

**THE COMPANIES ACTS 1985 AND 1989**

**COMPANY LIMITED BY SHARES**

**RESOLUTIONS IN WRITING**

of

**STERLING TEESLAND (TEESDALE) LIMITED**

In accordance with section 381A of the Companies Act 1985, Teesland Group Plc, being the sole member of the Company who, at the date of these resolutions, is entitled to attend and vote at a general meeting of the company, hereby resolves that:

**RESOLUTIONS**

1. **THAT** the regulations contained in the printed document annexed to these Resolutions be and are adopted as the articles of association of the Company, in substitution for and to the exclusion of the existing articles of association of the Company.
2. **THAT** the two issued ordinary shares of £1 each in the capital of the Company be and are reclassified as two 'B' ordinary shares of £1 having the rights set out in the articles of association to be adopted.
3. **THAT** the £998 authorised, but unissued, share capital of the Company made up of 998 ordinary shares of £1 each be and is reclassified as £998 made up of 500 'A' ordinary shares of £1 each and 498 'B' ordinary shares of £1 each, such shares having the rights set out in the articles of association to be adopted.

*M.E. Hemmick*  
.....  
for and on behalf of Teesland Group Plc

*1 November 2001*



17.5.4.

Company No 4240534

**NEW ARTICLES OF ASSOCIATION**

**THE COMPANIES ACTS 1985**

**COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**of**

**STERLING TEESLAND (TEESDALE) LIMITED**

**PRELIMINARY**

1. The Regulations of the Company shall be those contained in Table A specified in Statutory Instrument 1985 No 805 as amended by Statutory Instrument 1985 No 1052 (such Table being hereinafter called "Table A") save in so far as they are excluded or varied or inconsistent herewith whether expressly or by implication and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.)
2. Regulations 24, 39, 50, 64, 73 to 80 inclusive, 84, 94 to 98 inclusive, 110 and 118 of Table A shall not apply to the Company.

**SHARE CAPITAL**

- 3.1 At the date of the adoption of these Articles the Share Capital of the Company is £1,000 divided into 500 'A' Ordinary Shares of £1 each (hereinafter together with any further Shares classified as 'A' Ordinary Shares referred to as "the A Shares") and 500 B Ordinary Shares of £1 each (hereinafter together with any further Shares classified as 'B' Ordinary Shares referred to as "the B Shares").
- 3.2 For the purpose of these Articles, the A Shares and the B Shares shall constitute separate classes of shares but except as specifically provided herein shall otherwise rank pari passu in all respects.

## CLASS RIGHTS

- 4 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of three-fourths of the issued Shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the Shares of that class but not otherwise. To every separate meeting all the provisions of these Articles relating to General Meetings of the Company or the proceedings thereat shall mutatis mutandis, apply except that the necessary quorum shall be a person or persons at least holding or representing by proxy two-thirds in nominal value of the issued Shares of the class (so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be quorum), and that the holders of Shares of the class shall, on a poll, have no vote in respect of every Share of the class held by them respectively. Any purported variation or abrogation made without such consent shall be void and of no effect.

## ALLOTMENT OF SHARES

- 5(1) Subject to the provision of sub-paragraph (2) of this Article the Directors are unconditionally authorised for the purposes of Section 80 of the Act to offer, allot, agree to allot, grant the right to subscribe for, or to convert any security into, and otherwise dispose of any relevant securities comprising the capital of the Company at the date of the adoption of these Articles and for the time being unissued to such persons at such times and generally on such terms and conditions as they think proper but subject to any direction to the contrary given by the Company in General Meeting and to the terms on which any Shares are created or issued and provided that no Shares shall be issued at a discount contrary to the Act.
- 5(2) The Directors may not in the exercise of the authority conferred on them by paragraph (1) of this Article allot relevant securities if a period of five years has elapsed from the date of adoption of these Articles by the Company and the allotment is not made pursuant to an offer or agreement made by the Company during such period.

