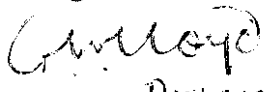
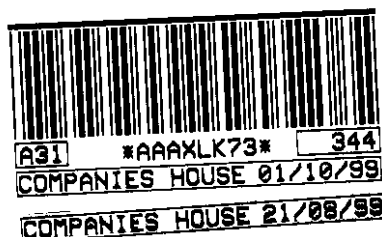


**COMPANIES ACTS**  
**WRITTEN RESOLUTIONS**  
**OF**  
**LOMBARDY COURT VCT LIMITED**  
**COMPANY NUMBER: 3786161**

I, the undersigned, being the sole member of the above company, for the time being entitled to attend and vote at General Meetings, hereby pass the following resolutions and agree that the said resolutions shall for all purposes be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held.

1. **THAT** each of the existing issued and unissued ordinary shares of £1 each in the capital of the Company be sub-divided into 10 ordinary shares of 1p each.
2. **THAT** the authorised share capital of the Company be increased from £1,000 to £9,000 by the creation of 800,000 additional Ordinary Shares of 1p each, ranking pari passu with the existing Ordinary Shares of 1p each.
3. **THAT**, in substitution for any previous authority, the directors be hereby generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985, to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of relevant securities of £8,999; provided that this authority will expire on the date being five years from the date on which this resolution is passed, but the Company may before this authority expires make an offer or agreement which would or might require relevant securities to be allotted after this authority expires and the directors may allot relevant securities pursuant to such offer or agreement as if this authority had not expired.
4. **THAT** the directors be hereby given power in accordance with section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of that Act) pursuant to the authority conferred by resolution 3 above as if section 89(1) of the Act did not apply to the allotment.
- X 5. **THAT** new Articles of Association, in the form annexed hereto for the purpose of identification, be adopted to the exclusion of all the existing Articles. ✓

| Date     | Signature   | Name of Holder                  | Number of Shares |
|----------|---|---------------------------------|------------------|
| 20.08.99 | <br>Director | Pinsent Curtis Director Limited | 1                |



**THE COMPANIES ACTS 1985 AND 1989**

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**PRIVATE COMPANY LIMITED BY SHARES**

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**NEW  
ARTICLES OF ASSOCIATION  
OF  
LOMBARDY COURT VCT LIMITED**

(adopted by Special Resolution passed on  
20 August 1999)

**PRELIMINARY**

- 1 Subject as hereinafter provided and except insofar as the same are excluded or modified by these Articles, the regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (hereinafter referred to as "Table A") shall apply to the Company and, together with these Articles, shall constitute the Articles of the Company, to the exclusion of all other regulations and articles.

**INTERPRETATION**

- 2 In these Articles unless the context otherwise requires:
- 2.1 words and expressions which bear particular meanings in Table A shall bear the same respective meanings in these Articles;
- 2.2 the following words and phrases shall bear the following meanings:-

|     |  |
|-----|--|
| Act | the Companies Act 1985, as amended by the Companies Act 1989, and every statutory modification or re-enactment thereof for the time being in force |
|-----|--|

|                    |  |
|--------------------|--|
| acting in concert  | shall have the meaning set out in the City Code on Takeovers and Mergers   |
| Affiliate          | in relation to any specified person, any body corporate or other person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the specified person   |
| Associated Company | in relation to a Shareholder, any body corporate more than 20 per cent of the equity share capital of which is owned directly or indirectly by that Shareholder or which is under the control of that Shareholder  |
| Board              | the board of directors of the Company from time to time  |
| Business Days      | 9 am to 5 pm on any day other than a Saturday, Sunday or Bank Holiday in England and Wales   |
| Change of Control  | the transfer of shares in a company as a result of which any person or persons connected with each other or persons acting in concert with each other would obtain control over that number of shares in that company which in aggregate confers more than 50 per cent of the voting rights normally exercisable at General Meetings of that company |
| Close Brothers VCT | Close Brothers Venture Capital Trust PLC   |
| connected          | in the context of determining whether one person is connected with another shall be determined in accordance with the provisions of Section 839 of the Income and Corporation Taxes Act 1988   |
| Group              | the Company and any company which is a subsidiary of the Company   |

|                       |  |
|-----------------------|--|
| Investor              | Close Brothers VCT   |
| Investor's Director   | the Director of the Company appointed by Close Brothers VCT pursuant to Article 32;  |
| Listing               | any of the share capital of the Company being admitted to the Official List of the Stock Exchange;   |
| Loan Stock            | 14 per cent Secured Loan Stock 2004 of the Company   |
| Loan Stock Instrument | the deed constituting the Loan Stock, as amended from time to time   |
| Ordinary Shares       | Ordinary Shares of 1p each in the capital of the Company   |
| Qualifying Trade      | a trade carried on wholly or mainly in the United Kingdom and which constitutes a qualifying trade for the purposes of Schedule 28B to the Income and Corporation Taxes Act 1988 |
| Shareholder           | a holder of Ordinary shares and "Shareholders" means both of them  |
| the Stock Exchange    | London Stock Exchange Limited.   |

### **PRIVATE COMPANY**

- 3 The Company is a private company within the meaning of Section 1 of the Act. Accordingly, no shares in or debentures of the Company shall be offered to the public (whether for cash or otherwise) and the Company shall not allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to any of those shares or debentures being offered for sale to the public.

