

Company No. 5500963



THE COMPANIES ACTS 1985 to 1989

COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS

of

CS (Exeter) LIMITED

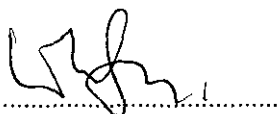
Passed on 29th September 2005

WE, the undersigned, being the sole member of the Company for the time being entitled to receive notice of and to attend and vote at a general meeting of the above Company on the resolutions set out below and in accordance with section 381A of the Companies Act 1985 resolve that the following resolutions will be passed and agree that resolutions numbered 1, 2 and 3 shall have the same effect as if passed as special resolutions at a general meeting duly convened and held:

1. That the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £4,999.99 in addition to any existing authority conferred on the directors to allot relevant securities provided that this authority shall expire on the day prior to the fifth anniversary of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
2. That the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the said Act) for cash pursuant to the authority conferred by resolution number 1 set out above as if section 89(1) of the said Act did not apply to any such allotment provided that this power shall expire on the day prior to the fifth anniversary of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the

directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

3. The regulations contained in the document annexed hereto be adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association thereof.

A handwritten signature in black ink, appearing to be 'L. J. Smith', is written over a horizontal dotted line.

For and on behalf of
City Screen Limited

Company No: 5500963

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

CS (EXETER) LIMITED

(as adopted by special resolution passed on 2005)

Date of incorporation: 6 July 2005

A handwritten signature in black ink, appearing to be 'W. H. J.', located in the lower right quadrant of the page.

*berwin leighton paisner

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Company No: 5500963



THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

CS (EXETER) LIMITED

(as adopted by special resolution passed on 2005)

1 Preliminary

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.

2 Interpretation

2.1 In these Articles unless the context otherwise requires:

2.2 words and expressions which bear particular meanings in Table A shall bear the same respective meanings in these Articles;

2.3 the following words and phrases shall bear the following meanings:

<i>Act</i>	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;
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<i>acting in concert</i>	shall have the meaning set out in the City Code on Takeovers and Mergers;
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<i>Affiliate</i>	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 and in relation to any Investor shall include any other Investor or any Affiliate of any other Investor;
<i>Associated Company</i>	in relation to a Shareholder, any body corporate more than 20% of the equity share capital of which is owned directly or indirectly by that Shareholder or which is under the control of that Shareholder;
<i>Board</i>	the board of directors of the Company from time to time;
<i>Business Day</i>	9 am to 5 pm on any day other than a Saturday, Sunday or Bank Holiday in England and Wales;
<i>CBDVCT</i>	Close Brothers Development VCT PLC;
<i>CBPVCT</i>	Close Brothers Protected VCT PLC;
<i>Change of Control</i>	the transfer of shares in a company or its holding 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% of the voting rights normally exercisable at General Meetings of that company and "control" or "controlling" shall be construed accordingly;
<i>CIGVCT</i>	Close Income & Growth VCT Plc
<i>Close Brothers VCT</i>	Close Brothers Venture Capital Trust PLC;
<i>connected</i>	in the context of determining whether one person is connected with another shall be

person is connected with another shall be determined in accordance with the provisions of Section 839 of the Income and Corporation Taxes Act 1988;

<i>CTGVCT</i>	Close Technology & General VCT PLC;
<i>Director</i>	a director of the Company;
<i>"Event of Default"</i>	as defined in Article 7;
<i>Group</i>	the Company and any company which is a subsidiary of the Company and "Group Member" means any of them;
<i>HLP</i>	Healthcare and Leisure Property Fund PLC;
<i>HLP Loan Stock</i>	the £35,700 secured loan stock 2005 to 2010 of the Company;
<i>Investor Entity</i>	the Investors and any person to whom their shares are transferred (acting as if one entity by a majority holding not less than 51% of those shares of the Company that are held by all the Investors and any person to whom their shares are transferred);
<i>Investor Shares</i>	the Ordinary Shares held by the Investors and their successors in title and assigns;
<i>Investors</i>	Close Brothers VCT, CBDVCT, CBPVCT, CIGVCT, CTGVCT, MVCT, MVCT2, MVCT3 and HLP;
<i>Investors' Director</i>	the Director of the Company appointed by the Investors pursuant to Article 25;
<i>Listing</i>	any of the share capital of the Company being admitted to the Official List of the UK Listing Authority;