- 5(3) The authority of the Directors to allot relevant securities may only be varied, revoked or renewed by special resolution of the Company in accordance with the provisions of the Act. In accordance with Section 91 of the Act, Section 89 (1) and Section 90 (1) to (6) inclusive shall be excluded from applying to the Company.
- 5(4) In this Article references to relevant securities and to the allotment thereof shall be construed in accordance with Section 80 (2) of the Act.
6. Subject to the provisions of these Articles and of the Act the Company may:-
- 6(a) Issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or of the holder thereof, such redemption to be effected on such terms and in such manner as the Company by special resolution may prescribe; and
- 6(b) Purchase its own Shares (including redeemable Shares) and (subject as aforesaid) payment in respect of any such redemption or purchase may be made out of distributable profits of the Company or the proceeds of a fresh issue of Shares or out of capital. Regulation 35 of Table A shall be modified accordingly.
7. The Company shall be a private company limited by Shares in the sense of Section 1 of the Act. No invitation shall be made to the public to subscribe for any Shares or debentures of the Company and the Company and its Directors, Officials, Agents and all others acting on its behalf are hereby prohibited from making any such invitation to the public.

#### **LIEN**

8. The lien conferred by Regulation 8 in Table A shall attach also to fully paid-up Shares, and the Company shall also have a first and paramount lien on all Shares, whether fully paid or not, 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 to him or his estate to the Company. Regulation 8 in Table A shall be modified accordingly.
9. The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

## TRANSFER AND TRANSMISSION OF SHARES

10(1) No member shall be entitled to sell, transfer or dispose of (or in any way deal with) any Shares or any interest in any Shares unless he shall comply with the requirements of Article 10(2) or be required to sell, transfer and dispose of such Shares pursuant to the provisions of Article 10(3) or 10(4) hereof.

10(2)

- (a) any Member proposing to transfer his Shares ("the Transferor") must give prior written notice to the other member for the time being holding Shares in the same class ("the Purchasing Member(s)") specifying the proposed transferee, the number of Shares proposed to be transferred and in the case of a sale the proposed price per Share, or in the case of any other transfer, the amount which in his opinion constitutes the value per Share. The holders of Shares of such class shall have the right to purchase all (but not only some of) such Shares at the said proposed price or stated value per Share. If within 30 days of the receipt of such notice the Purchasing Member shall in writing notify acceptance of such offer to the Transferor, the Transferor shall sell, transfer and dispose, and the Purchasing Member(s) shall purchase and acquire or procure the purchase and acquisition of all such Shares at that price within 28 days of such acceptance at a time agreed between the Transferor and the Purchasing Member(s) or in default of such agreement at 3 p.m. on the last weekday falling within such 28 day period;
- (b) if a Purchasing Member does not accept such offer within such 30 day period, the Transferor must give prior written notice to all members for the time being holding Shares in the other class ("the Purchasing Member(s)") specifying the proposed transferee, the number of Shares proposed to be transferred and in the case of a sale the proposed price per Share, or in the case of any other transfer, the amount which in his opinion constitutes the value per Share. The holders of Shares of the other class shall have the right to purchase all (but not only some of) such Shares at the said proposed price or stated value per Share. If within 30 days of the receipt of such notice the Purchasing Member shall in writing notify acceptance of such offer to the Transferor, the Transferor shall sell, transfer and dispose, and the Purchasing Member shall purchase and acquire or procure the purchase and acquisition of all such Shares at that price within 28 days of such acceptance at a time

agreed between the Transferor and the Purchasing Member or in default of such agreement at 3 p.m. on the last weekday falling within such 28 day period;

- (c) if either offer is over-subscribed, the Shares so offered shall be allocated to Purchasing Members pro rata to their existing holdings of Shares of the relevant class;
- (d) if no Purchasing Member accepts either offer within such 30 day period, the Transferor shall be at liberty at any time within two months after expiry of such period (but not thereafter) to sell, transfer and dispose of all (but not only some of) the Shares so offered to a single independent third party at a price not less than the price at which the Shares were most recently offered for sale to the Purchasing Member and the Directors shall cause the name of such transferee to be entered in the Register of Members as the holder of the Shares;

Provided that in the case of any sale, transfer and disposal of all (but not only some of) the A Shares, the sale transfer and disposal to the relevant third party shall not proceed unless the relevant third party is of good financial standing and repute with at least five years' experience of, and a good reputation in respect of, commercial property development.

