, or any demand for a poll made by a proxy, will be valid even though:

- the person who appointed the proxy has died or is of unsound mind;
- the proxy form has been revoked; or
- the authority of the person who signed the proxy form for the shareholder has been revoked.

However, this does not apply if written notice of the fact has been received at the address specified by the Directors pursuant to Article 74 (subject to any conditions attached to the use of a particular address imposed under that Article) or, if no address was specified, at the office where the Register is kept at least one hour before:

- the meeting or adjourned meeting starts; or
- the time fixed on a later day to take a poll,

when the proxy form is to be used.

## **76 Proxies speaking at meetings**

A proxy cannot speak at a meeting (except to demand a poll) without the permission of the chairman.

## **77 Representatives of companies**

- 77.1** A company which is a shareholder can authorise any person to act as its representative at any meeting. This person is called a **company representative**. The directors of that company must pass a resolution to appoint the company representative. If the governing body of that company is not a board of directors, the resolution can be passed by its governing body. A company representative can exercise all the powers on behalf of the company which the company could exercise if it were an individual shareholder present at the meeting in person. This includes the power to vote on a show of hands when the company representative is present in person at a meeting.
- 77.2** The Directors can require evidence of the authority of a company representative.
- 77.3** Any vote cast by a company representative, and any demand he makes for a poll, is valid even though he is, for any reason, no longer authorised to represent the company. However, this does not apply if written notice of the fact that he is no longer authorised has been received at the office where the Register is kept before the deadline which applies to notice of revocation of proxies under Article 75.

## **78 Challenging votes**

Any objection to the right of any person to vote must be made at the meeting (or adjourned meeting) at which the vote is cast. If a vote is not disallowed at a meeting, it is valid for all purposes. Any objection must be raised with the chairman of the meeting. His decision is final.

# **DIRECTORS**

## **79 The number of Directors**

There must be at least 3 Directors, and not more than 20. But the shareholders can vary this maximum and/or minimum by passing an Ordinary Resolution.

## **80 Qualification to be a Director**

A Director need not be a shareholder, but a Director who is not a shareholder can still attend and speak at shareholders meetings.

## **81 Directors' fees and expenses**

- 81.1** The Directors can decide on the amount, timing and manner of payment of directors' fees, but the total of the fees paid to all of the Directors (excluding amounts paid as special pay under Article 82 and amounts paid as expenses under Article 83) must not exceed:
- £750,000 a year; or
  - any sum decided on by an Ordinary Resolution at a General Meeting.
- 81.2** Unless an Ordinary Resolution is passed saying otherwise, the fees will be divided between some or all of the Directors in the way that they decide. If they fail to decide, the fees will be shared equally by the Directors, except that any Director holding office as a Director for only part of the period covered by the fee is only entitled to a pro rata share covering that part of the period.

## **82 Special pay**

**82.1** The Directors can award special pay to any Director who:

- holds any executive post;
- acts as Chairman or Deputy Chairman;
- serves on any committee of the Directors; or
- performs any other services which the Directors consider to extend beyond the ordinary duties of a Director.

**82.2** Special pay can take the form of salary, commission or other benefits or can be paid in some other way. This is decided on by the Directors. Such special pay can be either in addition to or instead of any other fees, expenses and other benefits the Director may be entitled to receive.

## **83 Directors' expenses**

The Directors can also repay to a Director all reasonable expenses incurred:

- to attend and return from General Meetings;
- to attend and return from Directors' meetings;
- to attend and return from meetings of committees of the Directors; or
- in other ways in connection with the Company's business.

## **84 Directors' pensions and other benefits**

It is entirely for the Directors to decide whether to provide:

- pensions;
- annual payments;
- gratuities; or
- other allowances or benefits

to any people who are, or who were, Directors (or to any person in respect of such people). The Directors can also decide to contribute to any scheme or fund or to pay premiums to a third party for these purposes.

## **85 Appointing Directors to various posts**

**85.1** The Directors can appoint any Director as Chairman, or a Deputy Chairman, or to any executive position they decide on. So far as the legislation allows, they can decide on how long these appointments will be for, and on their terms. They can also vary or end these appointments.

**85.2** A Director will automatically stop being Chairman, Deputy Chairman, Managing Director, Deputy Managing Director, Joint Managing Director or Assistant Managing Director if he is no longer a Director. Other executive appointments will only stop if the contract or resolution appointing the Director to a post says so. If a Director's appointment ends

because of this Article, this does not prejudice any claim for breach of contract against the Company which may otherwise apply.

- 85.3** The Directors can give a Director appointed to an executive post any of the powers which they jointly have as Directors. These powers can be given on terms and conditions decided on by the Directors either in parallel with, or in place of, the powers of the Directors acting together. The Directors can change the basis on which these powers are given or withdraw them from the executive.

## **CHANGING DIRECTORS**

### **86 Age limits**

Provisions of the legislation which, read with these Articles, would restrict the appointment of a Director or require him to stop being a Director because he has reached a particular age do not apply to the Company. This includes restrictions and requirements involving special formalities once an age limit is reached.

### **87 Retiring Directors**

At each Annual General Meeting all those Directors who were elected or last re-elected at or before the Annual General Meeting held in the third calendar year before the current year shall retire.

### **88 Eligibility for re-election**

A retiring Director shall be eligible for re-election.

### **89 Re-electing a Director who is retiring**

- 89.1** At the General Meeting at which a Director retires the shareholders can pass an Ordinary Resolution to re-elect the Director or to elect some other eligible person in his place. If this Ordinary Resolution is not passed, the retiring Director is automatically re-elected unless:

- the meeting expressly resolves not to appoint a Director to fill the vacancy;
- the Director has told the Company in writing that he does not wish to be re-elected;
- the Ordinary Resolution is not passed because Article 90 is breached; or
- a resolution to re-appoint the Director is put to the meeting and not passed.

- 89.2** A Director retiring at a General Meeting retires at the end of that meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to re-appoint him as a Director is lost. Where a retiring Director is re-elected (or treated as re-elected under Article 89.1) he continues as a Director without a break.

### **90 Election of two or more Directors**

A single resolution for the election of two or more Directors is void unless the putting of the resolution in this form has first been agreed to by the meeting without any vote being given against it.

## **91 People who can be Directors**

Only the following people can be elected as Directors at a General Meeting:

A Director who is retiring at the meeting.

A person who is recommended by the Directors.

A person who has been proposed in the following way. A shareholder who is entitled to attend and vote at the meeting (other than the proposed Director) must deliver a written notice to the Registered Office, signed by him, saying that he intends to propose the person for election. This notice must be delivered at least seven days before the meeting, but not more than 42 days before. (This period includes the date on which the notice is given.) The person to be proposed must confirm in writing that he is willing to be elected, and his confirmation must be signed by him and included with the notice.

## **92 The power to fill vacancies and appoint extra Directors**

**92.1** The Directors can appoint any person as an extra director, or as a replacement for another Director. Any Director appointed in this way automatically retires at the first Annual General Meeting after his appointment. At this Annual General Meeting he can be elected by the shareholders as a Director.

**92.2** At a General Meeting the shareholders can also pass an Ordinary Resolution to fill a vacancy where a Director has ceased to be a Director in some other way, or to appoint an extra Director.

**92.3** Extra Directors can only be appointed under this Article within the limit on the total number of Directors under Article 79.

## **93 Removing and appointing Directors by an Ordinary Resolution**

**93.1** The shareholders can pass an Ordinary Resolution to remove a Director, even though his time in office has not ended. This applies despite anything else said in the Articles, or in *any agreement between the Company and any Director*. *Special Notice of the resolution* must be given to the Company as required by the legislation. But if a Director is removed in this way, it will not affect any claim which he may have for damages for breach of any contract of service he may have.

**93.2** The shareholders can pass an Ordinary Resolution to appoint a person to replace a Director who has been removed in this way. If no Director is appointed under this Article, the vacancy can be filled under Article 92.

**93.3** Any person appointed under Article 93.2 will be treated, for the purpose of determining the time at which he or any other director is to retire, as if he had become a director on the day on which the director he replaced was last elected.

## **94 When Directors are disqualified**

Any Director automatically ceases to be a Director in any of the following circumstances:

- If a bankruptcy order is made against him.

- If he makes any arrangement or composition with his creditors or applies for an interim order under Section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act.
- If he becomes of unsound mind and a court which claims jurisdiction to protect people who are unable to manage their own affairs has made an order about the Director.
- If he has missed Directors' meetings for a continuous period of six months, without permission from the Directors, and the Directors pass a resolution stating that he has ceased to be a Director.
- If he is prohibited from being a Director under the legislation.
- If he gives the Company a letter of resignation.
- If all the other Directors pass a resolution, or sign a notice, requiring the Director to resign. He will cease to be a Director when the notice is served on him. But if a Director is removed in this way this is an act of the Company which does not affect any claim for damages for breach of any contract of service which he may have.

## **DIRECTORS' MEETINGS**

### **95 Directors' meetings**

The Directors can decide when and where to have meetings and how they shall be conducted, and on the quorum. They can also adjourn their meetings.

### **96 Who can call Directors' meetings**

A meeting can be called by any Director. The Company Secretary must also call a meeting if a Director asks him to.

### **97 How Directors' meetings are called**

Meetings are called by serving a notice on all the Directors. But a Director who is out of the United Kingdom is not entitled to be given notice of any Directors' meeting. This notice may be given to a director personally, by word of mouth or by notice in writing (sent to him at his last known postal address, electronic address or fax number). Any Director can waive notice of any meeting, including one which has already taken place.

