

Company Number: 07487239

COMPANIES ACT 2006
COMPANY LIMITED BY SHARES
WRITTEN RESOLUTIONS
OF
HS 524 LIMITED
(the "Company")

SATURDAY



Circulation date: *28 February* 2013

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006 (the "Act"), the following resolution is proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

- 1 **THAT** the documents/arrangements and the performance, by the company, of its obligations under the terms of a deed of amendment and restatement to be entered into between (1) the Company, (2) the companies listed in schedule 1 to that agreement and (3) Kaupthing hf in relation to a subordinated loan as approved at a meeting of the board of directors on *28 February* 2013 be and they are hereby approved.

SPECIAL RESOLUTION

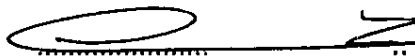
- 2 **THAT** the articles of association of the Company attached hereto and initialled, for identification purposes only, by the chairman be and are hereby adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

Name of Member

Signature of Member

Date of Signature

Karen Millen Group Limited



28 February 2013

NOTES:

The resolutions set out above will lapse if the required majority of eligible members have not signified their agreement to it within 28 days of the circulate date specified above. If you agree to the resolutions, please ensure that your agreement reaches us before that date.

THE COMPANIES ACT 2006

ARTICLES OF ASSOCIATION

OF

HS 524 LIMITED

KAR11.1

HEATONS LLP

MANCHESTER

Tel: +44(0) 161 835 8010

Fax: +44(0) 161 835 8015

INDEX

1	DEFINITIONS AND INTERPRETATION.....	1
2	SHARE RIGHTS – GENERAL	3
3	SHARE RIGHTS – INCOME... ..	3
4	SHARE RIGHTS – RETURN OF CAPITAL AND APPLICATION OF PROCEEDS ON AN EXIT EVENT.....	4
5	VOTING	4
6	ISSUE OF SHARES.....	4
7	LIABILITY OF THE MEMBERS.....	5
8	PROXIES	5
9	APPOINTMENT AND REMOVAL OF DIRECTORS	5
10	ALTERNATE DIRECTORS.....	5
11	PROCEEDINGS OF DIRECTORS	7
12	TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY	7
13	DIRECTORS' CONFLICTS OF INTEREST	8
14	SERVICE OF DOCUMENTS.....	9
15	INDEMNITY	10
16	INSURANCE.....	11
17	TRANSFER OF SHARES PURSUANT TO A CHARGE OR OTHER SECURITY.....	11

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF

HS 524 LIMITED

1 DEFINITIONS AND INTERPRETATION

1.1 In these Articles the following words and expressions have the following meanings unless the context otherwise requires:

"Act"	the Companies Act 2006;
"Available Profits"	profits available for distribution within the meaning of the Act,
"Business Day"	a day other than a Saturday or Sunday or public holiday in England,
"Director"	a duly appointed director of the Company from time to time and "Directors" shall be construed accordingly;
"Disposal"	means the sale or transfer of all or substantially all of the business, assets and undertaking of KMGL, whether through a single transaction or a series of transactions,
"Eligible Director"	a Director who would be entitled to vote on a matter at a meeting of the Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter) and references to "eligible directors" in article 8 of the Model Articles shall be construed accordingly,
"Exit Event"	means a Disposal, Sale, Listing or winding up of KMGL;
"Finance Document"	shall bear the meaning given to that term in the investment agreement dated 22 March 2011 made between (1) KMGL, (2) the Managers (as such term is defined therein), (3) the Ex Managers (as such term is defined therein) and (4) Kaupthing as amended and restated on or around the date of adoption as these articles and as the same is varied and/or amended and restated from time to time,
"Kaupthing"	Kaupthing HF, a company registered in Iceland with number 560882-0419 whose registered office is at Borgartun 26, 105 Reykjavik, Iceland;
"KMGL"	Karen Millen Group Limited, a company incorporated in England and Wales with company number 07841883 whose registered office is at The Triangle, Stanton Harcourt, Oxfordshire OX29 5UT and being the Company's parent company,
"Listing"	means the admission to listing of any of the equity shares in the capital of KMGL, or a new company formed for the purpose, on any recognised investment exchange (as

defined in the Financial Services and Markets Act 2000) including the Alternative Investment Market of the London Stock Exchange;