<i>Loan Stock</i>	14% Loan Stock and the HLP Loan Stock;
<i>14% Loan Stock</i>	the £600,000 14% secured loan stock of the Company;
<i>Loan Stock Instruments</i>	the deeds constituting the Loan Stock, as amended from time to time;
<i>Management Agreement</i>	the management agreement dated the date of adoption of these Articles, between the Company and City Screen Limited;
<i>MVCT</i>	Murray VCT Plc;
<i>MVCT2</i>	Murray VCT2 Plc;
<i>MVCT3</i>	Murray VCT3 Plc;
<i>Ordinary Shares</i>	ordinary shares of 1p each in the capital of the Company;
<i>Qualifying Trade</i>	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;
<i>Register</i>	the register of members of the Company;
<i>Relevant Agreement</i>	any agreement in force from time to time between a Defaulting Shareholder (as defined in Article 7) and the Company or another shareholder;
<i>"Shareholder"</i>	a holder of Ordinary Shares and "Shareholders" means all of them;
<i>Shareholder Entity</i>	each of: <ul style="list-style-type: none"> (a) the Investors and any person to whom their shares are transferred (acting as

if one entity by a majority holding not less than 51% of those shares of the Company that are held by all the Investors and any person to whom their shares are transferred); and

- (b) City Screen Limited but so that where any consent is required from the Investors (as a Shareholder Entity) the consent of any one of the Investors shall be deemed to be the consent of all the Investors and any notice given to any one Investor (as part of a Shareholder Entity) shall be deemed to be notice given to all Investors comprised in that Shareholder Entity.

3 Private Company

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.

4 Share capital

- 4.1 The share capital of the Company at the date of the adoption of these Articles is £5,000 divided into 500,000 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 the Investors on their Ordinary Shares shall not be transferable other than to the Investors until all such amounts are paid up in full;
 - 4.1.2 if the Company is wound-up:

4.1.2.1 on a return of assets on liquidation or capital reduction or otherwise (except upon the purchase by the Company of its own shares), the assets of the Company available for distribution amongst Shareholders, after payment of its liabilities shall be applied in the following manner and order of priority:

- (a) first, in paying to the holders of the Ordinary Shares a sum equal to all unpaid arrears and accruals of dividend calculated down to the date of the return of capital as the case may be;
- (b) second, in paying to the holders of the Ordinary Shares, the subscription price of each such share (which shall be deemed to include any further payment made under Article 4.2);
- (c) finally, in paying the balance to the holders of the Ordinary Shares,

provided that (and without prejudice to Article 4.1.1) 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 the Investors on their Ordinary Shares:

- (i) the holders of such Ordinary Shares shall be entitled to receive notice of but shall not be entitled to attend or vote at any general meetings of the Company in respect of such return of assets; and
- (ii) the holders of such Ordinary Shares shall only be entitled to receive an amount equal to the amount paid up on their Ordinary Shares;

4.1.3 in the event of the sale of the whole of the issued share capital of the Company whether to a private purchaser or to an institution or to the public the proceeds of such sale shall be apportioned as if they were surplus assets arising on a return of capital as contemplated under Article 4.1.2.

4.2 Any member wishing to make a further payment in respect of an Ordinary Share so as to increase the amount paid to the amount paid by the Investors on their

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.

5 Share certificates

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.

6 Transfers

6.1 Notwithstanding the following provisions of these Articles, the Investors shall be permitted to transfer shares to each other at any time and the following provisions of this Article 6 shall not apply to any such transfer.

6.2 Save with the prior written approval of the other Shareholder Entity, a Shareholder Entity 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 Entity (the "Seller") desires to transfer or dispose of all of its shares either to a bona fide third party buyer ("Third Party") or to the other Shareholder Entity, the Seller shall give notice in writing (the "Transfer Notice") to the other Shareholder Entity (the "Buyer") of its desire to do so. No Shareholder Entity shall be permitted to transfer or dispose of some only of its shares.

6.3 The Transfer Notice:

6.3.1 shall specify the number of shares desired to be transferred or disposed of (being all of the shares in issue then held by the relevant Shareholder Entity) (the "Offered Shares");

6.3.2 shall specify the price which the Seller is willing to accept for the Offered Shares (the "Price");

6.3.3 shall specify the name of the Third Party (if any) and its business; and

6.3.4 shall not be withdrawn except as provided in Articles 6.5 and 6.9.1.