### **98 Quorum**

The quorum can be fixed by the Directors from time to time. If no other quorum is fixed by the Directors, two Directors are a quorum. A meeting at which a quorum is present can exercise all the powers and discretions of the Directors.

### **99 The chairman of Directors' meetings**

- 99.1** The Directors can elect any Director as Chairman or as one or more Deputy Chairmen for such periods as the Directors decide. If the Chairman is at a meeting, he will chair it. In his absence, the chair will be taken by a Deputy Chairman, if one is present and willing. If more than one Deputy Chairman is present and willing, the most senior Deputy Chairman

will take the chair, unless the Directors decide otherwise. If there is no Chairman or Deputy Chairman present and willing within five minutes of the time when the meeting is due to start, the Directors who are present can choose which one of them will be the chairman of the meeting.

- 99.2** The seniority of a Deputy Chairman is decided according to the date of his appointment or on any other basis decided on by the Directors.

#### **100 Voting at Directors' meetings**

Matters for decision which arise at a Directors' meeting will be decided by a majority vote. If votes are equal, the chairman of the meeting has a second, casting vote.

#### **101 Directors can act even if there are vacancies**

The remaining Directors can continue to act even if one or more of them ceases to be a Director. But if the number of Directors falls below the minimum which applies under Article 79 (including any variation of that minimum approved by an Ordinary Resolution of shareholders), the remaining Director(s) can:

- either appoint further Directors to make up the shortfall; or
- convene a General Meeting for the sole purpose of appointing extra Directors

but not for any other purpose. If no Director or Directors are willing or able to act under this Article, any two shareholders can call a General Meeting to appoint extra Directors.

#### **102 Video conference and telephone meetings**

Any or all of the Directors, or members of a committee, can take part in a meeting of the Directors or of a committee:

- by way of a video conference or conference telephone, or similar equipment, *designed to allow everybody to take part in the meeting*; or
- by a series of video conferences or telephone calls from the chairman of the meeting.

Taking part in this way will be counted as being present at the meeting. A meeting which takes place by a series of video conferences or telephone calls will be treated as taking place where most of the participants are. Otherwise, meetings will be treated as taking place where the meeting decides.

#### **103 Resolutions in writing**

This Article applies to a written resolution which is signed by all of the Directors who are in the United Kingdom at the time and who would be entitled to vote on the resolution at a Directors' meeting and who together meet the quorum requirement for Directors' meetings. This kind of resolution is just as valid and effective as a resolution passed by those Directors at a meeting which is properly called and held. The resolution can be passed using several copies of a document, if each document is signed by one or more Directors. These copies can be fax copies.

#### **104 The validity of Directors' actions**

Everything which is done by any Directors' meeting, or by a committee of the Directors, or by a person acting as a Director, or as a member of a committee, will be valid in favour of anyone dealing with the Company in good faith even though it is discovered later that any Director, or person acting as a Director, was not properly appointed. This also applies if it is discovered later that anyone was disqualified from being a Director, or had ceased to be a Director, or was not entitled to vote. In any of these cases in favour of anyone dealing with the Company in good faith anything done will be as valid as if there was no defect or irregularity of the kind referred to in this Article.

### **DIRECTORS' INTERESTS**

#### **105 Directors' interests in transactions with the Company**

**105.1** If the legislation allows and he has disclosed the nature and extent of his interest to the Directors, a Director can:

- have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving the Company or in which the Company has an interest;
- have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving another company in which the Company has some interest;
- alone (or through some firm with which he is associated) do paid professional work for the Company (other than as Auditor).

**105.2** A Director does not have to hand over to the Company any benefit he receives as a result of anything allowed under Article 105.1. No contract, transaction or arrangement allowed under Article 105.1 will be at risk of being avoided because of any such interest or benefit. Article 107 also applies for the purposes of this Article 105.

#### **106 When Directors can vote on things which they are interested in**

**106.1** Unless the Articles say otherwise, a Director cannot cast a vote at a Directors' meeting on any contract, arrangement or any other kind of proposal in which he has an interest, and which he knows is a material one. Interests purely as a result of an interest in the Company's shares, debentures or other securities are disregarded. A Director cannot be included in the quorum of a meeting in relation to any resolution he is not allowed to vote on. Article 107 applies for the purposes of this Article 106.

**106.2** But, if the legislation allows this, a Director can vote, and be counted in the quorum, on any resolution about any of the following things, as long as the only material interests he has in it are included in the following list:

- A resolution about giving any guarantee, security or indemnity for any money which he, or any other person, has lent at the request of, or for the benefit of the Company, or any of its subsidiaries;
- A resolution about giving any guarantee, security or indemnity for any liability which he, or any other person, has incurred at the request of, or for the benefit of, the Company, or any of its subsidiaries;



- A resolution about giving any guarantee, security or indemnity, to any other person for a debt or obligation which is owed by the Company, or any of its subsidiaries, to that other person, if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, indemnity or security;
- A resolution about any proposal relating to an offer of any shares, debentures or other securities, of or by the Company, or any of its subsidiaries, if the Director is or may be entitled to take part as a holder of shares, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
- A resolution about any proposal involving any other company if the Director (together with any person connected with the Director under section 346 of the Companies Act), has a direct or indirect interest of any kind (including an interest by holding any position in that company, or by being a shareholder of that company). But this does not apply if he knows that he, and any people connected with him, hold an interest in shares (as defined for sections 198 to 211 of the Companies Act) representing 1 per cent or more of:
  - any class of equity share capital in that company; or
  - the voting rights in that company.

Any of these interests of 1 per cent or more are treated for the purposes of this Article as being material interests;

- A resolution about any proposal relating to any indemnities in favour of a Director or the funding of expenditure by one or more Directors on defending proceedings against him or them or doing anything to enable such Director to avoid incurring such expenditure;
- Any arrangement for the benefit of employees of the Company, or any of its subsidiaries, which only gives him benefits which are also generally given to the employees to whom the arrangement relates; or
- A resolution about any proposal relating to any insurance which the Company proposes to maintain or buy for the benefit of Directors, or of a group of people which includes Directors.

**106.3** This Article applies if the Directors are considering proposals about appointing two or more Directors to positions with the Company or any company in which the Company is interested. It also applies if the Directors are considering setting or changing the terms of any such appointment. These proposals can be split up to deal with each Director separately. If this is done, each Director can vote and be included in the quorum for each resolution, *except the one concerning him. But he cannot vote if the resolution relates to a company which the Company is interested in if he has an interest of 1 per cent or more in that company in the way described in Article 106.2.*

**106.4** If any question comes up at a meeting about whether a Director has a material interest, or whether he can vote, and the Director does not agree to abstain from voting on the issue, the question must be referred to the chairman of the meeting. The chairman's ruling about any other Director is final and conclusive, unless the kind and extent of the Director's interests have not been fairly disclosed to the Directors.

## **107 More about Directors' interests**

For the purpose of Articles 105 and 106:

- interests of a person who is connected with a Director under Section 346 of the Companies Act are added to the interests of the Director himself;
- a general notice given to the Directors that a Director has an interest of the kind stated in the notice in any contract, transaction or arrangement involving any company or person identified in the notice is treated as a standing disclosure that *the Director has that interest*;
- interests which are unknown to the Director and which it is unreasonable to expect him to know about are ignored.

## **DIRECTORS' COMMITTEES**

### **108 Delegating powers to committees**

**108.1** The Directors can delegate any of their powers, or discretions, to committees of one or more Directors. This includes powers or discretions relating to Directors' pay or giving benefits to Directors. If the Directors have delegated any power or discretion to a committee, any references in these Articles to using that power or discretion include its use by the committee. Any committee must comply with any regulations laid down by the Directors. These regulations can require or allow people who are not Directors to be co-opted onto the committee, and can give voting rights to co-opted members.

**108.2** Unless the Directors specifically decide not to allow this, a committee can sub-delegate powers and discretions to sub-committees. References in these Articles to committees include sub-committees permitted under this Article.

### **109 Committee procedure**

If a committee includes two or more Directors, the Articles which regulate Directors' meetings and their procedure will also apply to committee meetings (if they can apply to committee meetings), unless these are inconsistent with any regulations for the committee which have been laid down under Article 108.

## **DIRECTORS' POWERS**

### **110 The Directors' management powers**

**110.1** The Directors will manage the Company's business. They can pay all expenses incurred in forming and registering the Company and can use all the Company's powers. But this does not apply where the Articles, or the legislation, say that powers can only be used by the shareholders voting to do so at a General Meeting. The general management powers under this Article are not limited in any way by specific powers given to the Directors by other Articles.

**110.2** The Directors are, however, subject to:

- the provisions of the legislation;
- the requirements of the Memorandum of Association or these Articles; and

- any regulations laid down by the shareholders by passing a Special Resolution at a General Meeting.

However, if any change is made to the Memorandum of Association or these Articles or if the shareholders lay down any regulation relating to something which the Directors have already done which was within their powers, that change or regulation cannot invalidate the Directors' previous action.

## **111 The power to establish local boards and so on**

The Directors can set up local boards or agencies to manage any of the Company's business. These can be either in or outside the United Kingdom. The Directors can appoint, remove and reappoint anybody to be:

- members of any local board; or
- managers or agents of the Company.

These people need not be Directors. The Directors can:

- decide on their pay;
- delegate any of their authority, powers or discretions to:
  - any local board; or
  - any manager, or agent of the Company.
- allow local boards, managers or agents to delegate to another person;
- allow the members of local boards to fill any vacancies on their boards;
- allow local boards to continue to act even though there are vacancies on their boards;
- remove any people they have appointed in any of these ways; and
- cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not had any notice of any cancellation or variation.

