

**The Companies Act 1985**

**PRIVATE COMPANY LIMITED BY SHARES**

***ARTICLES OF ASSOCIATION***

**- of -**

**NEW CENTURY INNS LIMITED  
Company No 3726909**

**(Adopted by Special Resolution passed on 31 August 1999  
and subsequently Amended by Special Resolution passed on 18 April 2001)**

**THE ENDEAVOUR PARTNERSHIP  
STOCKTON ON TEES**



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**PRELIMINARY**

1. (a) The regulations contained in Table A in the Companies (Tables A-F) Regulations 1985 (as amended prior to the adoption of these Articles) (☐ Table A ☐) shall apply to the Company save in so far as they are excluded or varied hereby or to the extent inconsistent herewith.

(b) The following Regulations of Table A shall not apply to this Company viz: 3, 24, 35, 39, 40, 46, 47, 50, 53, 54, 64, 73 to 77 (inclusive) 80, 81, 88, 89, 93 to 98 (inclusive) 115 and 118.

(c) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table bear the meanings set opposite them respectively in the second column :-

“Ordinary Shares”	A Ordinary Shares of .1 each in the capital of the Company
“Act”	Companies Act 1985;
“Auditors”	the auditors for the time being of the Company;
“B Ordinary Shares”	B Ordinary Shares of .1 each in the capital of the Company;
“Board”	the board of directors of the Company from time to time
“Business Day”	a day (not being a Saturday) on which banks generally are open for business in London;

“Convertible Preference Shares”	the convertible preference shares of one penny each in the capital of the Company
“Controlling Interest”	an interest (within the meaning of Schedule 13, Part 1 and Section 324 of the Companies Act 1985) in shares conferring in the aggregate more than one half of the total voting rights conferred by all the shares in the share capital of the Company for the time being in issue and conferring the right to vote at all general meetings;
“Convertible Value”	<p>at any date, in respect of any Convertible Preference Share</p> <p>-</p> <p>(i) the amount subscribed for that Share, plus</p> <p>(ii) a sum equal to the Net Annual Return on that Share for every Year (or part thereof) from the date of subscription to that date,</p> <p>where -</p> <p>□ Net Annual Return □ means a sum equal to 20% (or pro rata for part of a Year) of the Convertible Value at the beginning of that Year (or, in the first Year, of the amount subscribed) less the amount of any dividends paid on that Share during that Year (or part thereof);</p> <p>□ Year □ means each period of 1 September in one year to 31 August in the next following year; and</p> <p>□ the amount subscribed □ for a Share shall include any premium subscribed for it</p>
“Exit”	A Flotation or Sale;
“Flotation”	(a) the effective admission of any part of the equity share capital of the Company to the Official List of The London Stock Exchange or the grant of effective permission by The London Stock Exchange for dealings to take place in the same on the Alternative Investments Market or the commencement of dealings in the same on any other recognised investment exchange (as defined in Section 207 of the Financial Services Act 1986); or

	(b) an underwritten public flotation and listing on an internationally recognised share exchange
	(whichever is the earlier);
“Group”	the Company and its subsidiaries and subsidiary undertakings for the time being;
“Ordinary Shares”	the A Ordinary Shares and the B Ordinary Shares of one pound (1.00) each in the capital of the Company (or, after the Trigger Date, all of the Ordinary Shares into which they and the Convertible Preference Shares will have been converted)
“Privileged Relation”	in relation a Shareholder means <ul style="list-style-type: none"> <li>a) the spouse of that party</li> <li>b) the trustees of any settlement of which that party is the settlor and which is for the benefit of the settlor, his spouse, children and/or remoter issue.</li> </ul>
“Sale”	a sale shall mean :- <ul style="list-style-type: none"> <li>(i) the sale (except as permitted by Article 11 (b) below) of Ordinary Shares constituting a Controlling Interest to a single purchaser (or to one or more purchasers as part of a single transaction); or</li> <li>(ii) the acquisition (whether or not as part of a single transaction but excluding any acquisition of shares as permitted under Articles 11(b) below) of Ordinary Shares constituting a Controlling Interest by any person or by any group of persons who are Associates of each other and who did not previously hold a Controlling Interest; or</li> <li>(iii) the sale of substantially the whole of the undertaking of the Company (other than to a member of the Group);</li> </ul>
“Shares”	the A Ordinary Shares, the B Ordinary Shares and the Convertible Preference Shares (or, after the Trigger Date, the Ordinary Shares into which they will have been converted)

