

Company Number 5887329

**THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF**

**GRAINGER RETIREMENT HOUSING LIMITED**

(adopted by a written resolution passed on 4 APRIL 2016)

**1. EXCLUSION**

Except as provided for in these Articles, no regulations set out in any statute or in any statutory instrument made under any statute concerning companies shall apply to the Company. The following shall be the Company's articles of association

**2. INTERPRETATION**

**2.1** In these Articles, unless the context requires otherwise, the following expressions have the following meanings:

"Act" the Companies Act 1985 (as amended by the Companies Act 1989) and every statutory modification or re-enactment thereof for the time being in force;

"holding company" the company (if any) which for the time being is the immediate holding company of the Company as defined by section 736 of the Act; and

"Secured Institution" any bank, financial institution or other person in whose favour any such share has been charged or assigned by a member by way of security (including, without limitation, to Barclays Bank PLC) (or to any nominee of, or to any person acting as agent or security trustee for, any such bank, financial institution or other person or a purchaser of such shares following enforcement).

"Table A" Table A set out in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 and the Companies Act 1985 (Electronic Communications) Order 2000.

**2.2** In these Articles.

2.2.1 any gender includes any other gender;

2.2.2 the singular includes the plural and vice versa;

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- 2.2.3 references to persons include bodies corporate, unincorporated associations, governments, states, partnerships and trusts (in each case, whether or not having separate legal personality);
- 2.2.4 the headings in these Articles are for convenience only and shall not affect the interpretation of these Articles;
- 2.2.5 general words shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of acts, matters or things; and
- 2.2.6 references to writing include any method of reproducing words in a legible and non-transitory form

### **3. TABLE A**

- 3.1 The regulations contained in Table A shall apply to the Company except in so far as they are excluded by or are inconsistent with these Articles.
- 3.2 Regulations 23, 40, 41, 52, 64, 73, 74, 75, 77, 94, 95, 97 and 101 of Table A shall not apply to the Company.
- 3.3 Regulations 6, 8, 9, 10, 11, 24, 45, 46 and 79 of Table A shall apply to the Company with the modifications set out below.

### **4. SHARE CAPITAL**

- 4.1 The authorised share capital of the Company at the date of the adoption of this Article is £15,677,512 divided into:
  - 4.1.1 15,000,100 ordinary shares of £1 each (the "Ordinary Shares"); and
  - 4.1.2 67,741,200 Irredeemable preference shares of £0.01 each (the "Irredeemable Preference Shares"),

#### **4A. RIGHTS ATTACHING TO IRREDEEMABLE PREFERENCE SHARES**

The Ordinary Shares and the Irredeemable Preference Shares shall rank *pari passu* in all respects save as set out below:

##### **4A.1 Dividends**

- 4A.1.1 As to income, the Irredeemable Preference Shares shall confer upon the holders thereof the right in priority to any other payment by way of dividend of the Company to receive a cumulative preferential dividend (the "Preferential Dividend").
- 4A.1.2 The Preferential Dividend shall for every twelve month period in respect of each Irredeemable Preference Share from time to time in issue be:
 
$$((A + 2.62\%) \times 100),$$

where A is as defined in article 4A.1.5 below.

- 4A.1.3 The Preferential Dividend shall accrue from day to day and be payable to the holders of the Irredeemable Preference Shares pro rata according to the number of Irredeemable Preference Shares held by each such shareholder.
- 4A.1.4 Subject to Part VIII of the Act, the Preferential Dividend shall be paid only out of the profits of the Company available for distribution and which the directors of the Company have in their absolute discretion resolved to distribute or recommended to the Company in general meeting for distribution.
- 4A.1.5 For the purpose of Article 4A.1.2 above 'A' shall be equal to twelve month sterling LIBOR expressed as a percentage, being
- (a) the rate per annum of the offered quotation for twelve month sterling deposits of and in an amount equal or comparable to the aggregate market value on the first date of issue of any Irredeemable Preference Shares in the capital of the Company as at the date falling thirty days prior to the date of first issue by the Company of any Irredeemable Preference Shares (for the period from such date until the day before the first Dividend Reference Date) or the relevant Dividend Reference Date (for all subsequent periods beginning on such Dividend Reference Date and ending on the day before the next following Dividend Reference Date), which appears on Telerate Page 3740 or 3750 (or any replacement page on the Telerate service) at or about 11.00 am (London time) on the relevant date and for the purpose of this Article 4A.1.5, a "Dividend Reference Date" shall be each anniversary of the date of the first issue by the Company of any Irredeemable Preference Shares; or
  - (b) if no such display rate is then available for such sterling deposits, then the arithmetic mean (rounded up, if necessary, to the nearest four decimal places with the mid-point rounded up) of the rates notified to the Company at the Company's request by each of two Clearing Banks to leading banks in the London interbank market at or about 11.00 am (London time) thirty days prior to the relevant Dividend Reference Date (or thirty days prior to the date of first issue by the Company of any Irredeemable Preference Shares, as the case may be) for twelve month sterling deposits in an amount equal or comparable to the aggregate market value on the first date of issue of any Irredeemable Preference Shares in the capital of the Company, and for the purposes of this article a "Clearing Bank" shall be any of Royal Bank of Scotland plc, Lloyds TSB plc, Barclays Bank plc and HSBC plc;