Any appointment or delegation by the Directors which is referred to in this Article can be on any terms and conditions decided on by the Directors.

## **112 The power to appoint attorneys**

**112.1** The Directors can appoint anyone (including the members of a group which changes over time) as the Company's attorneys by granting a power of attorney or by authorising them in some other way. The attorneys can either be appointed directly by the Directors, or the Directors can give someone else the power to select attorneys. The Directors can decide on the purposes, powers, authorities and discretions of attorneys. But they cannot give an attorney any power, authority or discretion which the Directors do not have under these Articles.

**112.2** The Directors can decide how long a power of attorney will last for, and they can attach any conditions to it. The power of attorney can also include any provisions which the Directors decide on for the protection and convenience of anybody dealing with the

attorney. The power of attorney can also allow the attorney to grant any or all of his power, authority or discretion to any other person.

### 113 President

The Directors can elect a President of the Company and decide the period for which he holds office. The President can either be unpaid or receive any pay which the Directors decide. He need not be a Director. If he is not a Director, he is entitled to receive notice of, and attend and speak at all meetings of the Directors, but he cannot vote.

### 114 Signature on cheques etc.

All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for money paid to the Company, can be signed, drawn, accepted, endorsed, or made legally effective, in any manner which the Directors decide by passing a resolution.

### 115 Borrowing powers

115.1 So far as the legislation allows, the Directors can exercise all the powers of the Company:

- to borrow money;
- to mortgage or charge all or any of the Company's undertaking, property (present and future) and uncalled capital;
- to issue debentures and other securities; and
- to give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

115.2 The Directors must limit the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to ensure that the total amount of all borrowings by the Group outstanding at any time is *not more than 1.5 times the Adjusted Total of Capital and Reserves*. This affects subsidiaries only to the extent the Directors can do this by exercising these rights or powers of control. This limit may be exceeded if the Company's consent has been given in advance by an ordinary resolution passed at a General Meeting. The limit does not include borrowings owing by one member of the Group to another member of the Group.

115.3 For the purpose of this Article:

115.3.1 the **Group** means the Company and its subsidiaries;

115.3.2 the **relevant balance sheet** means at any time the latest available audited consolidated balance sheet of the Company and its subsidiaries and **relevant balance sheet date** means the date as at which the relevant balance sheet is made up; and

115.3.3 the **Adjusted Capital and Reserves** means the sum equal to the aggregate from time to time of:

- (i) the amount paid up on the issued share capital of the Company; and

- (ii) the amount standing to the credit of the capital and revenue reserves of the Company and its subsidiaries as shown by the relevant balance sheet but after:
  - (a) adding or deducting any credit or debit balance on profit and loss account;
  - (b) deducting sums equivalent to the book values of goodwill and any *other intangible assets shown in the relevant balance sheet*;
  - (c) making appropriate adjustments to reflect any variation in the amount of such paid up share capital or reserves since the relevant balance sheet date. For this purpose if any issue or proposed issue of shares by the Company for cash has been underwritten then such shares shall be treated as issued and the amount (including any premium) of the subscription moneys payable for those shares, to the extent so underwritten, shall be treated as paid up on the date when the issue of such shares was underwritten (or, if the underwriting was conditional, on the date when it became unconditional). This does not apply if the date for payment of the subscription monies on the shares is more than six months after the date of allotment of the shares;
  - (d) making appropriate adjustments to reflect any distribution declared, recommended or made by the Company or its subsidiaries (other than distributions attributable directly or indirectly to the Company) out of profits earned up to and including the date of the latest audited balance sheet of the Company or the relevant subsidiary (as applicable) to the extent that such distribution is not provided for in such balance sheet;
  - (e) making appropriate adjustments to reflect any variation in the interests of the Company in its subsidiaries since the relevant balance sheet date;
  - (f) if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary of the Company, making all such adjustments as would be appropriate if such transaction had been carried into effect; and
  - (g) excluding minority interests in the Company's subsidiaries.

**115.4** For the purpose of Article 115.2 the following provisions shall apply:

**115.4.1 borrowings** of the relevant member of the Group, subject to Articles to 115.4.2 to 115.4.6, includes:

- (i) the principal amount of all debentures of any member of the Group which are not for the time being beneficially owned within the Group;
- (ii) the outstanding amount of acceptances (other than acceptances of trade bills *relating to the purchase or sale of goods in the ordinary course of trading*) by any member of the Group or by any bank or accepting house

under any acceptance credit opened on behalf of and in favour of any member of the Group;

- (iii) the nominal amount of any issued and paid up share capital of the Company and the principal amount of any other debentures or other borrowed moneys (other than shares or debentures which or borrowed moneys the indebtedness relating to which is for the time being beneficially owned within the Group) the redemption of which is guaranteed or wholly or partly secured by any member of the Group;
- (iv) any fixed or minimum premium payable on final redemption or repayment of any debentures, share capital or other borrowed moneys falling to be taken into account;

**115.4.2** moneys borrowed by any member of the Group for the purpose of repaying or redeeming (with or without premium) in whole or in part any other borrowed moneys to be taken into account under this Article 115 and intended to be applied for such purpose within six months after the date of borrowing shall not during such period themselves be taken into account, except to the extent so applied;

**115.4.3** any amounts borrowed by any member of the Group from bankers or others for the purpose of financing any contract shall be deemed not to be borrowed moneys. This applies only to an amount not exceeding the part of the price receivable under such contract which is guaranteed or insured by the Export Credits Guarantee Department or another like institution carrying on a similar business;

**115.4.4** moneys borrowed by a partly-owned subsidiary and not owing to another member of the Group shall be taken into account subject to the exclusion of a proportion equal to the minority proportion; and moneys borrowed and owing to a partly-owned subsidiary by another member of the Group shall be taken into account to the extent of a proportion thereof equal to the minority proportion. For this purpose **minority proportion** means the proportion of the issued equity share capital of such partly-owned subsidiary which is not attributable to the Company;

**115.4.5** borrowed moneys of any member of the Group expressed in or calculated by reference to a currency other than sterling shall be translated into sterling by reference to the rate of exchange used for the conversion of such currency in the latest audited balance sheet of the relevant member of the Group. If the relevant currency was not involved in such balance sheet, the borrowed moneys shall be translated into sterling by reference to the rate of exchange or approximate rate of exchange ruling on the date of the latest audited balance sheet of the relevant member of the Group and determined on such basis as the Auditors may determine or approve.

**115.4.6** No person dealing with the Company or any of its subsidiaries needs to look or ask whether the limit imposed by Article 115.2 is being observed. No debt incurred or security given in excess of this limit will be invalid or ineffective unless the lender or the recipient of the security had express notice at the time when the debt was incurred or security given that the limit had been or would as a result be exceeded.

## ALTERNATE DIRECTORS

### 116 Alternate Directors

- 116.1** Any Director may appoint any person (including another Director) to act in his place (called an **alternate Director**). Such appointment requires the approval of the Directors, unless previously approved by the Directors or unless the appointee is another Director. A Director appoints an alternate Director by delivering a signed appointment to the Registered Office or by tabling it at a meeting of the Directors.
- 116.2** The appointment of an alternate Director ends on the happening of any event which, if he were a Director, would cause him to vacate such office. It also ends if his appointor ceases to be a Director, unless that Director retires at a General Meeting at which he is elected again. A Director can also remove his alternate by a written notice delivered to the Registered Office or tabled at a meeting of the Directors.
- 116.3** An alternate Director is entitled to receive notices of meetings of the Directors, except when absent from the United Kingdom. He is entitled to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all functions of his appointor as a Director. The provisions of the Articles regulating the meeting apply as if he (instead of his appointor) were a Director. If he is himself a Director or attends any such meeting as an alternate for more than one Director, he can vote cumulatively for himself and for each other Director he represents but he may not be counted more than once for the purposes of the quorum. If his appointor is absent from the United Kingdom or temporarily unable to act through ill health or disability his signature to any resolution in writing of the Directors is as effective as the signature of his appointor. If the Directors decide to allow this, Article 116.3 also applies in a similar fashion to any meeting of a committee of which his appointor is a member. Except as said in this Article, an alternate Director:
- does not have power to act as a Director;
  - is not deemed to be a Director for the purposes of the Articles; and
  - is not deemed to be the agent of his appointor.
- 116.4** An alternate Director is entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent as if he were a Director. However, he is not entitled to receive from the Company as alternate Director any pay, except only such part (if any) of the pay otherwise payable to his appointor as such appointor may tell the Company in writing to pay to his alternate.

## THE COMPANY SECRETARY

### 117 The Company Secretary and Deputy and Assistant Company Secretaries

- 117.1** The Company Secretary is appointed by the Directors. The Directors decide on the terms and period of his appointment. The Directors can also remove the Company Secretary, but this does not affect any claim for damages against the Company for breach of any contract of employment he may have. The Directors can appoint two or more people to be joint Company Secretaries.

- 117.2** The Directors can also appoint one or more people to be Deputy or Assistant Company Secretary. The Directors decide on their terms and period of employment. The Directors can also remove any Deputy or Assistant Company Secretary, but this does not affect any claim for damages against the Company for breach of any contract of service he may have.