6.4 The Buyer shall inform the Seller within five Business Days of receipt of the Transfer Notice whether it accepts the Price. If the Buyer does not inform the Seller whether it accepts the Price within such period, it shall be deemed to have declined to accept the Price. If the Buyer accepts the Price, then the Offered Shares shall be sold and purchased at that price in accordance with the provisions

of Articles 6.7 and 6.8. If the Buyer does not accept the Price then the Seller, on behalf of itself and the Buyer, 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 7.5.2.1, 7.5.2.2 and 7.5.2.5 shall be applied by the Valuer *mutatis mutandis* to determine such Fair Price. Subject to Article 6.5, the costs of the Valuer in determining the Fair Price shall be borne equally by the Seller and the Buyer.

- 6.5 Within five Business Days after delivery of the Valuer's determination to the Seller and the Buyer, the Seller may, if the Fair Price is lower than the Price, withdraw the Transfer Notice by delivering to the Buyer a written undertaking to pay the costs of obtaining the Valuer's determination and a written notice of withdrawal. The Seller may not otherwise withdraw the Transfer Notice except with the written consent of the Buyer or pursuant to Article 6.9.1.
- 6.6 If the Seller has not withdrawn the Transfer Notice pursuant to Article 6.5 within five Business Days after delivery of the Valuer's determination to the Seller and Buyer, the Seller shall offer the Offered Shares to the Buyer at the lower of the Price or the Fair Price (the "Transfer Price"). The offer shall limit the time, not being less than 20 Business Days, within which it may be accepted by written notice of acceptance from the Buyer to the Seller.
- 6.7 If the Buyer wishes to accept the offer of the Offered Shares, the Buyer shall give notice (the "Acceptance Notice") of the acceptance of the offer to purchase the Offered Shares in accordance with Article 6.4 or 6.6 to the Seller. The Acceptance Notice shall specify:
 - 6.7.1 the Price (in the case of Article 6.4) or the Transfer Price (in the case of Article 6.6); and
 - 6.7.2 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 6.4) or the Transfer Price (in the case of Article 6.6) is to be paid by the Buyer and the Offered Shares are to be transferred and the name of the person to whom they are to be transferred (if not the Buyer).
- 6.8 If the Buyer accepts the offer to sell the Offered Shares in accordance with Article 6.4 or 6.6 the Seller shall be bound to transfer the Offered Shares against tender of the Price (in the case of Article 6.4) or the Transfer Price (in the case of Article 6.6) in accordance with the terms of the Acceptance Notice.

6.9 If the Buyer does not accept the offer to purchase the Offered Shares in accordance with Article 6.7 or if the Buyer fails to complete, for a reason other than default by the Seller, the purchase of the Offered Shares in accordance with the terms of Article 6.8, then the Seller may either:

6.9.1 withdraw the Transfer Notice by delivering to the Buyer a written notice of withdrawal; or

6.9.2 before the expiration of six months after:

6.9.2.1 in the case of non-acceptance of the offer to sell the Offered Shares in accordance with Article 6.7, the last date upon which the offer to sell the Offered Shares may be accepted by the Buyer under Article 6.7; or

6.9.2.2 in the case of the Buyer's failure to complete in accordance with this Article 6.9, 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 Buyer 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 Buyer has not accepted under Article 6.7 (in the case of non-acceptance under Article 6.7) or the offer which the Buyer accepted under Article 6.4 or Article 6.6, as applicable (in the case of the Buyer's failure to complete under this Article 6.9). Any such transfer shall be subject to the conditions that:

(a) the Third Party must enter into a deed with the Company and the Buyer agreeing to discharge in full any outstanding obligations of the Seller towards the Company or the Buyer under these Articles or under any shareholders agreement in force for the time being between the Seller and the Buyer; and

(b) the Third Party shall advance to the Company any funds repayable to the Seller or any other person as a consequence of the transfer by the Seller of the Offered Shares such advance by the Third Party shall be on the same terms, mutatis mutandis, as applied to the funds so repayable to the Seller or such other person.