## **SHARE CAPITAL**

- 4.1 The share capital of the Company at the date of the adoption of these Articles is £9,000 divided into 900,000 Ordinary Shares. The Ordinary Shares shall rank *pari passu* in all respects save that:-
- 4.1.1 any Ordinary Share which is not fully paid up both as to its nominal value and to a premium equal to the premium paid by Close Brothers VCT on its Ordinary Shares shall not be transferable other than to Close Brothers VCT until all such amounts are paid up in full;
- 4.1.2 if the Company is wound-up:-
- (a) the holder of any Ordinary Share which is not fully paid up both as to its nominal value and to a premium equal to the premium paid by Close Brothers VCT on its Ordinary Shares shall not be entitled to receive notice of or to attend or vote at any general meetings of the Company; and
  - (b) on a return of capital on the winding-up the assets of the Company available for distribution to members shall be distributed first in respect of any premium paid on its Ordinary Shares, second according to the amount paid up on its Ordinary Shares up to the nominal value and thereafter any balance remaining shall be distributed amongst the members equally Provided Always that if any Ordinary Share is not fully paid up both as to its nominal value and to a premium equal to the premium paid by Close Brothers VCT on its Ordinary Shares the holder of such Ordinary Share shall only be entitled to receive an amount equal to the amount paid up on that Ordinary Share.
- 4.2 Any member wishing to make a further payment in respect of an Ordinary Share whether as to its nominal value or to the premium paid by Close Brothers VCT on its Ordinary Shares may do so upon giving not less than 10 Business Days notice to the Company accompanied by payment of the amount in question.

## **SHARE CERTIFICATES**

- 5 Regulation 6 of Table A shall apply subject to the addition of the words "or otherwise executed

by or on behalf of the Company" after the words "sealed with the seal" in the second sentence thereof.

## TRANSFERS

- 6 Save with the prior written approval of the other Shareholder, a Shareholder shall not be permitted to transfer or dispose of its shares other than in accordance with this Article 6 or Article 7. If a Shareholder (the "**Vendor**") desires to transfer or dispose of all of its shares either to a bona fide third party purchaser ("**Third Party**") or to the other Shareholder, the Vendor shall give notice in writing (the "**Transfer Notice**") to the other Shareholder (the "**Purchaser**") of its desire to do so.
- 6.1 The Transfer Notice:
- 6.1.1 shall specify the number of shares desired to be transferred or disposed of (the "**Offered Shares**");
  - 6.1.2 shall specify the price which the Vendor is willing to accept for the Offered Shares (the "**Price**");
  - 6.1.3 shall specify the name of the Third Party (if any) and its business; and
  - 6.1.4 shall not be withdrawn except as provided in Articles 6.3 and 6.7.1.
- 6.2 The Purchaser shall inform the Vendor within five Business Days of receipt of the Transfer Notice whether it accepts the Price. If the Purchaser does not inform the Vendor whether it accepts the Price within such period, it shall be deemed to have declined the offer. If the Purchaser accepts the Price, then the Offered Shares shall be sold and purchased at that price in accordance with the provisions of Articles 6.5 and 6.6. If the Purchaser does not accept the Price then the Vendor, on behalf of itself and the Purchaser, shall on the expiry of the five Business Day period forthwith instruct the Valuer (as defined in Article 7.5.1) to determine the fair price of the Offered Shares (the "**Fair Price**") and the provisions of Articles 7.5.2(a), (b) and (e) shall be applied by the Valuer *mutatis mutandis* to determine such Fair Price. Subject to Article 6.3, the costs of the Valuer in determining the Fair Price shall be borne equally by the Vendor and the Purchaser.