- 10(3) If any member holding A Shares (or any holding company of such member) shall go into liquidation whether voluntary or compulsory (except a members' voluntary liquidation for the purposes of a reconstruction or amalgamation of which adequate particulars have previously been given in writing to all other members) or if a receiver or administrative receiver or administrator has been appointed over all or any of the assets or undertaking of any such member (or of any holding company of such member) and is not discharged within 30 days or in the event that such member is an individual shall die or a trustee in bankruptcy or any manager for creditors shall be appointed or an arrangement or composition for the benefit of creditors shall occur:

- (a) any holder or holders of the remaining A Shares, whom failing (within 28 days of becoming aware of such matter), any holder or holders of the B Shares for the time being in issue ("the Purchaser") shall be entitled (within 28 days of becoming aware of such matter) by notice in writing ("the

Conditional Acceptance Note") to such member ("the Seller") to require that a price be ascertained in accordance with Article 10(3)(c) below for all (but not only some of) the Shares in the Company held by the Seller; and

- (b) the Purchaser shall be entitled within 28 days of the price being ascertained pursuant to Article 10(3)(c) below by notice in writing ("the Final Acceptance Notice") to the Seller to require the Seller to sell, transfer and dispose of all (but not only some of) the Shares in the Company held by it, free of encumbrances to the Purchaser at the ascertained price and upon receipt of the Final Acceptance Notice within the said period, the Seller shall be bound to sell, transfer and dispose of such Shares to the Purchaser and the Purchaser shall be bound to purchase and acquire or to procure the purchase and acquisition of all the Seller's Shares free of encumbrances at the ascertained price. The sale and purchase of such Shares shall take place at the Registered Office of the Company at a time to be agreed between the Seller and the Purchaser being not more than fourteen days after the date of receipt by the Seller of the Final Acceptance Notice or in default of such agreement as to time at 2.00 p.m. on the last working day preceding the fourteenth day after the date of the said receipt of the Final Acceptance Notice. At such time the Purchaser shall pay to the Seller the ascertained price in cash against delivery of a duly executed transfer of the Shares to be sold and the relevant Share Certificate or Certificates and the Directors shall cause the name of the Purchaser, to be entered in the Register of Members as the holder of such Shares
- (c) the price shall be ascertained for the purpose of Articles 10(3)(a) and (b) above by agreement between the Seller and the Purchaser at any time within the period of twenty-eight days following receipt by the Seller of the Conditional Acceptance Notice and in default of agreement within the said period shall be ascertained by an independent Chartered Accountant (hereinafter called "the Expert") appointed by mutual agreement or in the event of their failure so to agree within a period of fifteen days then (on the application of either the Seller or the Purchaser) by the President for the time being of the Institute of Chartered Accountants in England and Wales, which Expert shall (acting as an expert and not as an arbiter) determine and certify

as the ascertained price in his opinion the fair value of the Seller's Shares and in accordance with the provisions of Article 10(3)(d) below;

- (d)
  - (i) the fair value of the Seller's Shares shall be determined by the Expert without any account being taken of control of the Company passing and without any discount for a minority stake, but solely by reference to the net asset value of the Company (to be computed as provided by sub-clause (d) (ii) below) and to the proportion of that value represented by the number of the Seller's Shares compared to the number of Shares in issue;
  - (ii) the Expert shall compute the fair market value of the Company at the relevant time by reference to the open market value (as between a willing buyer and a willing seller) of the Company and any subsidiary of the Company and making full provision for all the liabilities of the Company and any such subsidiary (disregarding any investment of the Company in such subsidiaries and any liabilities of such subsidiaries of the Company to one another) but otherwise on the basis of generally accepted business principles and practices and for such purposes any property or development project owned or being carried out by the Company or any such subsidiary shall be valued by such independent firm of valuers as the Expert shall appoint. Within one month of the date upon which the Expert was appointed as aforesaid the Seller and the Purchaser shall each be entitled to submit to the Expert written valuations, statements and other evidence relating to or supporting their assessment of the fair market value of the Company in which event they shall, at the same time, deliver to the other a copy of all such valuations, statements and other evidence submitted as aforesaid. The Expert shall, if so requested by written notice from the Seller or the Purchaser (a copy of which shall be served on the other) received within six weeks of such last mentioned date, hold a hearing at which both may be heard and, if present, cross-examined at such time or times and such place or places as such Expert shall appoint for that purpose;