The Seller shall be obliged to provide the Buyer with reasonably detailed information on the terms and progress of any sale of shares by the Seller pursuant to this Article 6.9.

6.10 In the event that the Investors elect to transfer the Offered Shares to the Third Party pursuant to the provisions of Article 6.9 above, the provisions of this Article 6.10 shall apply.

6.10.1 The Investors shall give written notice to the Buyer of their election to transfer the Offered Shares to the Third Party and the Buyer shall, subject to the Investors transferring their shares in accordance with the provisions of Article 6.9 above, be bound to transfer their shares to the Third Party on the same terms.

6.10.2 If the Buyer shall not, within seven days of receiving notice requiring it to do so, execute and deliver transfers in respect of the shares held by it and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then the Company Secretary shall be entitled to, and shall be entitled to authorise and instruct such person as he thinks fit to, execute the necessary transfer(s) and indemnities on the Buyer's behalf and, against receipt by the Company (on trust for the Buyer) of the consideration payable for the relevant shares, deliver such transfer(s) and certificate(s) or indemnities to the Third Party (or his nominee) and register such Third Party (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.

6.10.3 As security for the obligations in this Article 6.10, City Screen Limited irrevocably appoints the Company Secretary as its attorney to execute and do all such deeds, documents and things in the name of and on behalf of such member as may reasonably be required to give full effect to the provisions of this Article.

7 Transfer on default

7.1 An "Event of Default" shall mean in relation to any Shareholder (other than Close Brother VCT or any person to whom its shares are transferred) (the "Defaulting Shareholder Entity") any of the following:

7.1.1 the Defaulting Shareholder Entity or its Affiliate committing a material breach of its covenants and obligations under any Relevant Agreement 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 Entity;

- 7.1.2 there is a Change of Control of the Defaulting Shareholder Entity or its holding company (other than where the Investor Entity has approved such Change of Control or have unreasonably refused or delayed such approval);
- 7.1.3 the Defaulting Shareholder Entity or its holding company:
 - 7.1.3.1 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 Entity);
 - 7.1.3.2 calls a meeting of its creditors for the purpose of considering a resolution that it be wound-up voluntarily;
 - 7.1.3.3 resolves to present its own winding-up petition;
 - 7.1.3.4 calls, or a nominee on its behalf calls, a meeting of any of its creditors;
 - 7.1.3.5 makes an application to the court under section 425 of the Companies Act 1985;
 - 7.1.3.6 submits to any of its creditors a proposal pursuant to Part I of the Insolvency Act 1986;
 - 7.1.3.7 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);
 - 7.1.3.8 is struck off the Register of Companies (and has not been restored within three months) or otherwise ceases to exist;
 - 7.1.3.9 suffers any of its property to be taken in execution; or
 - 7.1.3.10 (in the case of an individual) is declared bankrupt;
- 7.1.4 a notice of intention to appoint, or notice of appointment of, an administrator is given in respect of the Defaulting Shareholder Entity or its holding company and an administrator is appointed in respect of the Defaulting Shareholder Entity or its holding company; or

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

7.2 Termination on default

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

7.3 Purchase Notices

Within 15 Business Days of receipt of a Termination Notice the Defaulting Shareholder Entity shall make an offer to the other Shareholder Entity (the "Non-Defaulting Shareholder Entity") by notice in writing (a "Purchase Notice") stating the price at which it would be prepared to purchase all the shares in the capital of the Company of the Non-Defaulting Shareholder Entity or to sell to the Non-Defaulting Shareholder Entity all the shares in the capital of the Company of the Defaulting Shareholder Entity (these shares being in either case the "Relevant Shares").

7.4 Non-defaulting Shareholder's option

Within 15 Business Days of receipt of the Purchase Notice the Non-Defaulting Shareholder Entity shall notify the Defaulting Shareholder Entity 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 Entity to serve Purchase Notice

- 7.5.1 If the Defaulting Shareholder Entity fails to serve a Purchase Notice in accordance with Article 7.3, the Non-Defaulting Shareholder Entity may by notice in writing to the Defaulting Shareholder Entity require the Defaulting Shareholder Entity either:

7.5.1.1 to purchase the Relevant Shares; or

7.5.1.2 to sell the Relevant Shares to the Non-Defaulting Shareholder Entity 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 Entity'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 Entity. Any costs of the Valuer and of his appointment shall be borne by the Defaulting Shareholder Entity.