- 6.3 Within five Business Days after delivery of the Valuer's determination to the Vendor and the Purchaser, the Vendor may, if the Fair Price is lower than the Price, withdraw the Transfer Notice by delivering to the Purchaser a written undertaking to pay the costs of obtaining the Valuer's determination and a written notice of withdrawal. The Vendor may not otherwise withdraw the Transfer Notice except with the written consent of the Purchaser or pursuant to Article 6.7.1.
- 6.4 If the Vendor has not withdrawn the Transfer Notice pursuant to Article 6.3 within five Business Days after delivery of the Valuer's determination to the Vendor and Purchaser, the Vendor shall offer the Offered Shares to the Purchaser at the lower of the Price or the Fair Price (the "**Transfer Price**"). The offer shall limit the time, not being less than twenty Business Days, within which it may be accepted by written notice of acceptance from the Purchaser to the Vendor.
- 6.5 If the Purchaser wishes to accept such offer, the Purchaser shall give notice (the "**Acceptance Notice**") of the acceptance of the offer to purchase the Offered Shares in accordance with Article 6.2 or 6.4 to the Vendor. The Acceptance Notice shall specify:
- 6.5.1 the Price (in the case of Article 6.2) or the Transfer Price (in the case of Article 6.4); and
  - 6.5.2 the place and time (being not earlier than ten and not later than twenty Business Days after the date of the Acceptance Notice) at which the Price (in the case of Article 6.2) or the Transfer Price (in the case of Article 6.4) is to be paid by the Purchaser and the Offered Shares are to be transferred and the name of the person to whom they are to be transferred (if not the Purchaser).
- 6.6 If the Purchaser accepts the offer to sell the Offered Shares in accordance with Article 6.2 or 6.4 the Vendor shall be bound to transfer the Offered Shares against tender of the Price (in the case of Article 6.2) or the Transfer Price (in the case of Article 6.4) in accordance with the terms of the Acceptance Notice.
- 6.7 If the Purchaser does not accept the offer to sell the Offered Shares in accordance with Article 6.5 or if the Purchaser fails to complete, for a reason other than default by the Vendor, the purchase of the Offered Shares in accordance with the terms of Article 6.6, then the Vendor may either:

- 6.7.1 withdraw the Transfer Notice by delivering to the Purchaser a written notice of withdrawal; or
- 6.7.2 before the expiration of six months after:
- (a) in the case of non-acceptance of the offer to sell the Offered Shares in accordance with Article 6.5, the last date upon which the offer to sell the Offered Shares may be accepted by the Purchaser under Article 6.5; or
  - (b) in the case of the Purchaser's failure to complete in accordance with this Article 6.7, the date specified in the Acceptance Notice for completion of the sale and purchase of the Offered Shares

elect by notice in writing to the Purchaser to transfer the Offered Shares to the Third Party, but no other, at a price not lower than the Price and on terms otherwise not more favourable than those comprised in the offer which the Purchaser has not accepted under Article 6.5 (in the case of non-acceptance under Article 6.5) or the offer which the Purchaser accepted under Article 6.2 or Article 6.4, as applicable (in the case of the Purchaser's failure to complete under this Article 6.7). In such case the Directors may in their absolute discretion and without assigning any reason decline to register the transfer. Any such transfer shall be subject to the condition that the Third Party must enter into a deed with the Company and the Purchaser agreeing to discharge in full any outstanding obligations of the Vendor towards the Company or the Purchaser under these Articles or under any shareholders agreement in force for the time being between the Vendor and the Purchaser. The Vendor shall be obliged to provide the Purchaser with reasonably detailed information on the terms and progress of any sale of shares by the Vendor pursuant to this Article 6.7.

## **TRANSFER ON DEFAULT**

- 7 An "Event of Default" shall mean in relation to any Shareholder (the "**Defaulting Shareholder**") any of the following:-

- 7.1.1 the Defaulting Shareholder or its Affiliate committing a material breach of its covenants and obligations under any agreement (a "Relevant Agreement") in force for the time being between the Defaulting Shareholder and the Company or another Shareholder and, if the breach is capable of remedy, fails to remedy the



breach within twenty Business Days of being required in writing to do so by the other Shareholder;

7.1.2 there is a Change of Control of the Defaulting Shareholder or its holding company;

7.1.3 the Defaulting Shareholder or its holding company:

- (a) passes a winding-up resolution or is wound-up (other than in connection with a members' voluntary winding-up for the purposes of an amalgamation or reconstruction which has the prior written approval of the other Shareholder);
- (b) calls a meeting of its creditors for the purpose of considering a resolution that it be wound-up voluntarily;
- (c) resolves to present its own winding-up petition;
- (d) calls, or a nominee on its behalf calls, a meeting of any of its creditors;
- (e) makes an application to the Court under Section 425 of the Companies Act 1985;
- (f) submits to any of its creditors a proposal pursuant to Part I of the Insolvency Act 1986;
- (g) enters into any agreement, scheme, compromise, moratorium or composition with any of its creditors (whether pursuant to Part I of the Insolvency Act 1986 or otherwise);
- (h) is struck off the Register of Companies (and has not been restored within 3 months) or otherwise ceases to exist; or
- (i) suffers any of its property to be taken in execution;

7.1.4 the directors or shareholders of the Defaulting Shareholder or its holding company resolve to present a petition for an administration order in respect of it and an administration order is made; or

7.1.5 an administrative receiver, a receiver or a receiver and manager is appointed in respect of any of the property of the Defaulting Shareholder or its holding company.

## 7.2 Termination on Default

If an Event of Default occurs in relation to the Defaulting Shareholder or if an event of default occurs in relation to any guarantor of the Defaulting Shareholder or its Affiliate under a Relevant Agreement, the other Shareholder may give notice in writing (a "**Termination Notice**") to the Defaulting Shareholder. The Termination Notice shall specify the Event or Events of Default in question.