"Member"	a registered holder of an issued Share from time to time, as recorded in the register of members of the Company;
"Model Articles"	the model articles for private companies limited by shares contained in schedule 1 of the Companies (Model Articles) Regulations 2008 as amended prior to, and in force as at, the date of adoption of these Articles;
"Ordinary Shares"	an ordinary share of £1 in the capital of the Company,
"Ordinary Redeemable Shares"	an ordinary redeemable share of £1 in the capital of the Company;
"Relevant Securities"	any Shares, or any right to subscribe for or convert any securities into any Shares;
"Sale"	means the disposal or transfer by a party of any interest in the share capital of KMGL such that a person other than Kaupthing and its Permitted Transferees acquires, whether through a single transaction or a series of transactions a Controlling Interest;
"Shares"	together the Ordinary Shares and the Ordinary Redeemable Shares and each being a "Share" , and
"Subordinated Loan Agreement"	a subordinated loan agreement dated 17 January 2011 as varied pursuant to a deed of amendment, novation and guarantee dated 22 March 2011 and made between (1) Aurora Fashions Holdings Limited, (2) the Company, (3) the companies listed at schedule 1 to that agreement and (4) Kaupthing (and as the same may be amended and/or varied from time to time).

1.2 Words and phrases which are defined or referred to in the Act (excluding any statutory modification of that meaning not in force when these articles become binding on the Company) or the Model Articles have the same meanings in these articles unless a contrary intention appears.

1.3 These Articles and the provisions of the Model Articles (subject to any modifications set out in these Articles) shall constitute all the articles of association of the Company.

1.4 In these Articles a reference to:

1.4.1 a statutory provision includes a reference to the statutory provision as replaced, modified or re-enacted from time to time before or after the date of these Articles and any subordinate legislation made under the statutory provision before or after the date of these Articles,

1.4.2 a person includes a reference to an individual, body corporate, association, government, state, agency of state or any undertaking (whether or not

having a legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists); and

1.4.3 “these Articles” is to these articles of association (including the provisions of the Model Articles incorporated therein), and a reference to an article is to an article of these Articles, in each case as amended from time to time in accordance with the terms of these Articles and the Act.

1.5 The contents table and headings in these Articles are for convenience only and do not affect their interpretation.

1.6 Words importing the singular include the plural and vice versa and words importing a gender include every gender.

1.7 The Contracts (Rights of Third Parties) Act 1999 shall not apply to any rights under these Articles

2 SHARE RIGHTS – GENERAL

2.1 Article 22 of the Model Articles will not apply to the Company. The rights and restrictions attaching to the Shares are set out in full in these articles.

2.2 The provision of these articles are subject to the following provisions of this article 2.2:

2.2.1 notwithstanding any other provisions of these articles, no payment shall be declared or made by the Company by way of dividend or other distribution, purchase, redemption, reduction or return of Shares or capital or by addition to or repayment of any dividend reserve if and to the extent that such payment is prohibited or restricted by the terms of the Finance Documents,

2.2.2 no dividends or other distributions payable in respect of Shares, whether pursuant to the provisions of these articles or otherwise, shall constitute a debt enforceable against the Company unless permitted to be paid in accordance with the Finance Documents; and

2.2.3 where any dividend or redemption payment is not made because of the provisions of articles 2.2.1 and/or 2.2.2, such dividend shall be paid or redemption payment made upon the necessary consent being obtained or the prohibition in articles 2.2.1 and/or 2.2.2 ceasing to apply.

3 SHARE RIGHTS – INCOME

3.1 Notwithstanding anything to the contrary in these articles, no dividends shall be declared or paid on any Shares in respect of any financial year of the Company without the relevant consents required under the Finance Documents.

3.2 The Ordinary Redeemable Shares will not carry any rights or entitlements of any nature to participate in dividends of the Company and will only participate in distributions to the extent expressly set out in these articles

3.3 Any dividends payable pursuant to this article 3.3 will be paid in cash and will belong to and be paid to the holders of Ordinary Shares pro rata according to their holdings of such Ordinary Shares.

4 SHARE RIGHTS – RETURN OF CAPITAL AND APPLICATION OF PROCEEDS ON AN EXIT EVENT

- 4.1 On a sale or a winding-up of the Company, the net proceeds of any sale of Shares shall be distributed to the holders of Ordinary Shares, pro-rata to the number of Ordinary Shares held.
- 4.2 The holders of Ordinary Redeemable Shares shall not be entitled to receive any proceeds of any sale of Shares or a winding-up of the Company.
- 4.3 The Company shall redeem all the Ordinary Redeemable Shares then in issue immediately prior to an Exit Event for par value
- 4.4 If the Company is unable, because of having insufficient Available Profits, to redeem in full the relevant number of Ordinary Redeemable Shares on the date required for redemption, the Company shall redeem as many of such Ordinary Redeemable Shares as can lawfully and properly be redeemed and the Company shall redeem the balance as soon as it is lawfully and properly able to do so.
- 4.5 If the Company is at any time redeeming less than all the Ordinary Redeemable Shares from time to time in issue, the number of Ordinary Redeemable Shares to be redeemed shall be apportioned between those holders of the Ordinary Redeemable Shares then in issue pro rata according to the number of Ordinary Redeemable Shares held by them respectively at the date of redemption.