“Trigger Date”

the earliest of :

- (i) 31 August 2004
- (ii) an Exit; and
- (iii) the Company having expended twenty one million pounds (£21,000,000) in capital expenditure on the acquisition and/or improvement of pubs (for which purposes capital expenditure shall be the aggregate of cost less the cost price (acquisition and improvement) of pubs sold in both cases before depreciation and established in accordance with the same principles as applied in the preparation of the annual accounts of the Company from time to time\*<sup>1</sup>

(d) In these Articles:-

- (i) references to a document being executed include references to its being executed under hand or under seal or as a deed or by any other method;
- (ii) references to writing include references to any visible substitute for writing and to anything partly in one form and partly in another form;
- (iii) words denoting the singular number include the plural number and vice versa, words denoting the masculine gender include the feminine gender and words denoting persons include corporations;
- (iv) words or expressions contained in the Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force at the date of adoption of the Articles;
- (v) subject to the preceding paragraph, references to any provision of any enactment or of any subordinate legislation (as defined by Section 21 (1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force;
- (vi) references to the amount paid up on a share shall include all amounts credited as paid up thereon including any premium;
- (vii) references to a dormant subsidiary of the Company are references to any subsidiary of the Company which at the relevant time is dormant for the purposes of Section 250(1)(a) or (b) of the Act; and
- (viii) the headings are inserted for convenience only and shall not affect the construction of the Articles.

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<sup>1</sup> Amended by Special Resolution passed on 18 April 2000

(e) The Company is a private company limited by shares and accordingly any offer to the public of shares in or debentures of the Company or any allotment of or agreement to allot shares in or debentures of the Company with a view to their being offered for sale to the public is prohibited.

### **SHARES**

2. The authorised share capital of the Company as at the date of the adoption of these Articles is 210,300 divided into 100,000 A Ordinary Shares of 1.00 each 100,000 B Ordinary Shares of 1.00 each and 1,030,000 Convertible Preference Shares of 0.01 (one penny) each

### **AUTHORITY TO ALLOT**

3. Subject to the provisions of Articles 4 and 5 below, the unissued shares in the capital of the Company for the time being shall be under the control of the Directors, who are hereby generally and unconditionally authorised to allot, grant options over, or otherwise dispose of or deal with any unissued shares and relevant securities (as defined in Section 80(2) of the Act) to such persons, on such terms and in such manner as they shall think fit provided that the authority contained in this Article insofar as the same relates to relevant securities (as defined aforesaid) shall, unless revoked or varied in accordance with Section 80 of the Act:-

(a) be limited to a maximum nominal amount of shares equal to the amount of the authorised but unissued share capital of the Company immediately following the time of the passing of the Resolution adopting these Articles; and

(b) expire on the fifth anniversary of the date of the passing of such Resolution but without prejudice to any offer or agreement made before that anniversary which would or might require the exercise by the directors after such anniversary of their powers in pursuance of the said authority.

In exercising their authority under this Article the directors shall not be required to have regard to Section 89(1) or (insofar as the exclusion of the application of such sub sections is permitted by the Act) Section 90(1) to (6) (inclusive) of the Act which sub-sections shall be excluded from applying to the Company.

4. (a) The Company shall not issue any new Ordinary Shares without the prior written consent of all holders of Ordinary Shares.

(b) Save with the prior written consent of all the holders of B Ordinary Shares, all Convertible Preference Shares shall, before they are issued, be offered pro rata to the holders of B Ordinary Shares.

(c) The Convertible Preference shares shall be issued at a premium of 99p each payable in full on allotment

## **RIGHTS ATTACHING TO SHARES**

5. The special rights and restrictions attached to and binding on the Shares until the Trigger Date are as follows:-

(a) Income

The balance of any profits resolved to be distributed in any financial year or period shall be distributed first amongst the holders of Convertible Preference Shares up to an amount equal to the Convertible Value thereof less the amount subscribed therefor and thereafter amongst the holders of the A Ordinary Shares and the B Ordinary Shares pro rata to the number of such shares respectively held by them.