## 7.3 Purchase Notices

Within fifteen Business Days of receipt of a Termination Notice the Defaulting Shareholder shall make an offer to the Non-Defaulting Shareholder by notice in writing (a "**Purchase Notice**") stating the price at which it would be prepared to purchase all the Shares of the Non-Defaulting Shareholder or to sell to the Non-Defaulting Shareholder all the Shares of the Defaulting Shareholder (these Shares being in either case the "**Relevant Shares**")

## 7.4 Non-Defaulting Shareholder's Option

Within fifteen Business Days of receipt of the Purchase Notice the Non-Defaulting Shareholder shall notify the Defaulting Shareholder whether it wishes to purchase or sell the Relevant Shares in accordance with the terms of the Purchase Notice.

## 7.5 Failure of Defaulting Shareholder to serve Purchase Notice

7.5.1 If the Defaulting Shareholder fails to serve a Purchase Notice in accordance with Article 7.3, the Non-Defaulting Shareholder may by notice in writing to the Defaulting Shareholder require the Defaulting Shareholder either (a) to purchase the Relevant Shares or (b) to sell the Relevant Shares to the Non-Defaulting Shareholder at a price (in either case to be established by an independent chartered accountant (the "**Valuer**") (acting as an expert and not as an arbitrator)). The Valuer shall be agreed upon by the Shareholders or, in default of written agreement within ten Business Days of receipt of the Non-Defaulting Shareholder's notice pursuant to this Article 7.5.1, appointed by or on behalf of the President of the

Institute of Chartered Accountants in England and Wales on the application of the Non-Defaulting Shareholder. Any costs of the Valuer and of his appointment shall be borne by the Defaulting Shareholder.

7.5.2 The Valuer shall determine the fair price of the Relevant Shares (the "**Fair Value**") as at the date of the Termination Notice on the following principles:

- (a) valuing the Relevant Shares on an arm's length sale between a willing seller and a willing buyer (but applying no discount to reflect the fact that the Relevant Shares do not represent a controlling interest);
- (b) having regard to the amounts paid up or credited as paid up (including any premium) on the Relevant Shares and on all the other issued shares in the capital of the Company;
- (c) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (d) where the Non-Defaulting Shareholder is the buyer, taking account of any costs and potential detriment to the Non-Defaulting Shareholder of or in connection with any guarantees, indemnities or sureties which the Non-Defaulting Shareholder may be required to give in order to facilitate the sale and purchase of the Shares;
- (e) that the value of the residential care homes then owned by the Company is their open market value, and for this purpose "open market value" shall mean the best price at which the sale of such homes might reasonably be expected to have been completed unconditionally for cash consideration on the date at which the valuation is to be made, assuming;
  - (i) a willing seller;
  - (ii) that, prior to the date as at which the valuation is to be made, there had been a reasonable period (having regard to the nature of the homes and at the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale; and

- (iii) that no account is to be taken of any additional bid by a purchaser with a special interest;

but making suitable adjustments in respect of:

- (1) the costs which would have been properly incurred if the homes had been sold on the date of the Termination Notice; and
  - (2) any tax which would have been payable by the Company if the homes had been sold by the Company at that date;
- (f) the application in all other respects of principles and practices consistent with those customarily applied in the previous audited accounts of the Company.

## **7.6 Completion of Transfer**

Within ten Business Days of the Non-Defaulting Shareholder notifying the Defaulting Shareholder whether it (or another person procured by it) wishes to purchase or sell pursuant to Article 7.4 or the determination of the price by the Valuer pursuant to Article 7.5.2, the appropriate Shareholder shall execute the necessary instruments of transfer of the Relevant Shares in favour of the other Shareholder (or another person procured by it) against payment in full of the price for the Relevant Shares (save that where the Non-Defaulting Shareholder is purchasing the Relevant Shares, the Non-Defaulting Shareholder shall be entitled to set off against such price the aggregate amount of all costs, expenses, damages and losses suffered or incurred by the Non-Defaulting Shareholder as a result of the Event or Events of Default specified in the Termination Notice) and the Shareholders shall procure that the directors will enter the purchaser's name in the register of members of the Company as the holder of the Relevant Shares.

## **7.7 Continuance of Company's Operations**

Following service of a Termination Notice until such time as the completion of the transfer of the Relevant Shares pursuant to Article 7.6 (including, if appropriate, the period of valuation or any period during which any matter relating to this Article 7 is the subject of proceedings) each Shareholder shall do all things in its power to continue to operate the Company in the ordinary course of its business as it existed at the time at which the Termination Notice was served.

## TRANSFER ON DEADLOCK

8.1 This Article shall apply in any case where:-

- 8.1.1 a matter relating to the affairs of the Company (other than a matter for which the consent of the Investor's Director is required pursuant to Article 18) has been considered by a meeting of the Board; and
- 8.1.2 no resolution has been carried at such meeting of the Board in relation to the matter by reason of an equality of votes for and against any proposal for dealing with it; and
- 8.1.3 a general meeting of the Company which may for the purposes of this Article be convened by any Director, is convened within 7 days from the date of the Board meeting referred to in Article 8.1.1 and such matter is not resolved at such general meeting due to lack of agreement between the Shareholders or lack of a quorum for such general meeting

then a deadlock shall be deemed to have occurred in relation to that matter.