- (iii) the costs of the Expert and any independent firm of valuers appointed by him for the purpose outlined in Article 10(3)(d)(ii) above will be borne by the Purchaser;
  - (iv) the decision of the Expert shall, except in the case of manifest error, be conclusive and binding on the Seller and the Purchaser.
- (d) if more than one holder of A Shares or (as the case may be) B Shares serves a Conditional Acceptance Notice, the Seller's Shares shall be apportioned between them pro rata to their existing holdings of Shares of that class. In that event the Final Acceptance Notices must in conjunction (if not individually as specified by paragraph (b) above) require the transfer of all the Seller's Shares;
- (4) If any member holding B Shares (or any holding company of such member) shall go into liquidation whether voluntary or compulsory (except a members' voluntary liquidation for the purposes of a reconstruction or amalgamation of which adequate particulars have previously been given in writing to all other members) or if a receiver or administrative receiver or administrator has been appointed over all or any of the assets or undertaking of any such member (or of any holding company of such member) and is not discharged within 30 days or in the event that such member as an individual shall die or a trustee in bankruptcy or any manager for creditors shall be appointed or an arrangement or composition for the benefit of creditors shall occur then Article 10(3) shall apply mutatis mutandis with the substitution of any accepting other holders of Shares as the Purchaser and the substitution of the relevant member holding B Shares as the Seller.

#### **GENERAL MEETINGS**

- 11. Every notice convening a General Meeting of the Company shall comply with the provisions of Section 373(3) of the Act as to giving information to members in regard to their right to appoint proxies, and notices of, and other communications relating to any General Meeting which any member is entitled to receive shall be sent to the Auditor for the time being.
- 12. No business shall be transacted at any General Meeting unless a quorum is present. Two persons of whom one shall be a member (or members between them) holding the majority of the A Shares for the time being in issue (or a proxy or, in the case of a corporation, a duly authorised representative of such a member) and one shall be a member (or members between

them) holding the majority of the B Shares (or a proxy or, in the case of a corporation, a duly authorised representative of such a member) shall be a quorum for all purposes provided that if Regulation 41 shall apply one person being a member (or his proxy or, in the case of a corporation, its duly authorised representative) shall be a quorum for all purposes at such reconvened meeting. Regulation 40 of Table A shall be modified accordingly.

13. A poll may be demanded by any member present in person or by proxy or, in the case of a corporation, by its duly authorised representative. Regulation 46 in table A shall be modified accordingly.
14. In the case of a corporation a resolution in writing may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be extended accordingly. The Chairman of a General Meeting shall have no casting vote.
15. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of authority shall be deposited at the Registered Office of the Company or at such other place in the United Kingdom as is specified for the purpose in any instrument of proxy sent by the Company in relation to the meeting, not less than one hour before the time for holding the meeting, or adjourned meeting, at which the person named in the instrument proposes to vote, or handed to the Chairman of the meeting or adjourned meeting at the meeting but not before its commencement, and in default, the instrument of proxy shall not be treated as valid. Regulation 62 of Table A shall be modified accordingly.

#### **VOTES OF MEMBERS**

16. Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with these Articles, every member who is present in person or by proxy or, in the case of a corporation, by the duly authorised representatives, shall have, on a show of hands, one vote, and on a poll one vote for every £1 in nominal value of Shares in the capital of the Company of which he is the holder. Regulations 38 and 54 of Table A shall be modified accordingly.

#### **DIRECTORS**

17. The number of the Directors shall, unless and until otherwise determined by the Company by special resolution, be not less than two nor more than four.

18.

- (1) any member or members holding a majority in nominal value of the A Shares for the time being in issue shall subject to paragraph (3) of this Article have power at any time to appoint any two persons to be Directors of the Company and to remove from office any person so appointed. Any reference in these Articles to an 'A' Director and the 'A' Directors is a reference to a Director and the Directors holding office under this paragraph.
- (2) any member of members holding a majority in nominal value of the B Shares for the time being in issue shall subject to paragraph (3) of this Article have power at any time to appoint any two persons to be Directors of the Company and to remove from office any person so appointed. Any reference in these Articles to a 'B' Director or the 'B' Directors is a reference to a Director and the Directors holding office under this paragraph.
- (3) unless and until otherwise determined by the Company by special resolution not more than two persons shall at any time hold office as 'A' Directors and not more than two persons shall at any time hold office as 'B' Directors.
- (4) every such appointment or removal shall be in writing lodged at the Registered Office of the Company and signed by the member or members effecting the same or in the case of a member being a corporation by a director or the secretary thereof or a person duly authorised on its behalf and shall take effect either upon such lodgement or upon all the members for the time being deeming such lodgement to have taken place.
- (5) no person shall be appointed a Director of the Company unless he is appointed pursuant to this Article.

19. A Director shall not require a Share qualification but nevertheless shall be entitled to attend and speak at any General Meeting of, or any separate meeting of the holders of any class of shares in, the Company.