5 VOTING

- 5.1 The holders of Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and each holder of an Ordinary Share who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall, on a show of hands, have one vote and, on a poll, have one vote for each Ordinary Share of which he is the holder.
- 5.2 The holders of Ordinary Redeemable Shares shall not be entitled to receive notice of, attend, speak at or vote at any general meeting of the Company.

6 ISSUE OF SHARES

- 6.1 The Directors are generally and unconditionally authorised for the purposes of section 551 of the Act to exercise any power of the Company to allot Relevant Securities. The authority granted under this article 6.1 shall:
- 6.1.1 be limited to a maximum amount in nominal value of £1,000 in respect of the issue of any Ordinary Shares,
- 6.1.2 be limited to a maximum amount in nominal value of the amount outstanding from time to time under the Subordinated Loan Agreement in respect of Ordinary Redeemable Shares;
- 6.1.3 only apply in so far as it is not renewed, waived or revoked by ordinary resolution of the Members; and
- 6.1.4 expire on the day immediately preceding the fifth anniversary of the date of adoption of these Articles, provided that the Directors may allot Relevant

Securities after the expiry of such period in pursuance of an offer or agreement to do so made by the Company within such period.

6.2 The Directors may allot, grant or otherwise dispose of Relevant Securities to such persons at such times and generally on such terms and conditions as they think fit in their absolute discretion, provided that no Share shall be issued at a discount.

6.3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to the Company.

7 **LIABILITY OF THE MEMBERS**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

8 **PROXIES**

Article 45(1) of the Model Articles shall be amended as follows by the insertion of the following as a new paragraph at the end of Article 45(1). "and a proxy notice which is not delivered in such manner shall be invalid unless the Directors, in their discretion accept the proxy notice at any time before the meeting".

9 **APPOINTMENT AND REMOVAL OF DIRECTORS**

The Member(s) who from time to time holds not less than 100% of the issued Shares may, from time to time and on more than one occasion appoint any person who is willing to act to be a Director and, from time to time and on more than one occasion, remove a Director from office. Any appointment or removal pursuant to this article 9 shall be made by notice in writing to the Company signed by or on behalf of the relevant Member(s). Such notice (which may consist of several documents in similar form each signed by or on behalf of one or more Members) must be left at or sent by post to the registered office of the Company and the appointment or removal (as the case may be) shall take effect when the notice is received by the Company or, if later, on such date (if any) as may be specified in the notice.

10 **ALTERNATE DIRECTORS**

10.1 Any Director (in this article 6, an "**appointor**") may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to:

10.1.1 exercise that director's powers, and

10.1.2 carry out that director's responsibilities,

in relation to the taking of decisions by the Directors, in the absence of the alternate's appointor.

10.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the Directors.

10.3 The notice must:

10.3.1 identify the proposed alternate, and

- 10.3 2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.
- 10.4 An alternate Director may act as alternate director to more than one Director and has the same rights in relation to any decision of the Directors as the alternate's appointor
- 10.5 Save as provided otherwise in these Articles, alternate Directors:
- 10.5.1 are deemed for all purposes to be Directors,
- 10.5.2 are liable for their own acts and omissions,
- 10.5.3 are subject to the same restrictions as their appointors; and
- 10.5.4 are not deemed to be agents of or for their appointors,
- and, in particular (without limitation), each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member.
- 10.6 A person who is an alternate Director but not a Director:
- 10.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating),
- 10.6.2 may participate in a unanimous decision of the Directors (but only if his appointor is an Eligible Director in relation to that decision and does not himself participate); and
- 10.6.3 shall not be counted as more than one Director for the purposes of articles 10.6.1 and 10.6.2.
- 10.7 A Director who is also an alternate Director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Directors (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 10.8 An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director except such part of the remuneration of the alternate's appointor as the appointor may direct by notice in writing to the Company. An alternate Director shall be entitled to be reimbursed by the Company such expenses as might properly be reimbursed to him if he were a Director.
- 10.9 The appointment of an alternate Director terminates:
- 10.9.1 when the alternate's appointor revokes the appointment by notice in writing to the Company specifying when it is to terminate;
- 10.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;
- 10.9.3 on the death of the alternate's appointor; or

- 10.9.4 when the appointment of the alternate's appointor as a Director terminates.

