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**THE COMPANIES ACTS 1985 to 1989**

**PRIVATE COMPANY LIMITED BY SHARES**

**AMENDED ARTICLES OF ASSOCIATION OF**

**PRIORY HEALTHCARE LIMITED**

TUESDAY



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05/04/2011  
COMPANIES HOUSE

## 1. PRELIMINARY

1.1 The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations (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") shall apply to the Company save in so far as they are excluded or varied hereby and such regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the Articles of Association of the Company.

1.2 In these Articles the expression "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.

1.3 In these articles

"ABN" means ABN AMRO Bank N V, London Branch and any person whom ABN nominates pursuant to the Security Agreement,

"Security Agreement" means the security agreement entered or to be entered into between, among others, Priory Holdings Company No 1 Limited, the Company and ABN.

"Security Interest" means an interest of any person to whom a shareholder grants a mortgage, charge or other security interest over its shares in the Company which is notified to the Company in writing.

"Secured Share" means a Share which is subject to a Security Interest.

## 2. ALLOTMENT OF SHARES

2.1 The directors are generally and unconditionally authorised for the purposes of section 80 of the Act (and so that expressions used in this Article shall bear the same meanings as in the said section 80) to exercise all the powers of the Company to allot relevant securities of the Company. The authority hereby conferred shall be for a period of five years from the date of incorporation of the Company unless renewed, varied or revoked by the Company in general meeting, and the maximum amount of relevant securities which may be allotted pursuant to such authority shall be equal to the amount of share capital of the Company authorised but unissued at the date of adoption of these Articles or, where the authority is renewed, at the date of renewal. The directors may under this authority or under any renewal thereof make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority.

2.2 Section 89(1) of the Act shall not apply to any allotment of equity securities by the Company pursuant to any authority conferred on the directors pursuant to section 80 of the Act

## 3. SHARES

3.1 The lien conferred by regulation 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid

or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company Regulation 8 in Table A shall be modified accordingly. Notwithstanding anything contained in these articles, any Secured Share shall be exempt from any present or future lien in favour of the Company that would otherwise have arisen under these articles and the Company shall not assert any lien against the Secured Share while it remains subject to a Security Interest and, for the avoidance of doubt, this Article 3.1 shall not apply to any Secured Share.

3.2 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". Notwithstanding anything contained in these articles, any Secured Share shall be exempt from any present or future call upon the Members by the Company that would otherwise have arisen under these articles and the Company shall not make any call in respect of a Secured Share while it remains subject to a Security Interest and, for the avoidance of doubt, this Article 3 2 shall not apply to any Secured Share.

#### 4 GENERAL MEETINGS AND RESOLUTIONS

4 1 Every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies, and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Company.

4 2 1 No business shall be transacted at any general meeting unless a quorum is present. Subject to article 4 2.2 below, 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.

4 2 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

4 2 3 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting 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 general meeting a quorum is not present within half an hour from the time appointed therefor such adjourned general meeting shall be dissolved.

4 2.4 Regulations 40 and 41 in Table A shall not apply to the Company

4 3 1 If and for so long as the Company has only one member and that member takes any decision which is required to be taken in general meeting or by means of a written resolution, that decision shall be as valid and effectual as if agreed by the Company in general meeting, subject as provided in article 4.3 3 below.

4 3 2 Any decision taken by a sole member pursuant to article 4 3 1 above shall be recorded in writing and delivered by that member to the Company for entry in the Company's minute book.

4 3 3 Resolutions under section 303 of the Act for the removal of a director before the expiration of his period of office and under section 391 of the Act for the removal of an auditor before the expiration of his period of office shall only be considered by the Company in general meeting.

4 4 A member present at a meeting by proxy shall be entitled to speak at the meeting and shall be entitled to one vote on a show of hands. In any case where the same person is appointed proxy for more than one member he shall, on a show of hands, have as many votes as the number of members for whom he is proxy. Regulation 54 in Table A shall be modified accordingly

4 5 Unless resolved by ordinary resolution that regulation 62 in Table A shall apply without modification, the appointment of a proxy and any authority under which the proxy is appointed or a copy of such authority certified notari ally or in some other way approved by the directors may be deposited or received at the place specified in regulation 62 in Table A up to the commencement of the meeting or (in any case where a poll is taken otherwise than at the meeting) of the taking of the poll or may be handed to the chairman of the meeting prior to the commencement of the business of the meeting

## 5 APPOINTMENT OF DIRECTORS

5 1 1 Regulation 64 in Table A shall not apply to the Company

5 1 2 The maximum number and minimum number, respectively, of the directors may be determined from time to time by ordinary resolution. Subject to and in default of any such determination there shall be no maximum number of directors and the minimum number of directors shall be one Whenever the minimum number of directors is one, a sole director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the directors generally, and regulation 89 in Table A shall be modified accordingly.