## **THE SEAL**

### **118 The Seal**

- 118.1** The Directors are responsible for arranging for the Seal and any Securities Seal to be kept safely. The Seal and any Securities Seal can only be used with the authority of the Directors or of a committee authorised by the Directors. The Securities Seal can be used only for sealing securities issued by the Company and documents creating or evidencing securities issued by it.
- 118.2** Every document which is sealed using the Seal or the Securities Seal (other than a certificate for any securities issued by the Company - see Article 17) must be signed personally by one Director and the Secretary or by two Directors.
- 118.3** The Directors can use all the powers given by the legislation relating to official seals for use abroad.
- 118.4** Any document signed by one Director and the Secretary or by two Directors and expressed to be entered into by the Company shall have the same effect as if it had been made effective by using the Seal. However no document which states that it is intended to have effect as a deed shall be signed in this way without the authority of the Directors or of a committee authorised by the Directors.

## **AUTHENTICATING DOCUMENTS**

### **119 Establishing that documents are genuine**

- 119.1** Any Director, or the Company Secretary, has power to authenticate any of the following things, and to certify copies or extracts from them as true copies or extracts:
- any documents relating to the Company's constitution;
  - any resolutions passed by the shareholders or any class of shareholders, or by the Directors or by a committee of the Directors; and
  - any books, documents, records or accounts which relate to the Company's business.
- 119.2** The Directors can also give this power to others. When any books, documents, records and accounts are not kept at the Registered Office, the officer of the Company who holds them is treated as a person who has been authorised by the Directors to authenticate any of them, and to provide certified copies or extracts from them.
- 119.3** Article 119.3 applies to a document which appears to be a copy of a resolution or an extract from the minutes of any meeting, and which is certified as a copy or extract as described in Article 119.1 or 119.2. This document is conclusive evidence for anyone who deals with the Company on the strength of the document that:



- the resolution has been properly passed; or
- the extract is a true and accurate record of the proceedings of a valid meeting.

## **RESERVES**

### **120 Setting up reserves**

The Directors can set aside any profits of the Company and hold them in a reserve. The Directors can decide to use these sums for any purpose for which the profits of the Company can lawfully be used. Sums held in a reserve can either be employed in the business of the Company or be invested. The Directors may divide the reserve into separate funds for special purposes and alter the funds into which the reserve is divided. The Directors can also carry forward any profits without holding them in a reserve. The Directors must comply with the restrictions under the legislation which relate to reserve funds.

### **121 Assets bought as from a past date**

This Article applies if the legislation allows this and the Directors decide to deal with profits, losses, dividends or interest as this Article allows. Where any asset, business or property is bought by the Company as from a past date (whether such date be before or after the incorporation of the Company), any of the profits and losses as from that date can be added to the Company's revenue account and treated for all purposes as profits or losses of the Company. Similarly, where shares or securities are purchased with any dividend or interest, that dividend or interest can be treated as revenue, rather than being treated as a capital item.

## **DIVIDENDS**

### **122 Final dividends**

The Company's shareholders can declare dividends by passing an Ordinary Resolution. No such dividend can exceed the amount recommended by the Directors.

### **123 Fixed and interim dividends**

**123.1** If the Directors consider that the profits of the Company justify such payments, they can:

- pay the fixed dividends on any class of shares carrying a fixed dividend on the dates prescribed for the payment of those dividends; and
- pay interim dividends on shares of any class of any amounts and on any dates and for any period which they decide.

**123.2** If the Directors act in good faith, they are not liable to the holders of any shares for any loss they may suffer because a lawful dividend has been paid under this Article on other shares which rank equally with or behind their shares.

### **124 Dividends not in cash**

If the Directors recommend this, the Company's shareholders can pass an Ordinary Resolution to direct all or part of a dividend to be paid by distributing specific assets (and in

particular paid-up shares or debentures of any other company). The Directors must give effect to that resolution. Where any difficulty arises on the distribution, the Directors can settle it as they decide. In particular, they can:

- issue fractional certificates;
- value assets for distribution purposes;
- pay cash of a similar value to adjust the rights of shareholders; and/or
- vest any assets in trustees for more than one shareholder.

## **125 No dividends are payable except out of profits**

No dividend can be paid otherwise than out of profits available for distribution under the legislation.

## **126 Apportioning dividends**

All dividends will be divided and paid in proportions based on the amounts which have been paid up on the shares during any of the period for which the dividend is paid. Sums which have been paid up in advance of calls do not count as paid up for this purpose. But if the rights of any share say that it will be entitled to a dividend as if it were a fully paid-up, or partly paid-up, share from a particular date (in the past or the future), it will be entitled to a dividend on this basis. This Article applies unless the rights attached to any shares, or the terms of any shares, say otherwise.

## **127 Deducting amounts owing from dividends and other money**

If a shareholder owes any money for calls on shares, or money relating in any other way to shares, the Directors can deduct any of this money from:

- any dividend on any shares held by the shareholder; or
- any other money payable by the Company in connection with the shares.

Money deducted in this way can be used to pay amounts owed to the Company in connection with the shares.

## **128 Payments to shareholders**

**128.1** Any dividend or other money payable in cash relating to a share can be paid by cheque or warrant, sent by post, and payable to the shareholder (or where there are joint shareholders, any of them) who is entitled to it or to someone else named in a written instruction from the shareholder (or from all joint shareholders). In the case of shares in uncertificated form, payment can also be made using a relevant system. A dividend can also be paid by inter-bank transfer to an account named in a written instruction from the person receiving the payment. Alternatively a dividend can be paid in some other way agreed between the shareholder (or all joint shareholders) and the Company.

**128.2** For joint shareholders, or people jointly and automatically entitled to shares by law, the Company can rely on a receipt for a dividend or other money paid on shares or other property distributable in relation to shares from any one of them.

- 128.3** Cheques and warrants are sent, and payment in any other way is made, at the risk of the people who are entitled to the money. The Company is treated as having paid a dividend if such a cheque or warrant is cleared or if a payment using a relevant system or a transfer of funds by a bank is made in accordance with instructions given by the Company.
- 128.4** Unless the rights attached to any shares, or the terms of any shares, or the Articles say otherwise, a dividend, or any other money payable in respect of a share, can be paid in whatever currency the Directors decide, using an appropriate exchange rate selected by the Directors for any currency conversions which are required.
- 128.5** No dividend or other sum payable by the Company on or in respect of its shares carries a right to interest from the Company, unless the rights of the shares say otherwise.

## **129 Record dates for payments and other matters**

Any dividend on any shares can be paid to the holder or holders of the shares shown on the Register, at whatever time on whatever day is stated in the resolution passed for payment of the dividend. It will be based on the number of shares registered at that time. (If no time is stated in the resolution, the close of business applies.) This Article applies whether what is being done is the result of a resolution of the Directors or a resolution passed at a General Meeting. The date can be before any relevant resolution was passed. This Article does not affect the rights between past and present shareholders to payments or other benefits.

## **130 Dividends which are not claimed**

- 130.1** The Directors can decide to pay unclaimed dividends into a separate account, but the Company will not be a trustee of the money. If a dividend has not been claimed for six years after the passing of the resolution for payment of that dividend, it will be forfeited and belong to the Company again.
- 130.2** The Company can stop paying dividends by cheque or other payment order if cheques or other payment orders for two dividends in a row are sent back or not cashed. The Company must start paying dividends in this way again if the shareholder or a person automatically entitled to the shares by law:
- 130.3** claims those dividends (before they go back to the Company under Article 130.1); and
- 130.4** does not tell the Company to start paying dividends in some other way.

## **131 Waiver of dividends**

All or any dividend can be waived by means of a document on which the Company acts. The document must be signed by the shareholder (or the person automatically entitled to the shares by law) and delivered to the Company. The document need not be in the form of a deed.

## **131A Real Estate Investment Trust**

### **Cardinal principle**

- 131A.1** It is a cardinal principle that, for so long as the Company is the principal company of a real estate investment trust ("REIT") for the purposes of Part 4 of the Finance Act 2006, as

such Part may be modified, supplemented or replaced from time to time, no member of the Group should be liable to pay tax under Regulation 10 of The Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such regulations may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution.

**131A.2** This Article supports such cardinal principle by, among other things, imposing restrictions and obligations on the shareholders of the Company and, indirectly, certain other Persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

### **Definitions and interpretation**

**131A.3** For the purposes of this Article, the following words and expressions shall bear the following meanings:

- **"business day"** means a day (not being a Saturday or Sunday) on which banks are normally open for business in London;
- **"Distribution"** means any dividend or other distribution on or in respect of the shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made;
- **"Distribution Transfer"** means a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a Distribution and no Person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not and whether as a result of the transfer or not) is a Substantial Shareholder;
- **"Distribution Transfer Certificate"** means a certificate in such form as the Directors may specify from time to time to the effect that the relevant Person has made a Distribution Transfer, which certificate may be required by the Directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution;
- **"Excess Charge"** means, in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the Directors consider may become payable by the Company or any other member of the Group under Regulation 10 of The Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such regulations may be modified, supplemented or replaced from time to time) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person;
- **"Group"** means the Company and the other companies in its group for the purposes of section 134 of the Finance Act 2006 (as such section may be modified, supplemented or replaced from time to time);
- **"HMRC"** means HM Revenue & Customs;
- **"interest in the Company"** includes, without limitation, an interest in a Distribution made or to be made by the Company;

- **"Person"** means a natural person, a corporation, partnership or other entity or organisation of any kind and wherever domiciled;
- **"Relevant Registered Shareholder"** means a shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder);
- **"Reporting Obligation"** means any obligation from time to time of the Company to *provide information or reports to HMRC as a result of or in connection with the Company's status as a REIT*;
- **"Substantial Shareholding"** means the shares in the Company in relation to which or by virtue of which (in whole or in part) a Person is a Substantial Shareholder;
- **"Substantial Shareholder"** means any Person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause any member of the Group to be liable to pay tax under Regulation 10 of The Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such regulations may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such Person including, at the date of adoption of this Article, any holder of excessive rights as defined in The Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such regulations may be modified, supplemented or replaced from time to time).