8.2 If a deadlock is deemed to have occurred and has not been resolved by agreement within 14 days either Shareholder ("**the Offeror**") may serve a written notice ("**the Sale Notice**") on the other Shareholder ("**the Offeree**") and on the Company within 21 days of the expiry of such 14 day period stating that a deadlock exists and offering both:-

- 8.2.1 to purchase all of the Shares in the Company owned by the Offeree ("**the Offeree Shares**"); and, alternatively,
- 8.2.2 to sell or to procure the sale to the Offeree of all of the shares in the Company owned by the Offeror ("**the Offeror Shares**").

8.3 Both such offers shall be made at the same price per Share (which shall be payable in cash) specified by the Offeror in the Sale Notice at such sum as it in its absolute discretion shall think fit but the Sale Notice shall not include any condition whatsoever.

8.4 During the period of 21 days immediately following receipt of the Sale Notice the Offeree shall have the right to accept (or as the case may be to procure that the Company shall accept)

either of such offers by notice ("**an Acceptance Notice**") given to the Offeror and the Company within such 21 day period and on service of an Acceptance Notice the Company the Offeror and the Offeree shall be bound to complete the relevant sale or purchase of Shares.

- 8.5 If the Offeree does not so accept either of such offers the Offeror shall have the right (but not the obligation) by notice ("**an Election Notice**") given to the Offeree and the Company within 14 days after expiration of such 21 day period to elect either to purchase all of the Offeree Shares or to sell or to procure the sale of all of the Offeror Shares to the Offeree at the price specified in the Sale Notice and the Company, the Offeror and the Offeree shall be bound by such election.
- 8.6 During the period of 30 days immediately following the date of the issue of a Sale Notice pursuant to this Article, no further Sale Notice may or shall be given by either Shareholder pursuant to this Article.
- 8.7 In the event of Sale Notices being or being deemed served simultaneously by both Shareholders the Sale Notice which specifies the higher price shall prevail and the other shall be void. In the event of Sale Notices being or deemed served simultaneously by both Shareholders specifying the same price both shall be void.
- 8.8 Once it has been given a Sale Notice or an Election Notice may not be withdrawn without the written consent of the Offeree and an Acceptance Notice may not be withdrawn without the written consent of the Offeror.
- 8.9 Any sale or purchase of shares under the provisions of this Article shall be completed at the registered office of the Company 21 days after the service of an Acceptance Notice or Election Notice as the case may be when the purchaser shall pay to the vendor the purchase price therefor determined in accordance with this Agreement by bankers draft or bank credit against delivery of a duly executed transfer of the Shares to be sold and the relevant share certificate or certificates and the written consent of the vendor to the registration of the transfer in the books of the Company. It shall be a precondition to such sale and purchase becoming effective that:-
- 8.9.1 to the extent permitted by law the purchaser shall procure that at the time of completion the Company discharges all its outstanding liabilities to the vendor and the vendor shall likewise procure the discharge of all its outstanding liabilities to the Company; and

8.9.2 either:-

- (a) the purchaser will at its own expense procure the release of the vendor from all guarantees indemnities and the like which it may have given to third parties in respect of obligations and liabilities of the Company; or
- (b) if it is unable so to procure it will at its own expense provide the vendor with a counter indemnity upon terms reasonably satisfactory to the vendor in respect of any liability of the vendor arising from such guarantees, indemnities and the like.

**PROVIDED THAT** the Shareholder in whose favour a pre-condition is to be satisfied under this Clause may waive any such pre-condition without prejudice to the obligation to fulfil such obligation within a reasonable period. Where the obligee is the Company any such pre-condition may be waived by the Shareholder which is not the obligor on behalf of the Company without prejudice to the obligation to fulfil such obligation within a reasonable period.

8.10 If neither the Offeror nor the Offeree accepts the offer made by the other for its shares the Directors shall, as agents of the Shareholders, seek independent third party purchasers for the whole of the issued share capital of the Company at the highest price obtainable. Provided a purchaser is found for the whole of the issued share capital at a price which is not less than that specified by the Offeror pursuant to Article 8.3 or determined in accordance with Article 8.7 within a period of 90 days, each of the Shareholders shall be bound to transfer its shares to such a purchaser.

