

PRIVATE COMPANY LIMITED BY SHARES

THE COMPANIES ACT 2006

ARTICLES OF ASSOCIATION

OF

LIVERPOOL FOUNDATION HOMES LIMITED

Company No: 11240116

Incorporated: 7th March 2018



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PRELIMINARY

1. Articles of association of the Company

The provisions set out in this document, as amended from time to time, comprise the articles of association of the Company. None of the relevant model articles (within the meaning of s 20(2) CA 2006) nor any other model articles of association or regulations set out in any statute or subordinate legislation concerning companies apply to the Company.

2. Defined terms

In these articles, unless the context requires otherwise, the following words, expressions and abbreviations have the following meanings:

Appointor has the meaning given in article 23.1;

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

Business Day means a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business;

CA 2006 means the Companies Act 2006;

chair has the meaning given in article 15;

chair of the meeting has the meaning given in article 47;

Companies Acts means the Companies Acts (as defined in s 2 CA 2006), in so far as they apply to the Company;

Continuing Shareholder has the meaning given in article 34.1;

Council: Liverpool City Council who owns 100% of the shares in the Company;

Conflict means a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company unless explicitly excluded by the terms of 19.2;

director means a director of the Company, and includes any person occupying the position of director, by whatever name called;

distribution recipient has the meaning given in article 40;

document includes, unless otherwise specified, any document sent or supplied in electronic form;

electronic form has the meaning given in s 1168 CA 2006;

eligible director means, in relation to a matter, a director who is or would be entitled (a) to vote on that matter at a directors' meeting; and (b) to have that vote counted;

fully paid, in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

hard copy form has the meaning given in s 1168 CA 2006;

holder, in relation to shares, means the person whose name is entered in the register of members as the holder of the shares;

holding company has the meaning given in s 1159 CA 2006;

instrument means a document in hard copy form;

member has the meaning given in s 112 CA 2006;

ordinary resolution has the meaning given in s 282 CA 2006;

paid means paid or credited as paid;

participate, in relation to a directors' meeting, has the meaning given in article 13;

partly paid in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the Company;

Permitted Group means the Council, and any wholly owned subsidiary of the Company. Unless the context otherwise requires, the application of the definition of Permitted Group to any company at any time will apply to the company as it is at that time;

Permitted Transfer means a transfer of shares made in accordance with article 35;

Permitted Transferee means in relation to a shareholder, any member of the same Permitted Group as that shareholder;

proxy notice has the meaning given in article 53;

Purchase Notice has the meaning given in article 34.2;

Sale Shares has the meaning given in article 34.1;

Sale Price has the meaning given in article 34.1.2;

Seller has the meaning given in article 34.1;

shares means shares in the Company;

Shareholder means the Council;

special resolution has the meaning given in s 283 CA 2006;

subsidiary has the meaning given in s 1159 CA 2006;

transmittee means a person entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of law;

Transfer Notice means an irrevocable notice in writing given by any shareholder to the other shareholder where the first shareholder desires, or is required by these Articles, to transfer or offer for transfer (or enter into an agreement to transfer) any shares;

working day has the meaning given in s 1173(1) CA 2006; and

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

3. Interpretation

3.1 Headings used in these articles are for convenience only and do not affect their construction or interpretation.

3.2 In these articles, unless the context requires otherwise:

3.2.1 words or expressions in these articles and not defined in article 2 bear the same meanings as in the CA 2006;

3.2.2 a reference to any statute or statutory provision includes a reference to any subordinate legislation made under it as at the date on which these Articles become binding on the Company and to any consolidation, re-enactment, modification or replacement of any statute, statutory provision or subordinate legislation for the time being in force; and

3.2.3 words in the singular include the plural and the plural include the singular and reference to one gender includes all genders.

4. Liability of members

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

DIRECTORS' POWERS AND RESPONSIBILITIES

5. Directors' general authority

Subject to these articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

6. Secretary

6.1 The directors may appoint a secretary to the Company for such period, for such remuneration and upon such conditions as they think fit; and any secretary so appointed may be removed by them.

7. Members' reserve power

7.1 The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.

7.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

8. Power to delegate

8.1 Subject to these articles, the directors may delegate any of the powers which are conferred on them under these articles:

8.1.1 to such person or committee;

8.1.2 by such means (including by power of attorney);

8.1.3 to such an extent;

8.1.4 in relation to such matters or territories; and

8.1.5 on such terms and conditions;

as they think fit.

