

Company Number: 4499329

**A PRIVATE COMPANY LIMITED BY SHARES**

**BUSINESS HOMES MIDLANDS LIMITED**

**ARTICLES OF ASSOCIATION**

(Adopted by Special Resolution passed on 9 October 2002)

**TABLE A**

1. Subject as otherwise provided in these Articles, the regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) and as further amended by The Companies Act 1985 (Electronic Communications) Order 2000 (SI 2000 No. 3373) (such Table being hereinafter called "Table A") (in these Articles referred to as "**Table A**"), shall apply to the Company.
2. The Regulations contained in Table A shall apply to the Company save insofar as they are hereby modified or excluded herein and the following provisions of Table A shall not apply to the Company:
  - (i) in regulation 24: the words 'which is not fully paid'; (Registration of share transfer)
  - (ii) regulations 40 and 41; (*quorum*)
  - (iii) regulation 54; (*votes of members*)
  - (iv) in regulation 62(a): the words 'not less than 48 hours'; (*proxies*)
  - (v) in regulation 62(b): the words 'not less than 24 hours';
  - (vi) regulation 64- 69 inclusive; (*number of directors and alternate directors*)
  - (vii) regulations 73— 80 inclusive and all references elsewhere in Table A to retirement by rotation shall not apply accordingly; (*rotation*)
  - (viii) regulations 88—91 inclusive; (*directors' meetings*)
  - (ix) regulations 93—98 inclusive; (*directors' proceedings*)
  - (x) regulation 112; and (*notices*)



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(xi) regulation 115. (*notices*)

### INTERPRETATION

3. In these Articles, where the context so admits:

the "Act"	means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force;
"A Director"	means any person appointed as a director in accordance with the provisions of Article 11.1;
"A Shareholder"	means the registered holder for the time being of the issued A Shares;
"A Shares"	means the A ordinary shares of £1 each in the capital of the Company;
"B Director"	means any person appointed as a director in accordance with the provisions of Article 11.2;
"Board"	means the board of directors of the Company from time to time;
"B Shareholder"	means the registered holder for the time being of the issued B Shares;
"B Shares"	means the B ordinary shares of £1 each in the capital of the Company;
"Business Day"	means a day (other than a Saturday or a Sunday) on which clearing banks are open in London for normal banking business;
"Fair Price"	<p>means the price determined by the Company's auditors (acting as experts and not as arbitrators) representing in their opinion a fair selling value of the shares to be sold as between a willing buyer and a willing seller and in determining the Fair Price, the Auditors shall value the shares to be sold using the following principles:-</p> <p>(a) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;</p> <p>(b) the shares to be sold are capable of being transferred without restriction;</p> <p>(c) each share whatever its class has the same value corresponding to its proportion of the</p>

value of all the shares taken as a whole;

- (d) no reduced or additional value is attached to any holding of shares by virtue only of the holding comprising or after purchase conferring a majority or minority of the total issued share capital; and
- (e) the application in all other respects of principles and practices consistent with those customarily applied in the previous audited accounts of the Company.

**"Group"**

means

- (a) in relation to any company, that company, any company of which it is a wholly owned subsidiary (the "**Parent**"), any company which is a wholly owned subsidiary of it and any other company which is a wholly owned subsidiary of the Parent; and
- (b) in relation to The Simon Houlston Family Partnership, any company which is wholly owned (beneficially) either by Simon Houlston alone or by Simon Houlston and members of his immediate family (meaning his partner, and his children), and any wholly owned subsidiary of any such company,

and in both cases "**Group Company**" means any company which is a member of that Group; and for the purpose of this Agreement "**wholly owned subsidiary**" shall have the meaning ascribed thereto by Section 736 of the Act

**"Holding Company"**

shall have the meaning ascribed thereto by section 736 of the Act;

**"ICTA"**

means the Income and Corporation Taxes Act 1988;

**"Insolvency Event"**

means, in respect of any company, that such company has:

- (a) ceased to trade;
- (b) had a receiver, administrative receiver, administrator or manager appointed over the whole or any part of its assets or undertaking;
- (c) become insolvent or gone into

liquidation (unless such liquidation is for the purposes of a solvent reconstruction or amalgamation)

- (d) had an encumbrancer take possession of any material part of its assets or undertakings;
- (e) compounded with its creditors generally;
- (f) been otherwise unable to meet its debts as they fall due or has suffered any similar action in consequence of debt;

and in respect of an individual means had a trustee in bankruptcy appointed over the assets of the individual

**"Shareholders"**

means the A Shareholder and the B Shareholder together and "Shareholder" shall mean either of them;

**"shares"**

the A Shares and the B Shares or any of them and "share" shall be interpreted accordingly;

**"Subsidiary"**

shall have the meaning ascribed thereto by Section 736 of the Act.

## **SHARE CAPITAL**

4. The capital of the Company is £1000 divided into 500 A Shares and 500 B Shares. Such shares shall entitle the holders to the respective rights and privileges, and subject them to the respective restrictions and provisions, contained in these Articles. The A Shares and the B Shares shall be separate classes but save as otherwise provided in these Articles shall rank *pari passu* in all respects.

## **ALLOTMENT OF SHARES**

- 5.1 Subject to the provisions of these Articles, the directors are authorised for the purposes of section 80 of the Act to exercise the power of the Company to allot shares up to the amount of the authorised but unissued share capital of the Company at the date of these Articles and the directors may allot, grant options over or otherwise dispose of such shares to such persons, on such terms and in such manner as they think fit provided always that any shares for the time being unissued shall (except with the prior written consent of all the members) only be offered to the members:
- 5.1.1 as to one half of such additional shares, as A Shares to the A Shareholders; and

5.1.2 as to one half of such additional shares, as B Shares to the B Shareholders.

5.2 Any allotment of shares pursuant to Article 5.1 shall be subject to the following:

5.2.1 save as provided in paragraph 5.2.2 of this Article, the authority hereby given to the directors to exercise the power of the Company to allot shares shall expire five (5) years after the date of adoption of these Articles;

5.2.2 the members in general meeting may by ordinary resolution renew any such authority (whether or not it has been previously renewed) for a period not exceeding five (5) years (unless the Company elects by elective resolution to modify the duration of authority pursuant to section 80A of the Act), but such resolution shall comply with the Act or revoke or vary any such authority (or renewed authority);

5.2.3 notwithstanding the provisions of paragraphs 5.2.1 and 5.2.2 of this Article, the Company may make an offer or agreement which would or might require shares to be allotted after such authority has expired and, in pursuance of such an offer or agreement, the directors may allot shares notwithstanding that such authority or renewed authority has expired.

Any reference in this Article to the allotment of shares shall include a reference to the grant of any right to subscribe for, or to convert any security into, shares, but shall not include any reference to the allotment of shares pursuant to such a right.

5.3 In accordance with section 91 of the Act, sections 89(1) and 90(1) to (7) of the Act are excluded from applying to the Company.

#### **LIEN**

6.1 The lien conferred by regulation 8 of Table A shall attach to all shares of any class, whether fully paid or not, and to all shares registered in the name of any person indebted or under any liability to the Company, whether he be the sole registered holder thereof or one of two or more joint holders. Regulation 8 of Table A shall be modified accordingly.

6.2 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 OF SHARES**

7.1 All transfers of shares shall be effected by instrument in writing in any form for the time being authorised by the Stock Transfer Act 1963 (or any statutory modification or re-enactment thereof for the time being in force) or in any other form which the directors may approve.