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:

7.5.2.1 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);

7.5.2.2 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;

7.5.2.3 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;

7.5.2.4 where the Non-Defaulting Shareholder Entity is the buyer, taking account of any costs and potential detriment to the Non-Defaulting Shareholder Entity of or in connection with any guarantees, indemnities or sureties which the Non-Defaulting Shareholder Entity may be required to give in order to facilitate the sale and purchase of the Relevant Shares;

7.5.2.5 that the value of the cinemas 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 cinemas might reasonably be expected to have been completed unconditionally for cash consideration on the date at which the valuation is to be made, assuming:

(a) a willing seller;

(b) 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 cinemas and to 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

(c) that no account is to be taken of any additional bid by a buyer with a special interest;

but making suitable adjustments in respect of:

(d) the costs which would have been properly incurred if the cinemas had been sold on the date of the Termination Notice; and

(e) any tax which would have been payable by the Company if the cinemas had been sold by the Company at that date;

7.5.3 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 Entity notifying the Defaulting Shareholder Entity whether it (or another person procured by it) wishes to purchase or sell pursuant to Article 7.4 or the determination of the Fair Value by the Valuer pursuant to Article 7.5.2, the appropriate Shareholder Entity shall execute the necessary instruments of transfer of the Relevant Shares in favour of the other Shareholder(s) (or another person procured by it/them) against payment in full of the price for the Relevant Shares (save that where any Non-Defaulting Shareholder Entity is purchasing the Relevant Shares, such Non-Defaulting Shareholder Entity 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 Entity 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 buyer's name in the Register 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.

7.8 Default by any Investor

If any Investor shall at any time be the person comprised in the Defaulting Shareholder Entity in relation to whom an Event of Default has occurred, such Investor shall (whether or not a Termination Notice has been served) be entitled to transfer its shares to such of the other Investors holding shares in the Company at that time in relation to whom an Event of Default has not occurred and the foregoing provisions of this Article 7 shall not apply, provided that where a Termination Notice has been served in respect of such Event of Default, such transfer(s) must occur within seven days of service of such Termination Notice.

8 Transfer on deadlock

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 Investors' Director is required pursuant to Article 17) 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 seven 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 Entity ("the Offeror") may serve a written notice ("the Sale Notice") on the other Shareholder Entity ("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 Entity pursuant to this Article.
- 8.7 In the event of Sale Notices being or being deemed served simultaneously by both Shareholder Entities 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 Shareholder Entities 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 buyer shall pay to the seller the purchase price therefor determined in accordance with these Articles 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 seller 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 buyer shall procure that at the time of completion the Company discharges all its outstanding liabilities to the seller and the seller shall likewise procure the discharge of all its outstanding liabilities to the Company; and
- 8.9.2 either:
- 8.9.2.1 the buyer will at its own expense procure the release of the seller 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
- 8.9.2.2 if it is unable so to procure it will at its own expense provide the seller with a counter indemnity upon terms reasonably satisfactory to the seller in respect of any liability of the seller arising from such guarantees, indemnities and the like;
- provided that the Shareholder Entity in whose favour a pre-condition is to be satisfied under this Article 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 Entity 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 buyers for the whole of the issued share capital of the Company at the highest price obtainable. Provided a buyer 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, all of the Shareholders shall be bound to transfer their shares to such a buyer.

- 8.11 If any seller 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 buyer ("the Nominee") may (without prejudice to any other remedies of the buyer) execute on behalf of and as attorney for the seller 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 buyer will in such circumstances be entitled to procure the name of the buyer 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 buyer who shall not be bound to see to the application thereof and after the name of the buyer 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 buyer 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% 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.