(b) Capital

On a return of assets on liquidation, capital reduction, reorganisation, Sale or otherwise, the assets of the Company remaining after payment of its debts and liabilities and available for distribution to shareholders shall be distributed (i) first to the holders of Convertible Preference Shares up to an amount equal to the Convertible Value thereof pro rata to the number of shares respectively held by them; and (ii) thereafter between the holders of the A Ordinary Shares the B Ordinary Shares pro rata to the number of shares respectively held by them.

(c) Voting

Each holder of an A Ordinary Share, a B Ordinary Share and a Convertible Preference Share present in person or by proxy or corporate representative shall be entitled on a show of hands to one vote and on a poll to one vote for every Share of which he is the holder.

From and after the Trigger Date all of the Ordinary Shares created by conversion pursuant to Article 9 shall rank pari passu in all respects.

## **VARIATION OF RIGHTS**

6. (a) For so long as the share capital is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied modified abrogated or cancelled only with the approval of an Extraordinary Resolution passed at a separate class meeting of the holders of the issued shares of that class, or with the consent in writing of the holders of 95 per cent or more in nominal value of the issued shares of that class (or such higher percentage as may be required by the Act).

(b) To every separate General Meeting referred to in sub-paragraph (a) above the provisions of these regulations relating to General Meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy or corporate representative three quarters or more in nominal value of the issued shares of the class and that any holders of shares of the class present in person or by proxy may demand a poll and on a poll each share



concerned shall carry one vote PROVIDED THAT where there is only one holder of the issued shares of the relevant class a quorum shall be that holder alone present in person or by proxy or corporate representative.

(c) The variation modification abrogation or cancellation of this Article or of any provision of these Articles which contains or affects any class rights shall (save as expressly provided herein) require the consent aforesaid of the holders of shares of the class or classes concerned to be effective.

#### **PART V COMPANIES ACT 1985**

7. Subject to the provisions of Part V of the Act, to Article 5 above and to the rights of the holders of the respective classes of shares of the Company the Company may:-

(a) issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder;

(b) purchase its own shares (including any redeemable shares);

(c) make a payment in respect of the redemption or purchase, under section 160 or (as the case may be) section 162 of the Act and the relevant power under (a) or (b) above, of any of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares to the extent permitted by Section 171 of the Act.

#### **LIEN**

8. The Company shall have a first and paramount lien on all shares standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company.

#### **CONVERSION**

9. (a) On the Trigger Date, all the shares then in issue shall automatically convert into a single class of new Ordinary Shares ranking pari passu in all respects in accordance with this Article 9.

(b) Each A Ordinary Share and each B Ordinary Share shall convert into one new Ordinary Share.

(c) The Convertible Preference Shares shall as a class convert to such number of new Ordinary Shares (rounded as specified below) as calculated in accordance with the formula set out below and such new Ordinary Shares shall be held by shareholders pro rata to the number of Convertible Preference Shares held by them immediately prior to the conversion. If such conversion would create fractions of a share for any shareholder, the number of new Shares into which that shareholder's Convertible Preference Shares shall convert shall be rounded to the nearest whole number.

$$C / ((D - C) / B) = A$$

Where A = the number of new Ordinary Shares into which the Convertible Preference Shares convert

B = the number of A Ordinary Shares and B Ordinary Shares in issue immediately before conversion

C = the Convertible Value at the date of conversion

D = the Open Market Value of the Company

“Open Market Value” has the like meaning and is determined in the like way as for Article 10 (f) (iii)

The conversion of the Convertible Preference Shares shall be achieved by an automatic consolidation of such shares into such fewer number of units of 1.00 each as is determined by the application of the above formula and the automatic application of so much of the 99p premium paid on subscription for the Convertible Preference Shares as is necessary to pay up the Ordinary Shares of 1.00 each created by the conversion to their full nominal value.

### **TRANSFERS - GENERAL**

10. (a) No shares or any interest therein shall be transferred and the directors shall not register any transfer of shares in the Company except in circumstances where the transfer is permitted by these Articles (□a permitted transfer□).

(b) For the purposes of the provisions of these Articles relating to a transfer of shares, a transfer of shares includes a renunciation of any allotment of shares or of any rights to subscribe for or receive an allotment of shares and any other disposition, sale, assignment or otherwise of any interest in any share whether legal beneficial or otherwise and whether or not for consideration or by written disposition or by operation of law or otherwise.