#### **POWERS AND DUTIES OF DIRECTORS**

20. The Directors may exercise all the powers of the Company to borrow money without limit as to the amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into Shares) to the provisions of these Articles and Section 80 of the Act to grant any mortgage, charge or standard security over its undertakings,

property and uncalled capital, or any part thereof, and 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.

21. A Director may vote as a Director in regard to any contract or arrangement in which he has an interest or upon any matter arising therefrom. If he does so vote, his vote shall be counted, and he may be counted in estimating a quorum when any such contract or arrangement is under consideration. Regulation 94 of Table A shall be modified accordingly.

### **DISQUALIFICATION OF DIRECTORS**

22. The office of a Director shall be vacated if:

- (1) by notice in writing to the Company he resigns his office; or
- (2) he be absent from meetings of the Directors during a continuous period of six months without special leave or absence from the other Directors and his alternate (if any) shall not during such period have attended in his place, and the Directors pass a resolution that he has by reason of such absence vacated office; or
- (3) he became bankrupt or makes any arrangement or composition with his creditors generally; or
- (4) he ceases to be Director by virtue of, or he becomes prohibited from being a Director by any order made under the provisions of the Act or under the provisions of the Insolvency Act 1986; or
- (5) he dies or become incapable by reason of mental disorder of discharging his duties as a Director; or
- (6) he is removed from office pursuant to Article 18.

Regulation 81 in Table A shall be modified accordingly.

### **ALTERNATE DIRECTORS**

23. A Director may by writing under his hand appoint another Director or any other person to be his alternate, but no such appointment of any person, not being a Director, shall be operative unless and until approved by, in the case of an alternate of an 'A' Director, a majority of the 'A' Directors or, in the case of an alternate of a 'B' Director, a majority of the 'B' Directors,

present at the meeting of the Directors at which such appointment falls to be considered (provided however that the appointment of an alternate of an 'A' Director or of a 'B' Director by a sole 'A' Director or 'B' Director as the case may be by writing under his hand deposited at the Registered Office of the Company shall be operative immediately upon such deposit). Every such alternate shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served upon him) be entitled to notice of meetings of the Directors, and 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 meetings to have and exercise all the powers, rights, duties and authorities of the Director appointing him (other than the appointment of an alternate). Every such alternate shall be an officer of the Company and shall not be deemed to be the agent of the Director appointing him. The remuneration of an alternate shall be payable out of the remuneration payable to the Director appointing him and shall consist of such portion of the last mentioned remuneration as shall be agreed between such alternate and the Director appointing him. A Director may by writing under his hand deposited at the Registered Office of the Company at any time revoke the appointment of an alternate appointed by him and (subject if required by this Article to such approval as aforesaid) appoint another person in his place. If a Director shall cease to hold the office of Director, the appointment of his alternate shall thereupon cease and determine. Regulations 65 to 69 of Table A shall be modified accordingly.

#### **PROCEEDINGS OF DIRECTORS**

24. The quorum necessary for the transaction of the business of the Directors shall be one 'A' Director and one 'B' Director or their respective alternates provided that if within one hour from the time appointed for a meeting of the Directors a quorum is not present, the meeting shall stand adjourned to the fourteenth following day at the same time and place and if at the reconvened meeting, provided seven days' prior written notice thereof was given to all the Directors entitled to same, a quorum is not present within one hour from the time appointed for such meeting, the Director or Directors present shall be a quorum. Question arising at any such meeting shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall not have a second or casting vote. Regulations 88 to 90 of Table A shall be modified accordingly.
25. The Directors may delegate any of their powers to any committee consisting of not less than one 'A' Director and one 'B' Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings

of a committee shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying. Regulation 72 of Table A shall be modified accordingly. The 'A' Directors shall have one vote between them and the 'B' Directors likewise.

### **INDEMNITY**

26. 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 judgement is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 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.

### **PROCEDURE IN THE EVENT OF DEADLOCK**

27.1 This clause shall apply in any case where:

- (a) a matter relating to the affairs of the Company has been considered by a meeting of the Board and a resolution has been proposed;
- (b) 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 the resolution;
- (c) the proposer of the resolution if an 'A' Director intimates to a 'B' Director by written notice, or if a 'B' Director intimates to an 'A' director by written notice, not later than twenty four hours after the meeting that he is dissatisfied with the failure to pass the resolution;
- (d) such matter is not resolved within seven days from the date of any intimation of dissatisfaction pursuant to Article 27.1(c) as a result of any intervention by the Shareholders; and
- (e) there is no artificial deadlock as defined by Article 27.5.