5 2 The directors shall not be required to retire by rotation and regulations 73 to 80 (inclusive) in Table A shall not apply to the Company.

5 3 No person shall be appointed a director at any general meeting unless either -

(a) he is recommended by the directors, or

(b) not less than 14 nor more than 35 clear days before the date appointed for the general meeting, notice signed by a member qualified to vote at the general meeting has been given to the Company of the intention to propose that person for appointment, together with notice signed by that person of his willingness to be appointed

5 4 1 Subject to article 5 3 above, the Company may, by ordinary resolution, appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director

5.4.2 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 determined in accordance with article 5.1 2 above as the maximum number of directors and for the time being in force.

5 5 In any case where as the result of death or deaths the Company has no members and no directors the personal representatives of the last member to have died shall have the right by notice in writing to appoint a person to be a director of the Company and such appointment shall be as effective as if made by the Company in general meeting pursuant to article 5.4.1 above For the purpose of this article, where two or more members die in circumstances rendering it uncertain which of them survived the other or others, the members shall be deemed to have died in order of seniority, and accordingly the younger shall be deemed to have survived the elder.

## 6 BORROWING POWERS

6 1 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 60 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

## 7. ALTERNATE DIRECTORS

7 1 Unless otherwise determined by the Company in general meeting by ordinary resolution an alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of regulation 66 in Table A shall be modified accordingly

7 2 A director, or any such other person as is mentioned in regulation 65 in Table A, may act as an alternate director to represent more than one director, and an alternate director shall be entitled at any meeting of the directors or of any committee of the directors 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.

## 8 GRATUITIES AND PENSIONS

8 1 1 The directors may exercise the powers of the Company conferred by its Memorandum of Association in relation to the payment of pensions, gratuities and other benefits and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers

8 1 2 Regulation 87 in Table A shall not apply to the Company

## 9 PROCEEDINGS OF DIRECTORS

9 1 1 A director may vote, at any meeting of the directors or of any committee of the directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution his vote shall be counted, and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.

9 1.2 Each director shall comply with his obligations to disclose his interest in contracts under section 317 of the Act

9 1.3 All or any of the directors or members of any committee of the directors may participate in a meeting of the directors or that committee of the by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum, and accordingly, subject to Regulation 89 in Table A and paragraph 5.1 2 above, a meeting of the directors or committee of the directors may be held where each of those present or deemed to be present is in communication with the others only by telephone or other communication equipment as aforesaid. A meeting where those present or deemed to be present are in different locations 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 then is.

9 1.4 Regulations 94 to 97 (inclusive) in Table A shall not apply to the Company.

## 10. THE SEAL

10.1 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 second director. The obligation under regulation 6 in Table A relating to the sealing of share certificates shall apply only if the Company has a seal. Regulation 101 in Table A shall not apply to the Company.

10 2 The Company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors

## 11 PROTECTION FROM LIABILITY

For the purposes of this Article a "Liability" is any liability incurred by a person in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or otherwise in connection with his duties, powers or office and "Associated Company" shall bear the meaning referred to in section 309A(6) of the Act. Subject to the provisions of the Act and without prejudice to any protection from liability which may otherwise apply

11 1 The directors shall have power to purchase and maintain for any director of the Company, any director of an Associated Company, any auditor of the Company and any officer of the Company (not being a director or auditor of the Company), insurance against any Liability

11 2 Every director or auditor of the Company and every officer of the Company (not being a director or auditor of the Company) shall be indemnified out of the assets of the Company against any loss or liability incurred by him in defending any proceedings in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from any Liability

11.3 Regulation 118 shall not apply to the Company

## 12 TRANSFER OF SHARES

12.1 Notwithstanding anything contained in these articles, whether expressly or impliedly contradictory to the provisions of this article (to the effect that any provision contained in this article shall override any other provision of these articles), the directors shall not decline to register any transfer of shares in the company, nor may they suspend registration thereof, where such transfer:

12.1.1 is to any bank, institution or other person to which such shares have been charged by way of security, or to any nominee of such a bank, institution or other person (or a person acting as agent or security trustee for such person) (a "**Secured Institution**"); or

12.1.2 is delivered to the company for registration by a Secured Institution or its nominee in order to perfect its security over the shares, or

12.1.3 is executed by a Secured Institution or its nominee pursuant to a power of sale or other power existing under such security,

and the directors shall forthwith register any such transfer of shares upon receipt