(c) Any transfer or purported transfer of any share or of any interest therein made otherwise than in accordance with these Articles shall be void and of no effect whatsoever.

(d) The directors may in their absolute discretion and without assigning any reason therefor, decline to register any transfer made otherwise than in accordance with Regulation 24(a) of Table A.

(e) The transferor of any share shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

(f) For the purposes of these Articles and in particular the provisions thereof relating to the transfer of shares:-

- (i) "Mandatory Transfer" means any transfer of shares required pursuant to Article 12 or which is given by any person at a time when he could be required under Article 12 to make such a transfer;
- (ii) "Mandatory Transfer Notice" means a Transfer Notice given or deemed to be given pursuant to Article 12 or given by a person at a time when he could be required under Article 12 to give such a Transfer Notice;
- (iii) "Open Market Value" means the value of the Company attributable to shareholders and shall be such sum as may be agreed between the proposed transferor and the Board (or if an Open Market Value is required for the purposes of conversion under Article 9 above, between the holders of not less than 75% of the shares in each class prior to conversion) or (in either case) in default of such agreement such sum as a Chartered Accountant appointed in the manner described below (the "Determining Accountant") shall report in writing as being in his opinion the open market value of all of the issued share capital of the Company on a sale between a willing buyer and a willing seller.

The Determining Accountant shall be appointed by agreement between the parties who could have agreed the Open Market Value or, failing agreement, shall be appointed on the application of any of the relevant parties by the President for the time being of the Institute of Chartered Accountants in England and Wales.

In reporting the Determining Accountant shall be deemed to be acting as an expert and not as arbitrator and his report shall be in writing addressed and produced to the Company and shall be final and binding, in the absence of manifest error therein. The Board shall procure that any report required hereunder is obtained with due expedition and the cost of obtaining such Report shall be borne by the Company;

- (iv) "Transfer Notice" means a Mandatory Transfer Notice or a transfer notice in relation to a Voluntary Transfer, as the case may be;
- (v) "Transfer Value" means
  - (a) in relation to any transfer of Ordinary Shares other than one to which paragraph (b) below applies -
    - (i) if a member has received a bona fide offer and has given notice thereof to the Board in accordance with Article 13 (a) below, the amount per share of the consideration offered (or the fair value thereof);
    - (ii) in any other case a sum per share equal to the Open

Market Value less the aggregate Convertible Value of all Convertible Preference Shares then in issue divided by the number of Ordinary Shares then in issue (the "Fair Value")

- (b) in relation to a Mandatory Transfer of A Ordinary Shares
  - (i) where a Mandatory Transfer Notice is given prior to 1 September 2002, the Transfer Value shall be the amount subscribed for such A Ordinary Shares.
  - (ii) except where (i) applies, where the holder of A Ordinary Shares is a Good Leaver, the Transfer Value shall be the Fair Value.
  - (iii) except where (i) applies, where the holder of A Ordinary Shares is a Bad Leaver, the Transfer Value shall be 75% of the Fair Value.
- (c) in relation to a transfer of Convertible Preference Shares, the Transfer Value shall be the Convertible Value thereof
- (vi) a Good Leaver is a person who ceases employment due to retirement, death, ill-health or wrongful dismissal and a Bad Leaver is a person who ceases employment otherwise than as a Good Leaver.
- (vii) "Voluntary Transfer" means any transfer of shares pursuant to a notice served in accordance with Article 13 (a).

#### **TRANSFERS EXPRESSLY PERMITTED**

- 11. (a) Any share may be transferred at any time by a member to a Privileged Relation.
- (b) Any share may be transferred at any time by a member to any other person with the written consent of shareholders holding at least 75% of the A Ordinary Shares and 75% of the B Ordinary Shares (or, after the Trigger Date, 75% of the Ordinary Shares).

#### **MANDATORY TRANSFERS**

- 12. (a) In the event that any holder of A Ordinary Shares ceases for whatever reason to be employed by the Company then a Mandatory Transfer Notice may at the election of the holders of a majority of the "B" Ordinary Shares be required to be given in respect of all or any of the A Ordinary Shares in the Company held by that member.
- (b) In any case where under the provisions of these Articles a Mandatory Transfer Notice is required to be given in respect of any shares a Mandatory Transfer Notice shall if not actually given within a period of fourteen days of demand therefor being made or within any other period specified, be deemed to have been given on the fourteenth day after such demand is

made or at the end of the relevant specified period, as appropriate.