7.2 Except as permitted by this Article 7 or with the prior written consent of the other Shareholder, no Shareholder shall:

7.2.1 transfer any shares; or

7.2.2 grant, declare, create or dispose of any right or interest in any shares; or

- 7.2.3 create or permit to exist any pledge, lien, charge (whether fixed or floating) or other encumbrance over any shares.
- 7.3 A Shareholder (the "**Original Member**") shall be entitled to transfer all (and not some only) of its shares to a Group Company but if a Group Company whilst it is a Shareholder shall cease to be a Group Company of the Original Member it shall within 20 Business Days of so ceasing transfer the shares held by it to the Original Member or any Group Company of the Original Member and failing such transfer it shall be deemed to be a Defaulting Shareholder for the purposes of Article 7.5.
- 7.4 Neither Shareholder (nor any member of its respective Group) shall deal or attempt to deal with the beneficial interest in any share of the Company except by transfer of its shareholding permitted in accordance with this Article 7 and the Board shall refuse to register any and all purported transfers which are not permitted in accordance with this Article 7.
- 7.5 If a Shareholder (the "**Defaulting Shareholder**") shall:
- 7.5.1 be the subject of an Insolvency Event; or
- 7.5.2 be in breach of Articles 7.1 to 7.4 above;
- then the Defaulting Shareholder shall be deemed to have served a notice to the effect that it wishes to sell all of its shares (a "**Deemed Transfer Notice**").
- 7.6 Upon the Shareholder who is not the Defaulting Shareholder (the "**Non Defaulting Shareholder**") becoming aware that the other Shareholder has become a Defaulting Shareholder, the Non Defaulting Shareholder shall be entitled to request the Auditors to determine the Fair Price of the shares the subject of the Deemed Transfer Notice (the "**Sale Shares**").
- 7.7 Upon the Fair Price being so determined the Company shall immediately inform both Shareholders in writing of the Fair Price and the Non Defaulting Shareholder shall have the right, within thirty (30) Working Days of receiving written notification of the Fair Price, to serve notice in writing on the Defaulting Shareholder indicating its desire to purchase the Sale Shares at the Fair Price (a "**Purchase Notice**").
- 7.8 If the Non Defaulting Shareholder serves a Purchase Notice then the sale and purchase of the Sale Shares at the Fair Price shall be completed at the registered office of the Company as soon as practicable thereafter.
- 7.9 If the Non Defaulting Shareholder does not serve a Purchase Notice the Sale Shares shall remain subject to the provisions of these Articles and no transfer or purported transfer other than a transfer in accordance with these Articles shall be registered by the Board.
- 7.10 If a Shareholder becomes obliged or agrees under the terms of this Article 7 to purchase the shares of the other Shareholder and the selling Shareholder defaults in transferring its shares, the Company shall if so required by the purchasing Shareholder receive and give a good discharge for the purchase money on behalf of the selling Shareholder and shall authorise some person to execute a transfer in respect of the shares of the selling Shareholder in favour of the purchasing Shareholder and, subject only to stamping shall enter the name of the purchasing Shareholder in the Register of Members of the Company as the holder of such shares.

## **PROCEEDINGS AT GENERAL MEETINGS**

- 8.1 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Subject to Article 8.2 below, the quorum at a general meeting shall consist of one (1) A Shareholder and one (1) B Shareholder each of whom is present in person or by proxy or, in the case of a corporation, by a duly authorised representative.
- 8.2 If and for so long as the Company has only one member, that member present in person or by proxy or (if that member is a corporation) by a duly authorised representative shall be a quorum.
- 8.3 If a quorum is not present within thirty (30) minutes from the time appointed for a general meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place (or as otherwise agreed by all the Shareholders). If at the adjourned meeting a quorum is not present within thirty (30) minutes from the time appointed for the meeting, the meeting shall be dissolved.