**131A.4** Where under this Article any certificate or declaration may be or is required to be provided by any Person (including, without limitation, a Distribution Transfer Certificate), such certificate or declaration may be required by the Directors (without limitation):

- to be addressed to the Company, the Directors or such other Persons as the Directors may determine (including HMRC);
- to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;
- to contain such legally binding representations and obligations as the Directors may determine;
- to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
- to be copied or provided to such Persons as the Directors may determine (including HMRC); and
- to be executed in such form (including as a deed or deed poll) as the Directors may determine.

**131A.5** This Article shall apply notwithstanding any provisions to the contrary in any other Article (including, without limitation, Articles 122 to 131 (Dividends)).

#### **Notification of Substantial Shareholder and other status**

**131A.6** Each shareholder and any other relevant Person shall serve notice in writing on the Company at the Registered Office on:

- (a) him becoming a Substantial Shareholder or him being a Substantial Shareholder on the date this Article comes into effect (together with the percentage of voting

rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the shareholder(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the Directors may require from time to time);

- (b) him becoming a Relevant Registered Shareholder or being a Relevant Registered Shareholder on the date this Article comes into effect (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the Directors may require from time to time); and
- (c) any change to the particulars contained in any such notice, including on the relevant Person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered by the end of the second business day after the day on which the Person becomes a Substantial Shareholder or a Relevant Registered Shareholder (or the date this Article comes into effect, as the case may be) or the change in relevant particulars or within such shorter or longer period as the Directors may specify from time to time.

**131A.7** The Directors may at any time give notice in writing to any Person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the Directors may specify in the notice), to deliver to the Company at the Registered Office such information, certificates and declarations as the Directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such Person shall deliver such information, certificates and declarations within the period specified in such notice.

### **Distributions in respect of Substantial Shareholdings**

**131A.8** In respect of any Distribution, the Directors may, if the Directors determine that the condition set out in Article 131A.9 is satisfied in relation to any shares in the Company, withhold payment of such Distribution on or in respect of such shares. Any Distribution so withheld shall be paid as provided in Article 131A.10 and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

**131A.9** The condition referred to in Article 131A.8 is that, in relation to any shares in the Company and any Distribution to be paid or made on and in respect of such shares:

- (a) the Directors believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and
- (b) the Directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid,

and, for the avoidance of doubt, if the shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

**131A.10** If a Distribution has been withheld on or in respect of any shares in the Company in accordance with Article 131A.8, it shall be paid as follows:

- (a) if it is established to the satisfaction of the Directors that the condition in Article 131A.9 is not satisfied in relation to such shares, the whole amount of the Distribution withheld shall be paid; and
- (b) if the Directors are satisfied that sufficient interests in all or some of the shares concerned have been transferred to a third party so that such transferred shares no longer form part of the Substantial Shareholding, the Distribution attributable to such shares shall be paid (provided the Directors are satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and
- (c) if the Directors are satisfied that as a result of a transfer of interests in shares referred to in (b) above the remaining shares no longer form part of a Substantial Shareholding, the Distribution attributable to such shares shall be paid.

In this Article 131A.10, references to the "transfer" of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that share.

**131A.11** A Substantial Shareholder may satisfy the Directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The Directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the Directors shall be entitled to require such other information, certifications or declarations as they think fit.

**131A.12** The Directors may withhold payment of a Distribution on or in respect of any shares in the Company if any notice given by the Directors pursuant to Article 131A.7 in relation to such shares shall not have been complied with to the satisfaction of the Directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the Directors unless the Directors withhold payment pursuant to Article 131A.8 and until such payment the Persons who would *otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.*

**131A.13** If the Directors decide that payment of a Distribution should be withheld under Articles 131A.8 or 131A.12, they shall within five business days give notice in writing of that decision to the Relevant Registered Shareholder.

**131A.14** If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to Article 131A.21 or out of any subsequent Distribution in respect of the shares to such Person or to the shareholders of all shares in relation to or by virtue of which the Directors believe that Person has an interest in the Company (whether that Person is at that time a Substantial Shareholder or not).

#### **Distribution trust**

**131A.15** If a Distribution is paid on or in respect of a Substantial Shareholding (except where the Distribution is paid in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution), the Distribution and any income arising from it shall be held by

the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the Persons nominated by the Substantial Shareholder under Article 131A.16 in such proportions as the Substantial Shareholder shall in the nomination direct or, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or such other Persons as may be nominated by the Directors from time to time.

**131A.16** The Substantial Shareholder of shares of the Company in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more Persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article 131A.15 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated Persons, failing which the Distribution shall be held on trust for the nominated Persons in equal proportions. No Person may be nominated under this Article who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of Article 131A.15 the trustee of the trust, the nomination shall not take effect until it is delivered to the Person who is the trustee.

**131A.17** Any income arising from a Distribution which is held on trust under Article 131A.15 shall until the earlier of (i) the making of a valid nomination under Article 131A.16 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.

**131A.18** No Person who by virtue of Article 131A.15 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.

**131A.19** No Person who by virtue of Article 131A.15 holds a Distribution on trust shall be liable for any breach of trust unless due to his own fraud or wilful wrongdoing or, in the case of an incorporated Person, the fraud or wilful wrongdoing of its directors, officers or employees.

#### **Obligation to dispose**

**131A.20** If at any time, the Directors believe that:

- (a) in respect of any Distribution declared or announced, the condition set out in Article 131A.9 is satisfied in respect of any shares in the Company in relation to that Distribution;
- (b) a notice given by the Directors pursuant to Article 131A.7 in relation to any shares in the Company has not been complied with to the satisfaction of the Directors within the period specified in such notice; or
- (c) any information, certificate or declaration provided by a Person in relation to any shares in the Company for the purposes of the preceding provisions of this Article 131A was materially inaccurate or misleading,

the Directors may give notice in writing (a "**Disposal Notice**") to any Persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the Directors consider to be appropriate in the circumstances) to dispose of such number of shares as the Directors may in such notice



specify or to take such other steps as will cause the condition set out in Article 131A.9 no longer to be satisfied. The Directors may, if they think fit, withdraw a Disposal Notice.

**131A.21** If:

- (a) the requirements of a Disposal Notice are not complied with to the satisfaction of the Directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or
- (b) a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable;

the Directors may arrange for the Company to sell all or some of the shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the Directors may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant share and, in the case of a share in uncertificated form, may make such arrangements as they think fit on behalf of the relevant holder or holders to transfer title to the relevant share through a relevant system.

**131A.22** Any sale pursuant to Article 131A.20 above shall be at the price which the Directors consider is the best price reasonably obtainable and the Directors shall not be liable to the holder or holders of the relevant share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.

**131A.23** The net proceeds of the sale of any share under Article 131A.21 (less any amount to be retained pursuant to Article 131A.14 and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.

**131A.24** The title of any transferee of shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to this Article 131A.

**General**

**131A.25** The Directors shall be entitled to presume without enquiry, unless any Director has reason to believe otherwise, that a Person is not a Substantial Shareholder or a Relevant Registered Shareholder.

**131A.26** The Directors shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular Person) pursuant to this Article and any such determination or decision shall be final and binding on all Persons unless and until it is revoked or changed by the Directors. Any disposal or transfer made or other thing done by or on behalf of the Board or any Director pursuant to this Article shall be binding on all Persons and shall not be open to challenge on any ground whatsoever.

**131A.27** Without limiting their liability to the Company, the Directors shall be under no liability to any other Person, and the Company shall be under no liability to any shareholder or any other Person, for identifying or failing to identify any Person as a Substantial Shareholder or a Relevant Registered Shareholder.

**131A.28** The Directors shall not be obliged to serve any notice required under this Article upon any Person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any Person upon whom notice is required to be served under this Article shall not prevent the implementation of or invalidate any procedure under this Article.

**131A.29** The provisions of Articles 139 to 146 shall apply to the service upon any Person of any notice required by this Article, *mutatis mutandis* in the case of Persons who are not shareholders

**131A.30** Any notice required or permitted to be given pursuant to this Article may relate to more than one share and shall specify the share or shares to which it relates.

**131A.31** The Directors may require from time to time any Person who is or claims to be a Person to whom a Distribution may be paid without deduction of tax under Regulation 7 of The Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 (as such regulations may be modified, supplemented or replaced from time to time) to provide such certificates or declarations as they may require from time to time.

**131A.32** This Article may be amended by Special Resolution from time to time, including to give powers to the Directors to take such steps as they may require in order to ensure that the Company can satisfy Condition 4 of Section 106 of the Finance Act 2006 (as such section may be modified, supplemented or replaced from time to time) which relates to close company status, which powers may include the ability to arrange for the sale of shares on behalf of shareholders.

## **CAPITALISING RESERVES**

### **132 Capitalising reserves**

**132.1** The Company's shareholders can pass an Ordinary Resolution to allow the Directors to change into capital any sum:

- which is part of any of the Company's reserves (including premiums received when any shares were issued, capital redemption reserves or other undistributable reserves); or
- which the Company is holding as net profits.