### **THIRD PARTY TRANSFER**

13. Save as provided in Articles 14 and 15, no member shall transfer any of his membership interest in the Company except by a transfer which meets the following requirements:

(a) If a member (the "Offering Member") wishes to transfer or offer any membership interest in the Company he shall first give a written Transfer Notice to the Board specifying the number and class of shares he wishes to transfer or offer. If the Member has received a bona fide offer to transfer any membership interest in such shares, then he shall also give written notice specifying (i) the name and address of the party (the "Offeror") to which the Offering Member proposes to transfer the membership interest, (ii) the consideration to be delivered to the Offering Member for the proposed transfer, and (iii) all other material terms and conditions of the offer. If the consideration to be paid for such membership interest is other than cash the Offering Member shall specify in the Transfer Notice the fair market value of such consideration and shall include a qualified accountant's valuation in support thereof.

(b) A Transfer Notice shall authorise the Company to sell the membership interest to which such Transfer Notice relates or is deemed to relate (the "Sale Shares") in accordance with the provisions hereinafter in this Article.

(c) On receipt (or deemed receipt) of a Transfer Notice the Sale Shares shall be offered to the other shareholders and (if the Board so resolve) to the Company. Such offers shall be made within five days of receipt (or deemed receipt) of the Transfer Notice or (if applicable) of the agreement or determination of the Open Market Value. The Company shall make the offers by :

- (i) written notice (the "Purchase Notice") to all other shareholders in the Company specifying the name of the Offeror, the number and class of shares and the Transfer Value and (if the Transfer Value is based upon a bona fide offer) the details of such offer given to the Company in accordance with paragraph (a) above; and
- (ii) if the Board has resolved that any of the Sale Shares be offered to the Company, notice to convene as soon as reasonably possible an Extraordinary General Meeting to consider such resolutions as would be required to authorise such purchase.

(d) The Purchase Notice shall invite each shareholder to whom such notice is given to apply in writing to the Company within twenty one days of the date of despatch of the notice (which shall be specified therein) for such maximum number of the Sale Shares (being all or any thereof) as he or it shall specify in such application.

(e) If at the end of the period of twenty-one days referred to above or, if later, after the conclusion of the extraordinary general meeting referred to in sub-article (c), Shareholders and/or the Company shall have applied for :-

- (i) in the case of a Voluntary Transfer of all of the Shares held by the Offering Member, all of the Sale Shares; or
- (ii) in any other case all or any of the Sale Shares

then the Secretary of the Company shall allocate all the Sale Shares (or, as the case may be so many of them as shall be applied for as aforesaid)

- (i) first to the Company up to the number of the Sale Shares it has resolved to purchase;
- (ii) secondly, to and amongst the shareholders of the same class
- (iii) thereafter, to and amongst the other shareholders

applying for the Sale Shares and, to the extent there is competition between such applicants of the same class, pro rata to the number of such shares of the class of which they are respectively registered as holders PROVIDED THAT no shareholder shall be obliged to take more than the maximum number of Sale Shares specified by him as aforesaid and that all requisite adjustments shall be made in the event that any applicant allocated Sale Shares shall fail to complete the purchase of the same when required in accordance with this Article.

(f) The Secretary of the Company shall forthwith give notice in writing of the allocations of Sale Shares made pursuant to paragraph (e) above (hereinafter called an "Allocation Notice") to the holder of the Sale Shares and to the persons to whom Sale Shares have been allocated and the holder of the Sale Shares shall thereupon be bound to transfer all (but not some only) of the shares allocated upon payment of the specified price thereof. An Allocation Notice shall state the names and address of the purchasers and the number of shares agreed to be purchased by them respectively and the purchases shall be completed at such place and such time as shall be specified by the Secretary of the Company in such Allocation Notice being not less than seven days or more than twenty eight days after the date of such Allocation Notice.