## **VOTES OF MEMBERS**

- 9.1 Subject to any rights or restrictions attached to any shares, each member who (being an individual) is present in person or by proxy or (being a corporation) is present by duly authorised representative shall have one vote for every share of which he or it is the holder.
- 9.2 The chairman shall not have a casting vote in the event of equality.
- 9.3 No shares of either class shall confer any right to vote upon a resolution for the removal from office of a director appointed by holders of shares of the other class.
- 9.4 If at any meeting any holder of shares is not present in person or by proxy, the votes exercisable on a poll in respect of the shares of the same class held by member(s) present in person or by proxy shall be pro tanto increased (fractions of a vote by any member being permitted) so that such shares collectively entitle such member(s) of that class to the same aggregate number of votes as could be cast in respect of all shares of that class if all the holders of those shares were present.

## **NUMBER OF DIRECTORS**

10. Unless otherwise determined by the Company in general meeting, the directors shall not be more than four (4) in number of whom not more than two (2) shall be A Directors and not more than two (2) shall be B Directors.

## **APPOINTMENT AND REMOVAL OF DIRECTORS**

- 11.1 The A Shareholder(s) shall be entitled at any time and from time to time to appoint a total of two (2) directors as A Directors and to remove or replace any director so appointed.
- 11.2 The B Shareholder(s) shall be entitled at any time and from time to time to appoint a total of two (2) directors as B Directors and to remove or replace any director so appointed.
- 11.3 Every appointment and removal of a director under Articles 11.1 and 11.2 shall be effected by notice in writing signed by or on behalf of the A Shareholder(s) or the B

Shareholder(s), as the case may be, to the Company and shall take effect immediately upon receipt of such notice at the registered office of the Company or by the Secretary or as and from such date (if any) thereafter as may be specified in such notice.

### **ALTERNATE DIRECTORS**

- 12.1 Any director (other than an alternate director) may appoint any other director, or any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
- 12.2 An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom. An alternate director shall be entitled to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.
- 12.3 An alternate director shall cease to be an alternate director if his appointor ceases to be a director. The appointment of an alternate director shall also terminate automatically on the happening of any event which if he were a director would cause him to vacate his office as director.
- 12.4 Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment and shall take effect in accordance with the terms of the notice on receipt of such notice at the registered office of the Company.
- 12.5 Save as otherwise provided in the articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

### **INTERESTS OF DIRECTORS**

- 13.1 A director may vote at any meeting of the directors or a committee of the directors on any resolution concerning a transaction or arrangement with the Company or in which the Company is interested, or concerning any other matter in which the Company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the Company.
- 13.2 A director appointed under Article 11 may provide to the member who appointed him any information which he receives by virtue of his being a director.

### **PROCEEDINGS OF DIRECTORS**

14. Subject to the provisions of these Articles, the directors may regulate their proceedings as they think fit. Any director may, and the Secretary shall on the requisition of any director, at any time summon a meeting of the directors. At least five (5) Business Days' notice of every meeting of the directors shall be given but a meeting of the directors may be convened by giving not less than 48 hours notice if



the interests of the Company would be likely to be adversely affected to a material extent if the business to be transacted at such meeting were not dealt with as a matter of urgency, or on shorter notice if all the directors agree. No business except that in respect of which the notice has been given shall be transacted at that meeting unless all the directors otherwise agree.