12 Drag Along Rights

- 12.1 If after the date of adoption of these Articles, holder(s) of not less than 51 per cent of the Investor Shares and the holders of not less than 51 per cent of the Ordinary Shares in issue which are not Investor Shares (for the purpose of this Article 12 such holders being, together, the "Sellers") are approached by a purchaser (the "Proposed Purchaser") with a bona fide offer on arm's length terms to acquire the entire issued share capital of the Company (the "Offer") and the Sellers intend to sell all of their holdings of shares (or all their interests in such shares) (the shares intended to be sold by the Sellers being referred to as "Selling Shares") then the Sellers shall give the Company not less than 14 days' advance written notice of the Offer before selling the Selling Shares. That notice (the "Selling Notice") will include details of the Selling Shares and the proposed price for each Selling Share to be paid by the Proposed Purchaser, details of the Proposed Purchaser, the place, date and time of completion of the proposed purchase being a date not less than 14 days from the date of the Selling Notice ("Completion").
- 12.2 Immediately upon receipt of the Selling Notice, the Company, acting by the Investors' Director where one is appointed, shall forthwith give notice in writing (a "Compulsory Sale Notice") to each of the members (other than the Sellers) (the "Other Members") giving the details contained in the Selling Notice, requiring each of them to sell to the Proposed Purchaser at Completion all of their holdings of shares on the same terms as those contained in the Selling Notice.
- 12.3 Subject to Article 12.4 below, each member who is given a Compulsory Sale Notice shall sell all of his shares referred to in the Compulsory Sale Notice at the same price per share and on the same terms mutatis mutandis set out in the Selling Notice. For the avoidance of doubt any Shares held by the Proposed Purchaser shall not be required to be sold.
- 12.4 If any of the member(s) (the "Defaulting Member(s)") fails to comply with the terms of a valid Compulsory Sale Notice given to him, the Company, acting by the Investors' Director where one is appointed, shall be constituted the agent of each Defaulting Member(s) for the sale of their shares in accordance with the Compulsory Sale Notice (together with all rights then attached thereto) and the Directors may authorise some person to execute and deliver on behalf of each Defaulting Member(s) the necessary transfer(s) and the Company may receive the purchase money in trust for each of the Defaulting Member(s) and cause a Proposed Purchaser to be registered as the holder of such shares. The receipt of

the Company for the purchase money, pursuant to such transfers, shall constitute a good and valid discharge to the Proposed Purchaser (who shall not be bound to see to the application thereof) and after the Proposed Purchaser has been registered in purported exercise of the aforesaid powers, of the validity of the proceedings shall not be questioned by any person. The Company shall not pay the purchase money due to the Defaulting Member(s) until he shall, in respect of the shares which are the subject of the Compulsory Sale Notice, have delivered his share certificates or a suitable indemnity and the necessary transfers to the Company. No member shall be required to comply with a Compulsory Sale Notice unless the Sellers shall sell the Selling Shares to the Proposed Purchaser on Completion, subject at all times to the Sellers being able to withdraw the Selling Notice at any time prior to Completion by giving notice to the Company to that effect, whereupon each Compulsory Transfer Notice shall cease to be of any effect.

13 Lien

The lien conferred by Regulation 8 of Table A shall apply to all shares of the Company (other than those held by the Investors and/or any transferee thereof) 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.

14 Further issue of shares

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 Shareholders (having regard to the amount per share subscribed by each Shareholder on or immediately after the date of adoption of these Articles).

15 Notice of General Meeting

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.

16 Proceedings at general meetings

16.1 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 any of the Investors one such member shall be an Investor". Regulation 50 of Table A shall not apply.

16.2 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".

17 Matters requiring consent of the Investors' Director

17.1 In addition to any consent required by law, for so long as the Investors (or any of them) shall hold shares in the Company, 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 Investors' Director or if there is no Investors' Director the prior written consent of the Investors:

17.1.1 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 17.1.1 the expression "material" shall mean 5% 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;

17.1.2 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:

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

- 17.1.2.2 dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution;
- 17.1.2.3 banking, insurance, money lending, debt factoring, hire purchase financing or other financial activities;
- 17.1.2.4 leasing (including letting ships on charter or other assets on hire) or receiving royalties or licence fees;
- 17.1.2.5 providing legal or accountancy services; and
- 17.1.2.6 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;
- 17.1.2.7 farming or market gardening;
- 17.1.2.8 holding, managing or occupying woodlands, any other forestry activities or timber production; or
- 17.1.2.9 operating or managing nursing homes or residential care homes, or managing property used as a nursing home or residential care home;
- 17.1.3 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 17.1.3 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);
- 17.1.4 make any loan or give any guarantee or collateral charge or other security other than:
 - 17.1.4.1 for the deposit of monies with a bank which is a recognised bank under the Banking Act 1979;
 - 17.1.4.2 normal trade credit;
 - 17.1.4.3 to another member of the Group and on terms that it shall be repaid forthwith upon such member leaving the Group;