**132.2** The Directors will use the sum which is changed into capital by setting it aside for the Ordinary Shareholders on the Register at the specified time on the day the resolution is passed (or another date stated in the resolution or fixed as stated in the resolution). (If no other time is specified, the close of business applies.) The sum set aside must be used to pay up in full shares of the Company and to allot such shares and distribute them to shareholders as bonus shares in proportion to their holdings of Ordinary Shares at the time. The shares can be Ordinary Shares or, if the rights of other existing shares allow this, shares of some other class.

**132.3** If any difficulty arises in operating this Article, the Directors can resolve it in any way which they decide to give effect to this Article. For example they can deal with entitlements to fractions of a share. They can decide that the benefit of share fractions belongs to the Company or that share fractions are ignored or deal with fractions in some other way.

- 132.4** The Directors can appoint any person to sign any contract with the Company on behalf of those who are entitled to shares under the resolution. Such a contract is binding on all concerned.

## **SCRIP DIVIDENDS**

### **133 Shareholders can be offered the right to receive extra shares instead of cash dividends**

- 133.1** The Directors can offer Ordinary Shareholders the right to choose to receive extra Ordinary Shares, which are credited as fully paid up, instead of some or all of their cash dividend. Before they can do this, the Company's shareholders must have passed an Ordinary Resolution authorising the Directors to make this offer.

- 133.2** The Ordinary Resolution can apply to a particular dividend or dividends. Alternatively, it can apply to some or all of the dividends which may be declared or paid in the period up to and including the fifth Annual General Meeting which follows the passing of the Ordinary Resolution.

- 133.3** The Directors can offer shareholders the right to request new shares instead of cash in relation to:

- the next dividend; or
- all future dividends (if a share alternative is made available), until they tell the Company that they no longer wish to receive new shares.

The Directors can also allow shareholders to choose between these alternatives.

- 133.4** The Directors can decide the basis of entitlement of a shareholder opting for new shares on the basis that he is entitled to Ordinary Shares whose total relevant value is as near as they consider convenient to the cash dividend he would have received. The **relevant value** of a share is the average value of the Company's Ordinary Shares for the five dealing days starting from, and including, the day when the shares are first quoted "ex dividend". This average value is worked out from the average middle market quotations for the Company's Ordinary Shares on the London Stock Exchange, as published in its Daily Official List.

- 133.5** After the Directors have decided to apply this Article to a dividend, they must notify eligible shareholders in writing of their right to opt for new shares. This notice should also say how, where and when shareholders must notify the Company if they wish to receive new shares. Where shareholders have already opted to receive new shares in place of all future dividends, if new shares are available, the Company will not notify them of a right to opt for new shares. Instead, the Company will remind them that they have already opted for new shares and tell them how to tell the Company if they wish to start receiving cash dividends again.

- 133.6** No shareholder will receive a fraction of a share. The Directors can decide how to deal with any fractions left over. The Company can, if the Directors decide, have the benefit of these left over fractions.

- 133.7** The Directors can exclude or restrict the right to opt for new shares, or make any other arrangements where they decide that this is necessary or convenient to deal with any of the following legal or practical problems:

- problems relating to the law of any territory; or
- problems relating to the requirements of any recognised regulatory body or stock exchange in any territory

where special formalities would otherwise apply in connection with the offer of new shares.

**133.8** So far as a shareholder opts to receive new shares, no dividend on the shares for which he has opted to receive new shares (which are called the **elected shares**), will be declared or payable. Instead, new Ordinary Shares will be allotted on the basis set out earlier in this Article. To do this the Directors will convert into capital the sum equal to the total nominal amount of the new Ordinary Shares to be allotted. They will use this sum to pay up in full the appropriate number of new Ordinary Shares. These will then be allotted and distributed to the holders of the elected shares as set out above. The sum to be converted into capital can be taken from any amount which is then in any reserve or fund (including the share premium account, any capital redemption reserve and the profit and loss account). Article 132 applies to this process, so far as it is consistent with this Article 133.

**133.9** The new Ordinary Shares rank equally in all respects with the existing fully paid-up Ordinary Shares at the time when the new Ordinary Shares are allotted. But they are not entitled to share in the dividend from which they arose and do not allow the holder to opt for new shares instead of that dividend.

**133.10** Unless the Directors decide otherwise or the Regulations or the rules of a relevant system require otherwise, any new Ordinary Shares which a shareholder has chosen to receive instead of some or all of their cash dividend will be:

- shares in uncertificated form if the corresponding elected shares were uncertificated shares on the record date for that dividend; and
- shares in certificated form if the corresponding elected shares were shares in certificated form on the record date for that dividend.

**133.11** The Directors can decide that new shares will not be available in place of any cash dividend. They can decide this at any time before new shares are allotted in place of such dividend, whether before or after shareholders have opted to receive new shares.

## **ACCOUNTS**

### **134 Accounting and other records**

**134.1** The Directors must make sure that proper accounting records that comply with the legislation are kept to record and explain the Company's transactions.

### **135 Location and inspection of records**

**135.1** The accounting records must be kept:

- at the Registered Office; or
- at any other place which the legislation allows, and the Directors decide on.

**135.2** The Company's officers always have the right to inspect the accounting records.

**135.3** Anyone else (including a shareholder) does not have any right to inspect any books or papers of the Company unless:

- the legislation or a proper court order gives him that right; or
- the Directors authorise him to do so.

### **136 Sending copies of accounts and other documents**

**136.1** This Article applies to every balance sheet and profit and loss account to be laid before the *Company's shareholders at a General Meeting with any other document which the legislation requires to be attached to these.*

**136.2** Copies of the documents set out in Article 136.1 must be sent to the Company's shareholders and debenture holders and all other people to whom the Articles, or the legislation, require the Company to send them. This must be done at least 21 days before the relevant General Meeting. But the Company need not send these documents to:

- shareholders who are sent summary financial statements in accordance with the legislation;
- more than one joint holder of shares or debentures; or
- any person for whom the Company does not have a current postal address.

However shareholders or debenture holders who are not sent copies can receive a copy free of charge by applying to the Company at the Registered Office.

**136.3** To the extent permitted by the legislation and agreed by the shareholder, the documents referred to in this Article 136 may be sent by electronic communication.

## **AUDITORS**

### **137 Acts of Auditors**

So far as the legislation allows, the actions of a person acting as an Auditor are valid in favour of someone dealing with the Company in good faith, even if there was some defect in the person's appointment or the person was at any time not qualified to act as an Auditor.

### **138 Auditors at General Meetings**

An Auditor can attend any General Meeting. He can speak at General Meetings on any *business which is relevant to him as Auditor and is entitled to receive all notices of and other communications relating to any General Meeting which any shareholder is entitled to receive.*

## **NOTICES**

### **139 Serving and delivering notices and other documents**

The Company can serve or deliver any offer, notice or other document, including a share certificate, on or to a shareholder:

- personally;

- by posting it in a letter (with postage paid) to the address recorded for him on the Register;
- by delivering it to that address; or
- so far as the legislation allows, by electronic mail (except for share certificates) to an electronic address or fax number in the United Kingdom notified by the shareholder in writing.

However, Articles 139 to 146 do not affect any provision of the legislation requiring offers, notices or documents to be served in a particular way.

#### **140 Notices to joint holders**

When a notice or document is to be given to joint shareholders it must be given to the joint shareholder who is listed first on the Register for the share or shares, but ignoring any joint shareholder without a United Kingdom postal address under Article 139 or Article 141. A notice given in this way is treated as given to all of the joint holders.

#### **141 Notices for shareholders with foreign addresses**

**141.1** This Article applies to a shareholder whose address on the Register is outside the United Kingdom. He can give the Company a United Kingdom postal address where notices or documents can be served on him. If he does, he is entitled to have notices or documents served on him at that address. Otherwise, he is not entitled to receive any notices from the Company.

**141.2** For shareholders registered on a branch register notices or documents can be posted in the United Kingdom or in the country where the branch register is kept.

#### **142 When notices are served**

**142.1** If a notice, or any other kind of document, is sent through the post, it is treated as being served or delivered 24 hours after it was posted (or 48 hours after it was posted, if second class post is used). It can be proved conclusively that a notice or other document was served by post by showing that:

- the envelope containing the notice or document was properly addressed; and
- it was put into the postal system with postage paid.

**142.2** If a notice or other document (other than a share certificate) is sent by fax, it is treated as being served or delivered on the day after it was sent.

**142.3** As far as the legislation and these Articles allow, if a notice or document (other than a share certificate) is sent by electronic mail, it is treated as being served or delivered at the expiration of 24 hours after the time it was sent. Proof (in accordance with the formal recommendations of best practice contained in the guidance issued by the Institute of Chartered Secretaries and Administrators) that an electronic communication was sent by the Company shall be conclusive evidence of such sending.

## **143 Serving notices and documents on shareholders who have died or are bankrupt**

**143.1** This Article applies where a shareholder has died, or become bankrupt or is in liquidation, but is still registered as a shareholder. It applies whether he is registered as a sole or joint shareholder. A person who is automatically entitled to that shareholder's shares by law and who proves this to the reasonable satisfaction of the Directors can give a United Kingdom postal address for service of notices and documents. If this is done, notices and documents must be sent to that address. Otherwise, if any notice, or other document, is served on the shareholder named on the Register, or sent to him in accordance with the Articles, this will be valid despite his death, bankruptcy or liquidation. This applies even if the Company knew about these things. If notices or documents are served or sent in accordance with this Article, there is no need to send them to, or serve them in any other way on any other people who may be involved.

## **144 If documents are accidentally not sent**

If any notice, or other document relating to any meeting or other proceeding, is accidentally not sent, or is not received, the meeting or other proceeding will not be invalid as a result.