- (c) if, in respect of any Dividend Reference Date (or the date of first issue by the Company of any Irredeemable Preference Shares, as the case may be);
- (i) no (or only one) Clearing Bank notifies a rate to the Company in response to the Company's request as contemplated by paragraph (b) above; or
  - (ii) on the basis of notification from one or more Clearing Banks, the Company determines that either twelve month sterling deposits are not available in the London Inter-Bank Market at or about 11 00am (London time) thirty days prior to the relevant Dividend Reference Date (or thirty days prior to the date of first issue by the Company of any Irredeemable Preference Shares, as the case may be) in an amount equal or comparable to the aggregate market value on the first date of issue of any Irredeemable Preference Shares in the capital of the Company or the rates notified by the Clearing Banks do not accurately reflect the cost to such Clearing Banks of obtaining such deposits; or
  - (iii) the Company determines that, by reason of circumstances affecting the London Inter-Bank Market, adequate or fair means do not or will not exist for determining the rate applicable for twelve month sterling deposits, the Company shall promptly notify every holder of Irredeemable Preference Shares and negotiate with the holders of Irredeemable Preference Shares an alternative basis for calculating the value of 'A'; or
  - (iv) if an alternative basis for calculating the value of 'A' is not agreed among the Company and the holders of Irredeemable Preference Shares within 10 days of the Company becoming aware that the conditions in paragraph (iii) above are satisfied, the value of 'A' shall be determined by an independent bank appointed by agreement between the Company and the holders of Irredeemable Preference Shares or, in the event of a failure to reach such an agreement, appointed on the application of the Company or any holder of Irredeemable Preference Shares by the President for the time being of The Law Society of England and Wales.

4A.1.6 The Irredeemable Preference Shares shall not confer upon the holders thereof any right to participate in the profits of the Company beyond the Preferential Dividend.

#### 4A.2 Capital

**4A.2.1** On a distribution of assets on a winding up or other return of capital, the surplus assets of the Company remaining after payment of its liabilities shall be paid in the following order of priority:

- (a) firstly, in repaying to the holders of Irredeemable Preference Shares the nominal value paid up on each such Irredeemable Preference Share held by them on the date of the distribution or other return;
- (b) secondly, In paying to the holders of Irredeemable Preference Shares any amount of the Preferential Dividend accrued and/or due but unpaid on the date of the distribution or other return;
- (c) thirdly, in paying to the holders of Irredeemable Preference Shares £0.99 per each Irredeemable Preference Share held by them on the date of the distribution or other return; and
- (d) thereafter, any surplus shall be paid to the holders of Ordinary Shares pro rata

**4A.2.2** The Irredeemable Preference Shares shall not confer upon the holders thereof any further right to participate in the assets of the Company available for distribution among the members of the Company.

#### **4A.3 Voting**

The Irredeemable Preference Shares shall not confer upon the holder or holders thereof any right to receive notice of, attend or vote at a general meeting.

#### **5. TRANSFER OF SHARES**

**5.1** Subject to Article 5.3, the directors may in their absolute discretion and without assigning any reason therefor decline to register any transfer of any share whether or not it is a fully paid share. The first sentence of regulation 24 in Table A shall not apply.