8.11 If any vendor after having become bound to transfer the said Shares shall make default in so transferring them or in giving its written consent to the registration of the transfer any Director nominated by the purchaser ("**the Nominee**") may (without prejudice to any other remedies of the purchaser) execute on behalf of and as attorney for the vendor any necessary transfers and consents and receive the purchase money (and the Nominee is hereby irrevocably appointed by each Shareholder by way of security for its obligations hereunder as its attorney for such purpose) and the purchaser will in such circumstances be entitled to procure the name of the purchaser to be entered in the Register as the holder of the said Shares. A receipt of the Nominee 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 the name of the purchaser has been entered in

the Register in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

- 9 If no independent third party purchaser is found pursuant to Article 8.10 the Directors shall convene an extraordinary general meeting of the Company at which a special resolution to wind-up the Company shall be proposed. On any such resolution shares held by the Shareholders voting in favour of such resolution shall together carry at least one vote in excess of 75 per cent of the votes exercisable at the general meeting at which the resolution is proposed and such votes shall be apportioned amongst such Shareholders in the proportion in which they hold such shares.
- 10 An obligation to transfer a share pursuant to Article 6, 7 or 8 shall be deemed to be an obligation to transfer the entire legal and beneficial interest in the share free from all liens, mortgages, charges, encumbrances and other third party rights of whatever nature.
- 11 The Directors shall register the transfer of a share to any person only if the transfer has been carried out in accordance with these Articles and in no other circumstance and the first sentence of regulation 24 of Table A shall not apply.

### **LIEN**

- 12 The lien conferred by Regulation 8 of Table A shall apply to all shares of the Company whether fully paid or not and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of several joint holders.

### **CALLS**

- 13 A call in respect of moneys unpaid on any shares shall only be made in the event of the winding-up of the Company. Regulation 12 of Table A shall be modified accordingly.

### **FURTHER ISSUE OF SHARES**

- 14 Notwithstanding any other provisions of these Articles the Directors shall be bound to offer to each Shareholder such a proportion of any shares forming part of the equity share capital (as defined in Section 744 of the Act) of the Company which the Directors determine to issue as the aggregate nominal value of shares in the equity share capital of the Company for the time



being held by each such Shareholder bears to the total issued equity share capital of the Company immediately before the issue of the shares. Any shares issued to a Shareholder pursuant to such offer shall be issued upon no less favourable terms and conditions than those issued to the other Shareholder (having regard to the amount per share subscribed by each Shareholder on or immediately after the date of adoption of these Articles).

### **NOTICE OF GENERAL MEETING**

- 15 Regulation 38 of Table A shall apply subject to the omission of the words "or a resolution appointing a person as a director", the addition of the words "in the case of special business" before the words "the general nature" in the penultimate paragraph thereof and the deletion of the last paragraph thereof. Subject to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be given to all members and to the Directors.

### **PROCEEDINGS AT GENERAL MEETINGS**

- 16 Regulation 40 of Table A shall apply subject to the addition at the end of the second sentence of the words "provided that so long as any Ordinary Shares are held by the Investor one such member shall be the Investor". Regulation 50 of Table A shall not apply.
- 17 Regulation 41 of Table A shall apply subject to the addition of the following sentence: "If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved".

### **MATTERS REQUIRING CONSENT OF THE INVESTOR'S DIRECTOR**

- 18 In addition to any consent required by law the Company shall not do and (so far as it is able) it will not permit any member of the Group to and the Directors shall exercise all voting and other rights or powers of control exercisable by the Company in relation to itself and all members of the Group so as to secure that the Company and each member of the Group shall not do any of the following without the prior written consent of the Investor's Director or if there is no Investor's Director the prior written consent of the Investor:
- 18.1 amalgamate, merge, consolidate, sell or otherwise dispose of its undertaking, property or assets or any material part of them nor effect any change in the nature of its business or its business policy and for the purpose of this Article 18.1 the expression "material" shall mean five per

cent or more of the value of the net assets of the Group as shown in the then latest published audited consolidated balance sheet of the Group;

18.2 carry on any activity, business or trade other than a Qualifying Trade and shall therefore not have any trade nor a substantial part of any trade which consists of one or more of the following:-

18.2.1 dealing in land, commodities, futures, shares, securities or other financial instruments;

18.2.2 dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution;

18.2.3 banking, insurance, money lending, debt factoring, hire purchase financing or other financial activities;

18.2.4 leasing (including letting ships on charter or other assets on hire) or receiving royalties or licence fees;

18.2.5 providing legal or accountancy services;

18.2.6 providing services or facilities for any of the above activities carried on by a company (not being its holding company) in which a controlling interest is held by a person who also has a controlling interest in the relevant Group Member

or any other such activity as may from time to time be excluded by any relevant taxation legislation or Inland Revenue practice from being treated as a Qualifying Trade;

18.3 whether or not in the ordinary course of business, incur any expenditure of a capital nature which exceeds in any one instance the sum of £5,000 or in a series of instances whether related or not the sum of £50,000 per annum and for the purposes of this Article 18.3 capital expenditure shall be deemed to include the purchase price of any item acquired by way of a leasing or hire-purchase agreement (or any agreement of like nature);

18.4 make any loan or give any guarantee or collateral charge or other security other than:-