11 PROCEEDINGS OF DIRECTORS

- 11.1 Save where the Company has a sole Director, two Eligible Directors, present either in person or by a duly appointed alternate, shall be a quorum. For the purpose of any meeting held to authorise a director's conflict of interest under article 9 if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting shall be one Eligible Director. Article 11(2) of the Model Articles shall not apply to the Company.
- 11.2 If the number of votes for and against a proposal at a Directors' meeting are equal the chairman shall not have a casting vote. Article 13 of the Model Articles shall not apply to the Company.

12 TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

- 12.1 Subject to sections 177 and 182 of the Act, and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way (whether directly or indirectly) interested in an existing or proposed transaction or arrangement with the Company.
- 12.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 12.1.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or a committee of Directors) in respect of such contract or proposed contract in which he is interested;
- 12.1.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision of the Directors, in respect of such contract or proposed contract in which he is interested;
- 12.1.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- 12.1.5 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 12.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.
- 12.2 Articles 14(1) to 14(4) of the Model Articles shall not apply to the Company.

13 **DIRECTORS' CONFLICTS OF INTEREST**

13.1 The Directors may, in accordance with the requirements set out in this article 9, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the Act to avoid conflicts of interest (a "**Conflict**").

13.2 Any authorisation under this article will be effective only if.

13.2.1 the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;

13.2.2 any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question; and

13.2.3 the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.

13.3 Any authorisation of a Conflict under this article 9 may (whether at the time of giving the authorisation or subsequently).

13.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised,

13.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the Directors may determine; and

13.3.3 be terminated or varied by the Directors at any time.

This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation

13.4 In authorising a Conflict the Directors may decide (whether at the time of giving the authorisation or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person, the Director is under no obligation to.

13.4.1 disclose such information to the Directors or to any Director or other officer or employee of the Company, or

13.4.2 use or apply any such information in performing his duties as a Director,

where to do so would amount to a breach of that confidence

13.5 Where the Directors authorise a Conflict they may (whether at the time of giving the authorisation or subsequently) provide, without limitation, that the Director

13.5.1 is excluded from discussions (whether at meetings of Directors or otherwise) related to the Conflict;

13.5.2 is not given any documents or other information relating to the Conflict; and

13.5.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to any resolution relating to the Conflict.

13.6 Where the Directors authorise a Conflict:

13.6.1 the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict; and

13.6.2 the Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of its authorisation.

13.7 A Director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

14 **SERVICE OF DOCUMENTS**

14.1 Any notice, document or other information given in accordance with these Articles shall be deemed served on or delivered to the intended recipient:

14.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted;

14.1.2 if properly addressed and sent by reputable international overnight courier to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, 5 Business Days after posting provided that delivery in at least 5 Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider;

14.1.3 if properly addressed and delivered by hand, when it was given or left at the appropriate address;

14.1.4 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and

14.1.5 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website

For the purposes of this article 14.1, no account shall be taken of any part of a day that is not a working day.

14.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act

15 **INDEMNITY**

15.1 Subject to article 15 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

15.1.1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

15.1.1.1 in the actual or purported execution and/or discharge of his duties, or in relation to them, and

15 1.1 2 in relation to the activities of the Company (or any associated company) as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company (or any associated company), and

15.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 15.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

15.2 This article 11 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

15.3 In this article 11 and in article 12.

15.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

15 3 2 a "**relevant officer**" means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or any associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

15.4 Article 52 of the Model Articles shall not apply to the Company.

16 INSURANCE

- 16.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any loss or liability which has been or may be incurred by that relevant officer in connection with his duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company.
- 16.2 Article 53 of the Model Articles shall not apply to the Company.

17 TRANSFER OF SHARES PURSUANT TO A CHARGE OR OTHER SECURITY

Where any Shares are charged in favour of a bank or other institution which has provided funding to the Company (or any holding company of the Company or any other subsidiary of such a holding company), those Shares may be transferred to that bank or institution, or a nominee of such bank or institution. A certificate of an official of such bank or institution that the Shares are so charged and that the transferee named in any transfer is a person to whom Shares have been so charged shall be conclusive evidence of such facts. Notwithstanding any other provision of these Articles, the Directors shall not refuse to register a transfer of Shares permitted by this article 13 and, on presentation of any such transfer, shall forthwith register the same. Article 26(5) of the Model Articles shall be amended accordingly.