## **145 Signature of documents**

**145.1** A document in the form of an electronic communication will be validly signed by a shareholder or other person if:

- it incorporates the electronic signature or personal identification details of the sender of the electronic communication (which may be details previously allocated by the Company) in such form as the Directors may approve; or
- it is accompanied by any other evidence the Directors may require to satisfy themselves that the document is genuine (including evidence in accordance with Article 74.6).

**145.2** The Directors may determine procedures for validating electronic communications received by the Company and any document not validated in accordance with such procedures shall be deemed not to have been received by the Company.

## **146 Electronic communication**

**146.1** Any shareholder may notify the Company of an address for the purpose of receiving electronic communications from the Company, and having done so shall be deemed to have agreed to receive notices and other documents from the Company by electronic communication.

**146.2** If a shareholder notifies the Company of his e-mail address, the Company may satisfy its obligation to send him any notice or other document by electronic communication by:

- publishing such notice or document on a web site; and
- notifying him by e-mail at that e-mail address that such notice or document has been so published. The e-mail must specify the address of the web site on which it has been published, the place on the web site where it may be accessed and how it may be accessed. If it is a notice relating to a shareholders' meeting the notice should state (i) that the notice concerns a notice of a company meeting served in

accordance with the Companies Act, (ii) the place, date and time of the meeting, (iii) whether the meeting is to be an annual or extraordinary general meeting, and (iv) such other information as the legislation may prescribe.

**146.3** Any amendment or revocation of a notification given to the Company under this Article shall only take effect if it is in writing, signed by the shareholder and on actual receipt by the Company.

**146.4** An electronic communication shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.

## **WINDING UP**

### **147 Directors' power to petition**

The Directors can present a petition to the Court in the name and on behalf of the Company for the Company to be wound up.

### **148 Distribution of assets in kind**

If the Company is wound up (whether the liquidation is voluntary, under supervision of the Court, or by the Court) the Liquidator can, with the authority of an Extraordinary Resolution passed by the shareholders, divide among the shareholders the whole or any part of the assets of the Company. This applies whether the assets consist of property of one kind or different kinds. For this purpose, the Liquidator can set such value as he considers fair upon any property and decide how the division is carried out as between shareholders or different groups of shareholders. The Liquidator can also, with the authority of an Extraordinary Resolution passed by the shareholders, transfer any part of the assets to trustees upon any trusts for the benefit of shareholders which the Liquidator decides. The liquidation of the Company can then be closed and the Company dissolved. However no past or present shareholder can be compelled to accept any shares or other property under this Article which carries a liability.

## **DESTROYING DOCUMENTS**

### **149 Destroying documents**

**149.1** The Company can destroy:

- all transfer forms for shares, and documents sent to support a transfer, and any other documents which were the basis for making an entry on the Register, after six years from the date of registration;
- all dividend payment instructions and notifications of a change of address or name, after two years from the date these were registered; and
- all cancelled share certificates, after one year from the date they were cancelled.

**149.2** If the Company destroys a document in accordance with Article 149.1, it is conclusively treated as having been a valid and effective document in accordance with the Company's records relating to the document. Any action of the Company in dealing with the document in accordance with its terms before it was destroyed is conclusively treated as properly taken.



**149.3** This Article only applies to documents which are destroyed in good faith and if the Company has not been informed of any claim to which the document may be relevant. For documents relating to shares in uncertificated form, the Company must also comply with any rules (as defined in the CREST Regulations) which limit its ability to destroy these documents.

**149.4** This Article does not make the Company liable:

- if it destroys a document earlier than referred to in Article 149.1; or
- if the Company would not be liable if this Article did not exist.

**149.5** This Article applies whether a document is destroyed or disposed of in some other way.

## **INDEMNITY AND INSURANCE**

### **150 Indemnity**

**150.1** So far as the legislation allows, every Director, Secretary or other officer of the Company shall be indemnified by the Company out of its own funds against:

- any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than:
  - any liability to the Company or any associated company; and
  - any liability of the kind referred to in Sections 309B(3) or (4) of the Companies Act; and
- any other liability incurred by or attaching to him:
  - in the actual or purported execution of his duties; and/or
  - discharge of his duties; and/or
  - the exercise or purported exercise of his powers; and/or
  - otherwise in relation to or in connection with his duties, powers or office.

Where a Director, Secretary or other officer is indemnified against any liability in accordance with this paragraph 150.1, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.

For the purpose of this paragraph, in relation to the Company, "associated company" shall mean a subsidiary of the Company, or the Company's holding company or a subsidiary of the Company's holding company.

**150.2** So far as the legislation allows, the Secretary or other officers of the Company are exempted from any liability to the Company where that liability would be covered by the indemnity in Article 150.1.

**150.3** So far as the legislation allows, the Company may:

- provide a Director with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under the provisions of the Companies Act relating to the acquisition of shares by

innocent nominees (Section 144(3) and (4)) and the general power to grant relief in case of honest and reasonable conduct (Section 727); and

- may do anything to enable a Director to avoid incurring such expenditure, but so that any provision of funds or other things done will become repayable or any liability of the Company under any transaction connected with any provision of funds or other things done will become repayable, not later than:
  - in the event of the Director being convicted in the proceedings, the date when the conviction becomes final;
  - in the event of judgment being given against him in the proceedings, the date when the judgment becomes final; or
  - in the event of the court refusing to grant him relief on the application, the date when the refusal of relief becomes final.”

## **151 Insurance**

**151.1** For the purpose of this Article each of the following is a **Relevant Company**:

- the Company;
- any holding company of the Company;
- any body, whether or not incorporated, in which the Company or its holding company or any of the predecessors of the Company or of its holding company has or had any interest, whether direct or indirect; and
- any body, whether or not incorporated, which is in any way allied to or associated with the Company, or any subsidiary of the Company or such other body.

**151.2** Without limiting Articles 150.1 and 150.2 in any way, the Directors can arrange for the Company to purchase and maintain insurance for or for the benefit of any person who is or was at any time:

- a Director, officer or employee of any Relevant Company; or
- a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested.

This includes, for example, insurance against any liability incurred by any of them for any act or omission:

- in performing their duties; and/or
- in exercising their powers; and/or
- in supposedly doing any of these things; and/or
- otherwise in relation to their duties, powers or offices.

## **GLOSSARY**

### **About the glossary**

This glossary is to help readers understand the Company's Articles of Association. Words are explained as they are used in the Articles - they might mean different things in other documents. The glossary is not legally part of the Articles, and it does not affect their meaning. The definitions are intended to be a general guide - they are not precise. Words which are printed in **bold** in a definition have their own definition in the glossary.

The Company Secretary welcomes any suggestions for extra words to include, or improvements. Shareholders can write to him at 40 Broadway, London SW1H 0BT.

**abrogate** If the **special rights** of a share are abrogated, they are cancelled or withdrawn.

**accrue** If interest is accruing, it is running or mounting up, day by day.

**adjourn** Where a meeting breaks, to be continued at a later time or day, at the same or a different place.

**allot** When new shares are allotted, they are set aside for the person they are intended for. This will normally be after the person has agreed to pay for a new share, or has become entitled to a new share for any other reason. As soon as a share is allotted, that person gets the right to have his name put on the register of shareholders. When he has been registered, the share has also been **issued**.

**asset** Anything which is of any value to its owner.

**attorney** An attorney is a person who has been appointed to act for another person. The person is appointed by a formal document, called a **power of attorney**.

**automatically entitled to a share by law** In some situations, a person will be entitled to have shares which are registered in somebody else's name registered in his own name. Or he can require the shares to be transferred to another person. When a shareholder dies, or the sole survivor of joint shareholders dies, his personal representatives have this right. If a shareholder is made bankrupt, his trustee in bankruptcy has the right.

**beneficial interest** The person to whom something really belongs has the beneficial interest in it. This person may not be the registered (or "legal" owner) of the thing. For example, if a parent holds shares for his or her child, the child is the beneficial owner, and the parent is the legal owner. See also **trustee**.

**brokerage** Commission which is paid to a broker by a company issuing shares, where the broker's clients have applied for shares.

**call** A call to pay money which is due on shares which has not yet been paid. This happens if the Company issues shares which are **partly paid**, where money remains to be paid to the Company for the shares. The money which has not been paid can be "called" for. If all the money to be paid on a share has been paid, the share is called a **fully paid** share.

**capitalise** To convert some or all of the **reserves** of a company into capital (such as shares).

**capital redemption reserve** A reserve of funds which a company may have to set up to keep its capital base when shares are **redeemed** or bought back.

**charge** See **lien and charge**.

**company representative** If a company owns shares, it can appoint a company representative to attend a shareholders' meeting to speak and vote for it.

**consolidate** When shares are consolidated, they are combined with other shares - for example every three £1 shares might be consolidated into one new £3 share.

**cumulative dividends** If a dividend which is cumulative cannot be paid in one year because the company does not have enough profits to cover the payment, the shareholder has the right to receive the dividend in a future year, when the company has enough profits to pay the dividend. Compare this with a **non-cumulative dividend**.

**debenture** A typical debenture is a long-term borrowing by a company. The loan usually has to be repaid at a fixed date in the future, and carries a fixed rate of interest.

**declare** Generally, when a dividend is declared, it becomes due to be paid.

**dividend warrant** A dividend warrant is similar to a cheque for a dividend.

**documents of title** The documents which show that a person owns something (for example, a share certificate).

**equity securities** For section 89 of the Companies Act this means all the shares of a company except:

- shares which only have a limited right to share in the company's income or assets;
- shares held as a result of share schemes for employees (such as profit sharing schemes);
- some shares held by the founders of the company; and
- bonus shares issued when the company **capitalises reserves**.