(g) Where a Voluntary Transfer Notice has been served and all of the Sale Shares are not sold to shareholders in accordance with the previous provisions of this Article, the Offering Member shall be entitled at any time during the month following the date specified by the Secretary of the Company in paragraph (f) above (or if no shareholders have applied to purchase the Sale Shares in accordance with paragraph (d) above, the month following the end of the twenty one day period specified in that paragraph) to transfer the shares not sold to shareholders to the Offeror on the terms and conditions of the Voluntary Transfer Notice.

(h) If any member who has become bound as aforesaid makes default in accepting payment of the purchase price for any shares to be sold by it in accordance with this Article 12, or as the case may be in transferring the same the Board may receive such purchase money and may nominate some person to execute an instrument of transfer of such shares in the name and on behalf of such member and thereafter when such instrument has been duly stamped the Board

shall cause the name of the purchaser to be entered in the Register of Members as the holder of such shares and where applicable shall hold the purchase money in trust without interest for such member. The receipt of the Board for the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof) and after his name has been entered in the Register of members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

### **CONTROLLING INTEREST**

14. (a) If any shareholder(s) receive and wish to accept a bona fide written offer on arm's length terms from a third party (not being another shareholder in the Company) to purchase such of its or their shares in the Company that constitute a Controlling Interest in the Company at that time (the "Third Party Offer"), the shareholder(s) shall not accept such offer unless he is or they are first able to procure that an offer is made to the other shareholders to purchase all of their shares in the Company on no less favourable terms than those in the Third Party Offer.

(b) If a Third Party Offer is made to Shareholders in respect of Shares that confer more than 65% of the total voting rights of all Shares then in issue and that offer is extended to all other Shareholders in accordance with paragraph (a) above, all of the members of the Company shall be deemed to have consented to the sale of shares in the Company by the other shareholders to the person making the Third Party Offer on the terms of the Third Party Offer and the provisions of Article 13 shall not apply to such shares.

### **DRAG ALONG**

15. (a) If any shareholder(s) receives and wish to accept a Third Party Offer in respect of shares that confer more than 65% of the total voting rights of all Shares then in issue which is conditional upon the offeror being able to acquire a greater proportion of the share capital of the Company than is at that time held by that shareholder, the shareholder may give notice (a ☐ Compulsory Sale Notice ☐) to all (but not some only) of the other members of the Company giving details of the Third Party Offer (including the proposed price, the minimum number of shares required and the place, date and time of completion of the proposed purchase being a date not less than 14 days from the date of the Compulsory Sale Notice).

(b) Each member who is given a Compulsory Sale Notice shall sell all of his shares to the proposed purchaser at the price per share and on the terms specified in the Third Party Offer.

(c) If any member fails to complete such sale at the appointed place and time, the provisions of Article 13(i) shall apply as if such member were a defaulting Offering Member. The Company shall not pay the purchase money (which shall not attract interest) due to any member given a Compulsory Sale Notice until he shall, in respect of the shares being the subject of the Compulsory Sale Notice, have delivered his share certificate or a suitable indemnity and the necessary transfers to the Company. No member shall be required to comply with a Compulsory Sale Notice unless the shareholder(s) who gave the Compulsory Sale Notice shall sell their shares to the Third Party Offeror at completion subject at all times to that shareholder being able to withdraw the Compulsory Sale Notice at any time prior to completion by giving notice to the Company to that effect, whereupon each Compulsory Sale Notice shall cease to have

effect.

### **GENERAL MEETINGS**

16. All general meetings of the Company shall be held within the United Kingdom. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business and at all times throughout the meeting thereafter; two members of which at least one is a holder of A Ordinary Shares and one is a holder of B Ordinary Shares present in person or by proxy (or, being a corporation, by representative) shall be a quorum PROVIDED THAT if at an adjourned meeting a quorum for the purposes of the foregoing provisions of this Article is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved. Regulation 41 of Table A shall be read and construed accordingly.

17. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the Chairman or by any member present in person or by proxy. On a show of hands votes may be given either personally or by proxy.

18. Unless a poll is demanded as provided in Article 17, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the Minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

19. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a second or casting vote.

20. Subject to the Act, a resolution in writing signed by all the members for the time being entitled to vote shall be as effective for all purposes as a resolution duly passed at a general meeting of the Company duly convened and held, and may consist of several documents in the like form each signed by one or more members. In the case of a corporation the resolution may be signed on its behalf by a director thereof or by its duly appointed or duly authorised representative.