- 15.1 The quorum for the transaction of the business of the directors shall be one (1) A Director and one (1) B Director each of whom must be present throughout the meeting.
- 15.2 If a quorum is not present within thirty (30) minutes from the time appointed for a meeting of the directors or if during the meeting such a quorum ceases to be present, the meeting shall be adjourned to the same day of the next week at the same time and place, (or as otherwise agreed by all the Shareholders). 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.
- 15.3 At any meeting of the board of directors each director shall be entitled to one vote. If at any meeting of the board there is not an equal number of A Directors and B Directors (including alternates) then one of the directors so present nominated by the party which is represented by fewer directors shall be entitled at that meeting to such additional vote or votes as shall result in the directors so present representing each party having in aggregate an equal number of votes.
16. If and so long as the number of the directors is reduced below the quorum prescribed by Article 15, the continuing directors may act for the purpose of convening a general meeting of the Company but for no other purpose.
17. The Directors may appoint one of their number to be the chairman of the board of directors and may at any time remove or replace him from that office. Unless he is unwilling to do so, the Director so appointed shall preside at every meeting of directors at which he is present. If such Director is unwilling to preside or is not present within fifteen (15) minutes after the time appointed for the meeting, the Directors present shall appoint one of their number be chairman of the meeting. The chairman not shall have a second or casting vote.
- 18.1 A committee of directors shall always consist of at least one (1) A Director and one (1) B Director who shall be present throughout any committee meeting. Regulation 72 of Table A shall be modified accordingly.
- 18.2 A committee of directors may meet and adjourn as it sees fit (save that regulations in Article 15 applicable to meetings of directors shall apply, *mutatis mutandis*, to meetings of any committee of directors).
19. A resolution in writing signed by all the directors for the time being entitled to receive notice of a meeting of the directors or of a committee of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) at a committee of the directors duly convened and held and for this purpose:
  - 19.1 a resolution to which an alternate director has agreed need not also be agreed to by his appointor; and
  - 19.2 a resolution to which a director who has appointed an alternate director has agreed need not also be agreed to by the alternate director in that capacity; and

- 19.3 such resolution may consist of several documents in the like form each signed by one or more directors.
20. Without prejudice to the first sentence of regulation 88 of Table A, a meeting of the directors or of a committee of the directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously; and the word 'meeting' in these Articles and in Table A shall be construed accordingly.

### **BORROWING POWERS**

21. Subject to the provisions of the Articles, the directors may exercise all the powers of the Company to borrow money without limit as to 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 section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, 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.

### **DEEDS**

- 22.1 Where the Act so permits, any instrument signed with the authority of a resolution of the directors or a committee of the directors by one (1) director and the secretary or by two (2) directors and expressed to be executed by the Company as a deed shall have the same effect as if executed under the seal, provided that no instrument which makes it clear on its face that it is intended by the persons making it to have effect as a deed shall be signed without the authority of the directors.
- 22.2 A document which is executed by the Company as a deed shall not be deemed to be delivered by the Company solely as a result of its having been executed by the Company.

### **GRATUITIES, PENSIONS AND INSURANCE**

- 23.1 Without prejudice to the provisions of regulation 118 of Table A (as applicable to the Company), the directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, or employees of the Company, or of any other company which is its Holding Company or in which the Company or such Holding Company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any Subsidiary of the Company or any such other company, or who are or were at any time trustees of any pension fund in which employees of the Company or any such other company or Subsidiary are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, Subsidiary or pension fund.
- 23.2 Without prejudice to the generality of regulation 85 of Table A (as applicable to the Company), no director or former director shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

- 23.3 Pursuant to section 719 of the Act, the directors are hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer of the whole or part of the undertaking of the Company or any subsidiary. Any such provision shall be made by a resolution of the directors in accordance with the said section.

### **INDEMNITY**

- 24.1 Every director or other officer or auditor 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, 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 insofar as its provisions are not avoided by section 310 of the Act.
- 24.2 The directors shall have power to purchase and maintain for any director, officer or auditor of the Company insurance against any such liability as is referred to in section 310(1) of the Act.
- 24.3 Regulation 118 in Table A shall not apply to the Company.

### **NOTICES**

- 25.1 The Company may give any notice to a member either by hand or by sending it by prepaid first class post at his registered address or in the case of a member being a body corporate, at its registered office address, or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the Company by the member. In the case of joint holders of a share, all notices shall be given to the joint member whose name first stands in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint members. In this regulation and the next, "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.
- 25.2 Proof that an envelope containing a notice was properly addressed, prepaid and posted or delivered into the custody of the postal authorities as a pre-paid first class letter (or, in the case of confirmation sent by facsimile transmission, that the facsimile transmission was made after obtaining in person or by telephone appropriate evidence of the capacity of the addressee to receive the same) shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted or in the case of a notice contained in an electronic communication, at the expiration of 48 hours after the time it was sent.