8.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

8.3 The directors may revoke any delegation, in whole or part, or alter its terms and conditions.

9. Committees

9.1 Committees to which the directors delegate any of their powers must follow procedures which are based, as far as they are applicable, on those provisions of these articles which govern the taking of decisions by directors.

9.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from these articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

10. Directors to take decisions collectively

10.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 11.

10.2 If and for so long as the Company only has one director, the general rule in article 10.1 does not apply, and the sole director may (if he or she is an eligible director in relation to the matter in question) take decisions without regard to any of the provisions of these articles (other than article 18.1.2) relating to directors' decision-making.

11. Unanimous decisions

11.1 A decision of the directors is taken in accordance with this article 11 when all eligible directors indicate to each other by any means that they share a common view on a matter.

11.2 Such a decision may take the form of a resolution in writing, signed by each eligible director (whether on the same or different copies of it) or to which each eligible director has otherwise indicated agreement in writing.

- 11.3 A decision may not be taken in accordance with this article 11 if the eligible directors would not have formed a quorum at such a meeting.

12. Calling a directors' meeting

- 12.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- 12.2 Notice of any directors' meeting must indicate:
- 12.2.1 its proposed date and time;
 - 12.2.2 where it is proposed to take place; and
 - 12.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 12.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 12.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company at any time before, or not more than seven days after, the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it.

13. Participation in directors' meetings

- 13.1 Subject to these articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
- 13.1.1 the meeting has been called and takes place in accordance with these articles; and
 - 13.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 13.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 13.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

14. Quorum for directors' meetings

- 14.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 14.2 The quorum for directors' meetings is:
- 14.2.1 one director, if the Company has only one director; and
 - 14.2.2 two directors, if the Company has more than one director.

15. Chairing of directors' meetings

- 15.1 The directors may appoint a director to chair their meetings.
- 15.2 The person so appointed for the time being is the **chair**.
- 15.3 The directors may terminate the chair's appointment at any time.
- 15.4 If the directors have not appointed a chair, or the chair is unwilling to chair the meeting, or is not participating in a directors' meeting within 10 minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

16. Casting vote

- 16.1 If the numbers of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote.
- 16.2 Article 16.1 does not apply if, in accordance with these articles, the chair or other director is not an eligible director in relation to that proposal.

17. Directors' discretion to make further rules

Subject to these articles, the directors may make any rule which they think fit as to how they take decisions and how such rules are to be recorded or communicated to directors.

18. Records of decisions to be kept

- 18.1 The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of:
 - 18.1.1 every unanimous or majority decision taken by the directors; or
 - 18.1.2 in the case of a sole director, every decision, in whatever form, of that sole director that would have been taken by unanimous or majority decision if the Company had more than one director.

DIRECTORS' INTERESTS

19. Director's interests:

- 19.1 The directors may, in accordance with the requirements set out in this article 19, authorise any Conflict proposed to them by any director which would, if not so authorised, involve a director (the **Interested Director**) breaching his duty under section 175 of the CA 2006 to avoid conflicts of interest..
- 19.2 A Conflict will not arise where the Company and the Council are entering into a contract, transaction or formulating any type of legal relationship and the Interested Director is an employee, agent or member of the Council. The Director shall not be required to declare his interest unless required under articles 19.10 and 19.11 in accordance with the CA 2006.
- 19.3 Any authorisation under article 19.1 will be effective only if:

- 19.3.1 to the extent permitted by the CA 2006, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles;
 - 19.3.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - 19.3.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 19.4 Any authorisation of a Conflict under article **Error! Reference source not found.** may (whether at the time of giving the authorisation or subsequently):
- 19.4.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - 19.4.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
 - 19.4.3 provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
 - 19.4.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
 - 19.4.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
 - 19.4.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 19.5 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 19.6 The directors may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 19.7 A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the shareholder who appointed him as a director of the Company, or any other member of such shareholder's Permitted Group, and no authorisation under article 19.1 shall be necessary in respect of any such interest.
- 19.8 Any director shall be entitled from time to time to disclose to the Shareholders such information concerning the business and affairs of the Company as he shall at his discretion see fit, subject only to the condition that if there is more than one Shareholder the director concerned shall ensure

that each of the shareholders of the same class receives the same information on an equal footing.