### **DIRECTORS**

21. Unless otherwise determined by the Company in general meeting, the minimum number of directors shall be three and the maximum number shall be five.

22. The quorum necessary for the transaction of business of the directors shall be two.

23. (a) The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit provided that unless otherwise agreed by all the



directors at the time as regards the meeting concerned all meetings of the directors shall be held within the United Kingdom. A director may, and the Secretary on the requisition of a director shall, at any time summon a meeting of the Board. Save in the case of an emergency and unless all the directors (or their duly appointed alternates) shall agree to the holding of a meeting by shorter notice, at least seven days notice of every meeting of directors shall be given either in writing or by cable or telex or facsimile or (to the extent they are available) e-mail or other similar means of visible communication to each director.

(b) Any director enabled to participate in the proceedings of a meeting by means of a communication device (including a telephone) which allows all the other directors present at such meeting whether in person or by means of such type of communication device, to hear or hear and see at all times such director and such director to hear at all times all other directors present at such meeting (whether in person or by means of such type of communication device) shall be deemed to be present at such meeting and shall be counted when reckoning a quorum.

24. A person may be appointed a director notwithstanding that he shall have attained the age of seventy years and no director shall be liable to vacate office by reason of his attaining that or any other age.

25. At any meeting of the directors:-

- (a) each director present shall have one vote; and
- (b) the Chairman shall not be entitled to a second or casting vote.

26. Subject to the provisions of Section 317 of the Act a director may contract with and participate in the profits of any contract or arrangement with the Company as if he were not a director. A director shall also be capable of voting in respect of such contract or arrangement, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company or of the arrangement of the terms thereof and may be counted in the quorum at any meeting at which any such matter is considered.

27. In Regulation 79 of Table A the last two sentences shall be deleted.

28. A resolution in writing signed by all the directors shall be as effective for all purposes as a resolution passed at a meeting of the directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the directors.

29. The directors may by resolution exercise all the powers of the Company to make provision (in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any subsidiary of the Company) for the benefit of persons employed or formerly employed by the Company or that subsidiary.

30. A director shall not require a share qualification, but nevertheless shall be entitled to attend and speak at any general meeting of the Company.

31. The office of a director shall be vacated if:-

(a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or

(b) he becomes bankrupt or insolvent or makes any arrangement or composition with his creditors; or

(c) he is, or may be, suffering from mental disorder and either:-

(i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

(ii) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs.

### **BORROWING POWERS OF DIRECTORS**

32. (a) Subject as otherwise provided in these Articles, the directors may exercise all the powers of the Company to borrow money, whether in excess of the nominal amount of the share capital of the Company for the time being issued or not, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and, subject to the provisions of these Articles and of the Act, to issue debentures, debenture stocks and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

(b) In this Article the expression "borrowings" shall include any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of (a) money borrowed or raised, (b) any bond, note, loan stock, debenture or similar instrument, (c) acceptance or documentary credit facilities, (d) foreign exchange options, (e) rental payments under leases and hire purchase agreements and instalments under conditional sale agreements (in all cases whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition or use of the asset concerned, (f) guarantees, indemnities, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts and or in respect of the indebtedness of any other person and (g) the amount paid up on any share capital of any subsidiary of the Company (other than equity share capital) not for the time being owned by the Company or any subsidiary thereof.

### **NOTICES**

33. (a) Every director of the Company shall, upon supplying the Company with an address for the giving of notices therefor, be entitled to receive notices of general meetings,

provided always that non-receipt of any such notice by any director shall not invalidate the proceedings at the general meeting convened by such notice.

(b) A notice may be given (i) by the Company to any member or director either personally or by sending it by first class post (airmail if abroad) or Royal Mail Special Delivery post or by facsimile or other means of visible communication to him or to his registered address or to the address supplied by him to the Company for the giving of notice to him or (ii) to the Company for the purpose of these Articles by like method at its registered office for the time being. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the notice, and to have been effected at the expiration of seventy-two hours after the letter containing the same is posted. Where a notice is sent by facsimile or other means of visible communication, service, of the notice shall be deemed to be effected forthwith. Notwithstanding anything else provided in these Articles, any director who has not given an address for service to the Company shall not be entitled to notices hereunder.

### **INDEMNITY**

34. Every director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Sections 144 and 727 of the Act, in which relief is granted to him by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.