Also included are securities which can be converted into those shares, or which allow their holder to **subscribe** for those shares.

**ex-dividend** When a share goes "ex-dividend", a person who buys it will not be entitled to the dividend which has been **declared** shortly before he bought it. When a share has gone "ex-dividend", the seller is entitled to this dividend, even though it will be paid after he has sold his share.

**executed** A document is executed when it is signed, or sealed or made valid in some other way.

**exercise** When a power is exercised, it is put to use.

**forfeit** When a share is forfeited it is taken away from the shareholder and goes back to the Company. This process is called "**forfeiture**". This can happen if a **call** on a **partly-paid share** is not paid on time.

**fully-paid shares** When all of the money which is due to the Company for a share has been paid, a share is called a fully paid share.

**good title** If a person has good title to a share, he owns it outright.

**holding company** A company which controls another company (for example by owning a majority of its shares) is called the holding company of that other company. The other company is the **subsidiary** of the holding company.

**indemnity** If a person gives another person an indemnity, he promises to make good any losses or damage which the other might suffer. The person who gives the indemnity is said to "indemnify" the other person.

**in issue** See **issue**.

**instruments** Formal legal documents.

**issue** When a share has been issued, everything has been done to make the shareholder the owner of the share. In particular, the shareholder's name has been put on the register of shareholders. Existing shares which have been issued are "**in issue**".

**liabilities** Debts and other obligations.

**lien and charge** Where the Company has a lien and charge over shares, it can take the dividends, and any other payments relating to the shares which it has a charge over, or it can sell the shares, to repay the debt and so on.

**members** Shareholders.

**negotiable instrument** A document such as a cheque, which can be freely transferred from one person to another.

**nominal amount or value** The value of the share in the Company's accounts. The nominal value of the £1 Ordinary Shares is £1. This value is shown on the share certificate for a share, if there is one. When the Company **issues** new shares this can be for a price which is at a **premium** to the nominal value. When shares are bought and sold on the stock market this can be for more, or less, than the nominal value. The nominal value is sometimes also called the "par value".

**non-cumulative dividends** If a dividend which is non-cumulative cannot be paid in one year because the company does not have enough profits available to cover the payment, the shareholder does not have the right to receive the dividend in a future year. This is the opposite to a **cumulative dividend**.

**office copy** An exact copy of an official document, supplied by the office which holds, or issued, the original.

**Ordinary Resolution** A decision reached by a simple majority of votes - that is by more than 50 per cent of the votes cast.

**par value** See nominal value.

**partly paid shares** If any money remains to be paid on a share, it is said to be **partly paid**. The unpaid money can be "**called**" for.

**personal representatives** A person who is entitled to deal with the property ("the estate") of a person who has died. If the person who has died left a valid will, the will appoints "executors" who are personal representatives. If the person died without a will, the courts will appoint one or more "administrators" to be the personal representatives.

**poll** On a poll vote, the number of votes which a shareholder has will depend on the number of shares which he owns. An Ordinary Shareholder has one vote for each share he owns. A poll vote is different to a **show of hands** vote, where each person who is entitled to vote has just one vote, however many shares he owns.

**power of attorney** A formal document which legally appoints one or more persons to act on behalf of another person.

**pre-emption rights** The right of some shareholders which is given by the Companies Act to be offered a proportion of certain classes of newly **issued** shares and other securities before they are offered to anyone else. This offer must be made on terms which are at least as favourable as the terms offered to anyone else.

**premium** If the Company **issues** a new share for more than its **nominal value** (for example because the market value is more than the nominal value), the amount above the nominal value is the premium.

**proxy** A proxy is a person who is appointed by a shareholder to attend a meeting and vote for that shareholder. A proxy is appointed by using a **proxy form**. A proxy does not have to be a shareholder. A proxy can only vote on a **poll**, and not on a **show of hands**.

**proxy form** A form which a shareholder uses to appoint a **proxy** to attend a meeting and vote for him. The proxy form must be delivered to the Company before the meeting to which it relates.

**quorum** The minimum number of shareholders who must be present before a meeting can start. When this number is reached, the meeting is said to be "quorate".

**rank & ranking** When either capital or income is distributed to shareholders, it is paid out according to the rank (or ranking) of the shares. For example, a share which ranks before (or ahead of) another share in sharing in the Company's income is entitled to have its dividends paid first, before any dividends are paid on shares which rank behind (or after) it. If there is not enough income to pay dividends on all shares, the available income must be used first to pay dividends on shares which rank ahead, and then to shares which rank behind. The same applies for repayments of capital. Capital must be paid first to shares which rank ahead in sharing in the Company's capital, and then to shares which rank behind.

**recognised clearing house** A "clearing house" which has been authorised to carry on business by the UK authorities. A clearing house is a central computer system for settling transactions between members of the clearing house.

**recognised investment exchange** An "investment exchange" which has been officially recognised by the UK authorities. An investment exchange is a place where investments, such as shares, are traded. The London Stock Exchange is a recognised investment exchange.

**redeem and redemption** When a share is redeemed, it goes back to the Company in return for a sum of money (the "redemption price") which was fixed before the share was **issued**. This process is called redemption. A share which can be redeemed is called a "redeemable" share.

**relevant securities** Any shares of a company, except shares held as a result of share schemes for employees (such as profit sharing schemes) and some shares held by the founders of the company. Also included are any securities which can be converted into such shares, or which allow their holders to **subscribe** for such shares.

**relevant system** This is a term used in the legislation for a computer-based system which allows shares without share certificates to be transferred without using transfer forms. The CREST system for paperless share dealing is a "relevant system".

**renunciation** Where a share has been **allotted**, but nobody has been entered on the share register for the share, it can be **renounced** to another person. This transfers the right to have the share registered to another person. This process is called renunciation.

**requisition a meeting** A formal process which shareholders can use to call a meeting of shareholders. Generally speaking the shareholders who want to call a meeting must hold at least 10 per cent of the **issued** shares.

**reserve fund** A fund which has been set aside in the accounts of a company - profits which are not paid out to shareholders as dividends, or used up in some other way, are held in a reserve fund by the company.

**retire** Each Director must retire at the third Annual General Meeting after he was elected or last re-elected. This gives the shareholders the chance to confirm their appointments by voting on whether to re-elect them.

**revoke** To withdraw, or cancel.

**rights issue** A way by which companies raise extra share capital. Usually the existing shareholders will be offered the chance to buy a certain number of new shares, depending on how many they already have. For example, shareholders may be offered the chance to buy one new share for every four they already have.

**share premium account** If a new share is **issued** by the Company for more than its **nominal value** (because the market value is more than the nominal value) then the amount above the nominal value is the premium, and the total of these premiums is held in a **reserve fund** (which cannot be used to pay dividends) called the share premium account.

**show of hands** A vote where each person who is entitled to vote has just one vote, however many shares he holds.

**Special Resolution** A decision reached by a majority of at least 75 per cent of votes cast. Shareholders must be given at least 21 days' notice of any Special Resolution.

**special rights** These are the rights of a particular class of shares, as distinct from rights which apply to all shares generally. Typical examples of special rights are where the shares **rank**, their rights to sharing in income and assets and voting rights.

**statutory declaration** A formal way of declaring something in writing. Particular words and formalities must be used - these are laid down by the Statutory Declarations Act of 1835.

**stock** Shares which have been converted into a single **security** with a different unit value. For example a shareholder with one hundred £1 shares might be converted into £100 worth of stock.

**subordinate** When something is subordinate to something else it is less important.

**subscribe for shares** To agree to take new shares in a company (usually for a cash payment).

**subdividing shares** When shares are subdivided they are split into shares which have a smaller **nominal amount**. For example, a £1 share might be subdivided into two 50p shares.

**subject to** Means that something else has priority, or prevails, or must be taken into account. When a statement is subject to another statement this means that the first statement must be read in the light of the other statement, which will prevail if there is any conflict.

**subscribers to shares** The people who first buy the shares.

**subsidiary** A company which is controlled by another company (for example because the other company owns a majority of its shares) is called a subsidiary of that company.

**subsidiary undertaking** This is a term used by the Companies Act. It is a wider definition than **subsidiary**. Generally speaking it is a company which is controlled by another company because the other company:

- has a majority of the votes in the company either alone, or acting with others;
- is a shareholder who can appoint or remove a majority of the directors; or
- can exercise dominant influence over the company because of anything in the company's memorandum or articles, or because of a certain kind of contract.

**trustees** People who hold property of any kind for the benefit one or more other people under a kind of arrangement which the law treats as a “trust”. The people whose property is held by the trustees are called the **beneficial owners**.

**underwrite** A person who agrees to buy new shares if they are not bought by other people underwrites the share offer.

**unincorporated associations** Associations, partnerships, societies and other bodies which the law does not treat as a separate legal person to their members.

**warrant** See the definition of **dividend warrant**.

**wider-range investments** The law restricts the investments which some **trustees** can invest in. Where this restriction applies, the trustees can invest up to three quarters of their funds in wider-range investments. These are, generally speaking, shares which are quoted on the London Stock Exchange, and which are earning dividends.

**wind up** The formal process to put an end to a company. When a company is wound up its assets are distributed. The assets go first to creditors who have supplied property and services, and then to shareholders. Shares which **rank** first in sharing in the Company’s assets will receive any funds which are left over before any shares which rank after (or behind) them.