Any such case is hereinafter referred to as a 'deadlock'.

- 27.2 In any case of deadlock, the A Shareholders and the B Shareholders (acting by their respective majorities) shall, within seven days of such deadlock having arisen pursuant to Article 27(1) (or such longer period as the Shareholders may agree in writing) cause its appointees on the Board to prepare and circulate to the other Shareholder and other Directors a memorandum or other form of statement setting out their position on the matter in dispute and their reasons for adopting such position. Each such memorandum or statement shall be considered by the A and B Shareholders (each acting by their majorities) who shall respectively use their reasonable endeavours to resolve such dispute. If they agree upon a resolution of the matter, they shall jointly execute a statement setting forth the terms of such resolution and the Shareholders shall exercise the voting rights and other powers of control available to them in relation to the Company to procure that such resolution is fully and promptly carried into effect.
- 27.3 If a resolution is not agreed in accordance with the provisions of Article 27.2 within 30 days after delivery of the memorandum or statement mentioned therein, or such longer period as the Shareholders may agree in writing, and if such deadlock shall in the opinion of either the A or B Shareholders (acting reasonably and by their majorities) prevent the Company from continuing to achieve its business purposes, either ("the Notifying Shareholders") may at any time by notice in writing to the Other Shareholder as defined in Article 27.6) require the Other Shareholders to sell to the Notifying Shareholder all (but not part only) of the shares held or beneficially owned by the Other Shareholder any time after 30 but within 60 days of the occurrence of deadlock (in accordance with the provisions of Article 27.1) or if later fourteen days after the price for the Shares is ascertained in accordance with the provisions of Article 10.3(c) and (d) mutatis mutandis. In the event of the price being unacceptable to a Notifying Shareholder, he shall be entitled to withdraw the notice to require a sale within fourteen days of the price being ascertained, without penalty. If there are Notifying Shareholders from both share classes (whether or not the notices are received at the same time or whether one is in response to a notice received from the other Notifying Shareholder), a date shall be fixed for the submission of offers by each Notifying Shareholder to purchase all other Notifying Shareholder's Shares; sealed offers providing for sale, completion and payment of the price for the Shares within twenty eight days of the date of the offer shall be submitted and the higher offer shall be accepted by the other party. If neither of the

Shareholders give notice or any notices given are withdrawn, the Shareholders shall procure that their appointees of the Board shall, at the earliest practicable date:

- (a) make or concur in the making of a statutory declaration in the terms mentioned in Section 89 of the Insolvency Act 1986 (if the state of the Company's affairs admits of the making of such a declaration); and
- (b) subsequently convene an extraordinary general meeting of the Company to consider:
  - (i) the matter from which the deadlock arose; and
  - (ii) the passing of a special or extraordinary resolution to place the Company in members' voluntary liquidation (if such a declaration as is mentioned in Article 27.3(a) above has been made) or (in any other case) in creditors' voluntary liquidation;

Such meeting or meetings to be held within 5 weeks after the making of any declaration made pursuant to this Article 27.3(a) above; and

- (c) where the state of the Company's affairs does not admit of the making of such a declaration as is mentioned in Article 27.3(a) above, convene a meeting of the Company's creditors in accordance with Section 98 of the Insolvency Act 1986.

27.4 If, at the extraordinary general meeting referred to in Article 27.3(b) above, no resolution is passed in relation to the matter from which the deadlock arose by reason of an equality of votes for and against any proposal for dealing with such matter, the Shareholders shall vote in favour of the special or extraordinary (as the case may be) resolution for winding up the Company.

27.5 If either the A or the B Shareholders create an 'artificial deadlock' it shall have no right to require the sale by the other Shareholder of the Shares held or beneficially owned by it pursuant to Article 27.3. The other Shareholder shall have such a right failing the exercise of which the provisions of Article 27.3 (in so far as it relates to placing the Company in liquidation) and Article 27.4 shall apply. For the purposes of this provision, an 'artificial deadlock' shall be a deadlock caused by the appointees on the Board of either class of Shareholder deliberately declining to agree times for



or to attend Board Meetings or at a Board Meeting failing to support or voting against a resolution, vexatiously and/or for no good reason.

- 27.6 References in Article 27.3 to the 'Other Shareholder' shall be to all persons who hold Shares in the class of Shares not held by the Notifying Shareholder, and references to the 'Notifying Shareholder' shall be to such Shareholder (or to such Shareholders in combination) who control a majority of the voting rights of the class of Shares which it (or they) hold.