- 18.4.1 for the deposit of monies with a bank which is a recognised bank under the Banking Act 1979;
- 18.4.2 normal trade credit;
- 18.4.3 to another member of the Group and on terms that it shall be repaid forthwith upon such member leaving the Group;
- 18.4.4 bona fide expenses advanced to employees of the Group; or
- 18.4.5 temporary loans to employees not in excess of £1,000 in aggregate at any one time outstanding;
- 18.5 apply any sum by way of capitalization in, or towards paying up, any debenture or debenture stock (whether secured or unsecured) of the Company or its subsidiaries;
- 18.6 part with control of any company which is for the time being a subsidiary or Associated Company nor sell, transfer, assign or otherwise dispose of, whether directly or indirectly, any part of its interest in any share capital, loan capital, mortgage, charge, debt or other obligation of any of its subsidiaries;
- 18.7 knowingly permit any full time employee to accept any part time employment or consultancy with any other company or person;
- 18.8 engage any new employee or increase the salary or wage of any existing employee;
- 18.9 provide for any directors remuneration, cash, emoluments and benefits of any kind greater in aggregate than £4,500 per annum or establish any bonus, profit sharing or other incentive scheme for directors and/or employees or otherwise alter the terms of employment of any director of the Company or any subsidiary;
- 18.10 appoint or remove any person as a director of the Company or any subsidiary other than a director appointed by a Shareholder pursuant to these Articles;
- 18.11 subscribe for, purchase or acquire any shares, debenture, mortgage or security (or any interest in it) in any other company or otherwise acquire or take any interest in any business, partnership or venture;

- 18.12 issue any shares or grant any options or other rights to subscribe to shares or securities convertible into shares in the capital of the Company or any subsidiary or Associated Company of the Company;
- 18.13 repay any amounts standing to the credit of any share premium account or capital redemption reserve or otherwise re-organise its or their share capital;
- 18.14 enter into any scheme of arrangement with creditors;
- 18.15 make any material alteration to any construction contract relating to any property which is to be constructed for the Company or waive any of the Company's material rights under any such contract;
- 18.16 take any steps to have the Company wound up whether for the purposes of amalgamation or reconstruction or otherwise unless a registered insolvency practitioner shall have advised that the Company is required to be wound up by reason of its having become insolvent;
- 18.17 give any guarantee or indemnity other than in the ordinary course of trading or to the Company's bankers to secure Group borrowings;
- 18.18 enter into any transaction or series of transactions requiring approval under sections 320 to 322 (inclusive) of the Act or which would, if the share capital of the Company were then admitted to Listing constitute a Class 1 or Related Party transaction (as defined in Chapter 11 of the latest edition of The London Stock Exchange publication entitled "The Listing Rules" in circulation from time to time);
- 18.19 enter into any contract or other agreement or transaction or other arrangement otherwise than in the ordinary course of trading or on an arm's length basis;
- 18.20 appoint any committee of its board of directors or discuss any matters or take any decisions which are material to the Company otherwise than at a board meeting of the Company in respect of which the Investor's Director has received proper notice or appoint or remove any director;
- 18.21 declare or pay any dividend or make any distribution or agree to capitalise any reserves or apply any amount for the time being standing to the credit of its share premium account or capital redemption reserve for any purpose;

- 18.22 purchase or redeem any Shares;
- 18.23 create or issue or allow to come into being any mortgage or charge upon any part of their respective property or assets or uncalled capital or create or issue any debenture or debenture stock or borrow any monies secured or unsecured (other than pursuant to the Loan Stock Instrument) or give any guarantee or obtain any advance or credit in any form other than normal trade credit Provided always that no consent under this Article 18 shall be required in relation to any borrowings arranged for the sole purpose of the redemption or early redemption the Loan Stock pursuant to the Loan Stock Instrument.
- 18.24 make any change in its auditors or its accounting reference date;
- 18.25 commence or conduct any litigation material to the Company or any of its subsidiaries save for the collection of debts in the ordinary and normal course of its business and for the purposes of this Article 18 "material" shall mean any matter involving a potential liability for professional fees of more than £2,500.

#### **VOTES OF MEMBERS**

- 19 Subject to any special rights or restrictions as to voting attached to any class of shares (whether under Article 9 or otherwise), on a show of hands every member present in person or by proxy or (being a corporation) present by representative or proxy shall have one vote and on a poll every member present in person or by proxy or (being a corporation) present by a representative or proxy shall have one vote for every one share in the capital of the Company of which he is a holder. Regulation 54 of Table A shall not apply to the Company.

#### **ALTERNATE DIRECTORS**

- 20 At the end of Regulation 66 of Table A there shall be added the following: "nor shall any meeting of directors be invalid by reason that notice thereof or of any business to be transacted thereat was not given to any alternate director if his appointor attends such meeting".

#### **DELEGATION OF DIRECTORS' POWERS**

- 21 The board of Directors may not delegate any of its powers pursuant to Regulation 72 of Table A without the consent of the Investor's Director who may impose conditions or restrictions

with regard to the powers of any delegated committee.