**5.2** The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor.

**5.3** Notwithstanding anything to the contrary contained in these Articles, or in Article 2.4 of Table A, the directors shall not decline to register the transfer of a share (whether or not it is a fully paid share):

**5.3.1** to any Secured Institution,

**5.3.2** delivered to the Company for registration by a Secured Institution in order to perfect its security over any such share; or

**5.3.3** executed by a Secured Institution or a receiver acting on its behalf pursuant to a power of sale or other powers conferred by or pursuant to such security or by law,

and may not suspend the registration of any such transfer and, furthermore, notwithstanding anything to the contrary contained in these Articles, no transferor, or proposed transferor, of any such share to a Secured Institution, and no Secured Institution, shall (in respect of any transfer referred to above) be required to offer any such share to the members for the time being of the Company, any of them or any other person and no such member or other person shall have any right under the Articles or otherwise howsoever to require any such share to be transferred to that member or other person whether for any valuable consideration or otherwise. Furthermore, notwithstanding anything contained in these Articles, the Company and the directors shall not be entitled to exercise any lien (if any) which the Company has in respect of those shares

## **6. PROCEEDINGS AT GENERAL MEETINGS**

- 6.1 If the Company is a single member company, one member present in person or by proxy shall be a quorum at any general meeting. If the Company is not a single member company, two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum
- 6.2 If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine and 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.
- 6.3 It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. The last two sentences of regulation 45 in Table A shall not apply.
- 6.4 A poll may be demanded by any member having the right to vote at the meeting. Regulation 46(b) in Table A shall not apply.
- 6.5 No notice need be given of a poll. Regulation 52 in Table A shall not apply

## **7. NUMBER OF DIRECTORS**

Unless and until otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum and need not exceed one. If and so long as there is a sole director he may exercise all the powers and authorities vested in the directors by these Articles and Table A.

## **8. APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 8.1 A director shall not retire by rotation. References in Table A to the rotation of directors shall not apply.

- 8.2 A holding company may at any time and from time to time by notice in writing signed on behalf of the holding company (which shall be effective immediately upon its delivery to the registered office of the Company) appoint any person to be a director of the Company.
- 8.3 Notwithstanding anything in these Articles or in any agreement between the Company and such director, a director may be removed from office at any time by a holding company by notice in writing signed on behalf of the holding company which shall be effective immediately upon its delivery to the registered office of the Company. Such removal shall be without prejudice to any claim such director may have for damages for breach of any agreement between the director and the Company.
- 8.4 No person shall be or become incapable of being appointed a director by reason of his having attained the age of 70 or any other age nor shall any special notice be required in connection with the appointment or the approval of the appointment of such person, and no director shall vacate his office at any time by reason of the fact that he has attained the age of seventy or any other age.
- 8.5 The last two sentences of regulation 79 in Table A shall not apply.

## **9. PROCEEDINGS OF DIRECTORS**

- 9.1 A director may vote as a director in regard to any contract, arrangement or any other proposal whatsoever in which he is interested or upon any matter arising therefrom and if he shall so vote, his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract, arrangement or proposal is under consideration. This includes a proposal relating to the funding of expenditure by one or more directors on defending proceedings against him or them or doing anything to enable such director to avoid incurring such expenditure.
- 9.2 Without prejudice to the first sentence of Regulation 88 in Table A, a meeting 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 or video link) 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.

## **10. SHARE CERTIFICATES**

Every share certificate shall, if the Company has a seal, be sealed with the seal or signed by a director and by the secretary or a second director and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The second sentence of Regulation 6 in Table A shall be amended accordingly.

## **11. THE SEAL**

If the Company has a seal it shall only be used with the authority of the directors or of a committee of directors. The directors may determine who

shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or a second director.

## **12. INDEMNITY**

Subject to the provisions of the Act, every director of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in the performance of his duties as a director but only to the extent that such indemnity is a "qualifying third party indemnity provision" within the meaning of section 309B(1) of the Act and the Company may provide a director with funds in accordance with section 337A of the Act to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under the provisions mentioned in section 337A(2) of the Act but so that any provision of funds will become repayable by the director or any liability of the Company under any transaction connected with any provision of funds will become repayable by the director, not later than

- 12.1 in the event of the director being convicted in the proceedings, the date when the conviction becomes final;
- 12.2 in the event of the judgment being given against him in the proceedings, the date when the judgment becomes final; or
- 12.3 in the event of the court refusing to grant him relief on the application, the date when the refusal of relief becomes final.