- 17.1.4.4 bona fide expenses advanced to employees of the Group; or
- 17.1.4.5 temporary loans to employees not in excess of £1,000 in aggregate per employee at any one time outstanding;
- 17.1.5 apply any sum by way of capitalisation in, or towards paying up, any debenture or debenture stock (whether secured or unsecured) of the Company or its subsidiaries;
- 17.1.6 part with control of any company which is for the time being a subsidiary of the Company or a company in which the Company holds more than 20% of the equity share capital 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;
- 17.1.7 knowingly permit any full time employee to accept any part time employment or consultancy with any other company or person;
- 17.1.8 engage any new employee, or increase the salary or wage of any existing employee;
- 17.1.9 provide for any directors remuneration, cash, emoluments and benefits of any kind greater in aggregate than £5,000 per annum per director 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;
- 17.1.10 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;
- 17.1.11 subscribe for, purchase or acquire any share, 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;
- 17.1.12 issue any shares or grant any options or other rights to subscribe for shares or securities convertible into shares in the capital of the Company or any subsidiary or Associated Company of the Company;
- 17.1.13 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;

- 17.1.14 enter into any scheme of arrangement or composition with creditors or agree to defer indebtedness of an amount in excess of £50,000 in aggregate;
- 17.1.15 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;
- 17.1.16 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 should be wound up by reason of its having become insolvent;
- 17.1.17 give any guarantee or indemnity other than in the ordinary course of trading or to the Company's bankers to secure Group borrowings;
- 17.1.18 save for the Management Agreement 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 Listing Rules" of the UK Listing Authority in circulation from time to time);
- 17.1.19 save for the Management Agreement and the matters contemplated thereby, 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;
- 17.1.20 appoint any committee of its Board or discuss any matters or take any decisions which are material to the Company otherwise than at a meeting of the Board in respect of which the Investors' Director has received proper notice or appoint or remove any Director;
- 17.1.21 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;
- 17.1.22 purchase or redeem any shares;
- 17.1.23 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 Instruments) or give any guarantee or obtain any advance or credit in any form other than normal trade credit;

17.1.24 make any change in its auditors or its accounting reference date; and

17.1.25 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 17 "material" shall mean any matter involving a potential liability for professional fees of more than £2,500.

18 Votes of members

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.

19 Alternate Directors

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".

20 Delegation of Directors' powers

The Board may not delegate any of its powers pursuant to Regulation 72 of Table A without the consent of the Investors' Director who may impose conditions or restrictions with regard to the powers of any delegated committee.

21 Appointment and retirement of Directors

21.1 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.

21.2 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.

- 21.3 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.

22 Remuneration of Directors

- 22.1 The ordinary remuneration of the Directors (other than the Investors' 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.

23 Proceedings of Directors

- 23.1 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.
- 23.2 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.
- 23.3 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.

23.4 A meeting of Directors shall be held at least 4 times in every year.

24 Associate Directors

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.

25 Directors' borrowing powers

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.

26 Appointment and number of Directors

26.1 Each of the Shareholder Entities shall have the right from time to time to appoint one person to be a Director to remove from office any person so appointed and to appoint another person in his place. Any Investors' 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.

26.2 On any resolution to remove a Director appointed pursuant to Article 25.1 or to amend or alter Article 25.1 or 25.2 or alter its effect, shares held by the relevant appointer shall together carry at least one vote in excess of 75% of the votes exercisable at the general meeting at which such resolution is to be proposed.

27 **Chairman of the Board and quorum**

27.1 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.

27.2 The quorum for the transaction of business of the Directors shall be at least two Directors of which if the Investors shall have appointed a Director pursuant to Article 25 one shall be the Investors' Director (or an alternate director appointed by the Investors' Director) and one shall be a Director appointed by City Screen Limited (or an alternate director appointed by such Director) if City Screen Limited shall have appointed a Director pursuant to Article 25. 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.

28 **Dividends**

28.1 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.

28.2 The Directors may deduct from any dividend or other moneys payable to any member on or in respect of a share any monies presently payable by him to the Company in respect of that share.

29 **Indemnity**

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.