### **APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 22 The Directors shall not be required to retire by rotation. Regulations 73 to 76 (inclusive) and Regulation 80 of Table A shall not apply and all other references in Table A to retirement by rotation shall be disregarded.
- 23 The Directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the Articles as the maximum number of directors. A Director so appointed shall not be required to retire at the next annual general meeting and Regulation 79 of Table A shall not apply.
- 24 The Board may at any time (but without prejudice to any claim for damages which a Director may have for breach of any service contract) remove or dismiss a Director (other than a Director appointed by a Shareholder) appointed to any office or terminate any agreement or arrangement made with any Director pursuant to Regulation 84 of Table A. Regulation 84 of Table A will be modified accordingly.

### **REMUNERATION OF DIRECTORS**

- 25 The ordinary remuneration of the Directors (other than the Investor's Director or a managing director or executive director appointed under these Articles) shall be such amount as the Directors shall from time to time determine or such other amount as the Company may from time to time by ordinary resolution determine, to be divided among them in such proportion and manner as the Directors may determine or, failing agreement, equally. Subject as aforesaid, a Director holding office for part only of a year shall be entitled to a proportionate part of a full year's remuneration. Regulation 82 of Table A shall not apply.

### **PROCEEDINGS OF DIRECTORS**

- 26 Regulation 93 of Table A shall apply to the Company subject to the addition of the words "or approved in writing" after the word "signed" in each place that it appears in the said Regulation.
- 27 Provided that (so far as applicable) he has complied with the provisions of Regulation 85 of

Table A and section 317 of the Act, a Director shall be entitled to vote on any resolution in respect of any contract or proposed contract (within the meaning of the said section 317) in which he has, directly or indirectly, an interest or duty and shall be counted in the quorum present at a meeting in relation to any such resolution. Regulations 94 to 96 (inclusive) of Table A shall be modified accordingly.

- 28 Any Director or other person may participate in a meeting of Directors or of a committee of Directors by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and any persons participating in the meeting in this manner shall be deemed to be present in person at that meeting. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is.
- 29 A meeting of Directors shall be held at least 4 times in every year.

#### **ASSOCIATE DIRECTORS**

- 30 The Directors may at any time and from time to time appoint any person to be an associate director having such title including the word "director" as the Directors may decide and may at any time remove any person so appointed. A person so appointed shall not be a Director of the Company and shall not be a member of the Board. Subject as aforesaid, the Directors may define and limit the powers and duties of any associate directors and may determine their remuneration which may be in addition to their remuneration as managers or employees of the Company.

#### **DIRECTORS' BORROWING POWERS**

- 31 Without prejudice to the generality of regulation 70 of Table A but save as otherwise provided in these Articles, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and, subject to Section 80 of the Act, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

#### **APPOINTMENT AND NUMBER OF DIRECTORS**

- 32 Each of the Shareholders shall have the right from time to time to appoint one person to be a

director of the Company to remove from office any person so appointed and to appoint another person in his place. Any Investor's Director shall have the right to be appointed as a non-executive director of each subsidiary of the Company and to be appointed to any committee established by the Board or any committee thereof or any committee of the board of directors of any subsidiary. Unless otherwise determined by ordinary resolution the maximum number of directors (other than alternate directors) shall not exceed four. Regulation 64 of Table A shall be modified accordingly.

- 33 On any resolution to remove a director appointed pursuant to Article 32 or to amend or alter Article 32 and 33 or alter its effect, shares held by the relevant appointer shall together carry at least one vote in excess of 75 per cent of the votes exercisable at the general meeting at which such resolution is to be proposed.

### **PROCEEDINGS OF DIRECTORS**

- 34 The Chairman shall not be entitled to have a casting vote at any meeting of Directors and Regulation 88 of Table A shall be amended accordingly.
- 35 The quorum for the transaction of business of the Directors shall be at least two directors of which one shall be the Investor's Director or an Alternate Director appointed by the Investor's Director and one shall be a Director other than the Investor's Director. A person who holds office only as an Alternate Director shall if his appointor is not present, be counted in the quorum. Regulation 89 of Table A shall be modified accordingly.

### **DIVIDENDS**

- 36 Dividends shall be declared and paid on all Ordinary Shares *pari passu* without regard to the amounts paid up on such shares. Article 104 of Table A shall not apply.
- 37 The Directors may deduct from any dividend or other moneys payable to any member on or in respect of a share any moneys presently payable by him to the Company in respect of that share.

### **INDEMNITY**

- 38 Subject to and so far as may be permitted by the Act, but without prejudice to any indemnity to which any person concerned may otherwise be entitled, the Directors, alternate directors,



auditors, Secretary and other officers for the time being of the Company shall be indemnified out of the assets of the Company against any costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties, including all liability incurred by them such as in defending any proceedings, whether civil or criminal, in which judgment is given in their favour, or in which they are acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on their part or in connection with any application under the Act in which relief is granted to them by the Court. Regulation 118 of Table A shall not apply.