- 19.9 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 is due to his position in the Council (in accordance with article **Error! Reference source not found.**) or has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 19.10 Subject to sections 177(5) and 177(6) of the CA 2006, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the CA 2006.
- 19.11 Subject to sections 182(5) and 182(6) of the CA 2006, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the CA 2006, unless the interest has already been declared under article 19.10.
- 19.12 Subject, where applicable, to any terms and conditions imposed by the directors in accordance with article 19.4, and provided a director has declared the nature and extent of his interest in accordance with the requirements of the CA 2006, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- 19.12.1 may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
- 19.12.2 shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 19.12.3 shall be entitled to vote at a meeting of directors (or of a committee of directors) or participate in any unanimous decision, in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 19.12.4 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;
- 19.12.5 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
- 19.12.6 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 CA 2006)) 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 CA 2006.

20. Conflicts of interest: transactional conflicts and associated companies

20.1 Provided a director has declared the nature and extent of any direct or indirect interest in accordance with the requirements of s 177 and/or s 182 CA 2006 (as applicable), that director:

20.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested; and

20.1.2 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any holding company or subsidiary of the Company or any other body corporate in which the Company is interested.

21. Conflicts of interest: voting and permitted benefits

21.1 Subject to these articles, a director may be counted in the decision-making process for quorum and voting purposes in respect of any matter in which he or she has, or may have, directly or indirectly, an interest or duty which conflicts, or possibly may conflict, with the interests of the Company, provided that he or she has:

21.1.1 where required, obtained authorisation in respect of that matter either from the directors pursuant to article 19 or from the members (and, in either case, the terms of that authorisation do not provide to the contrary); and/or

21.1.2 made any declaration of interest required by s 177 and/or s 182 CA 2006 in respect of that matter.

21.2 Subject to article 21.3, if a question arises at a meeting of the directors (or committee of directors) as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair whose ruling in relation to any director other than the chair is to be final and conclusive.

21.3 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

21.4 Unless he or she agrees otherwise, a director will not by reason of that office be accountable to the Company for any remuneration, profit or other benefit derived by that director from any conflict matter authorised by the directors pursuant to article 19 or by the members or permitted by article 20 and no transaction or arrangement permitted by article 20 will be liable to be avoided on the grounds of a director being a party to or otherwise interested in it.

APPOINTMENT OF OFFICERS

22. Methods of appointing directors

22.1 The Council shall have the right to appoint and/or remove from time to time:

any person:

22.1.1 as a Director of the Company;

22.1.2 as an observer at any meeting or meetings of the Directors with or without the right to speak at any meeting of the Directors; and

22.1.3 as an observer at any Committee meeting or meetings with or without the right to speak at any Committee meeting,

by notice in writing to the Company and any Shareholder who is not the Council or any Subsidiary of the Council shall not have the right to appoint or remove any Director, observer or a member of any Committee.

22.2 In any case where on the death or bankruptcy of a sole or last surviving member the Company has no directors, the transmittee(s) of that sole or last surviving member have the right, by notice in writing, to appoint a person to be a director.

22.3 For the purposes of article 22.2, where two or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

23. Alternate directors

23.1 Any director (other than an alternate director) (the **Appointor**) may appoint any person (whether or not a director) other than an existing director representing the other class of shares, to be an alternate director to exercise the Appointor's powers, and carry out the Appointor's responsibilities, in relation to the taking of decisions by the directors, in the absence of the Appointor. In these Articles, where the context so permits, the term director shall include an alternate director appointed by an Eligible Director. A person may be appointed an alternate director by more than one Eligible Director provided that each of his Appointors represents the same class of shares but not otherwise.

23.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company (and to the alternate, on removal) signed by the Appointor, or in any other manner approved by the directors.

23.3 The notice must:

23.3.1 identify the proposed alternate; and

23.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.

23.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.

23.5 Except as the Articles specify otherwise, alternate directors:

23.5.1 are deemed for all purposes to be directors;

23.5.2 are liable for their own acts and omissions;

23.5.3 are subject to the same restrictions as their Appointors; and

23.5.4 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.

23.6 A person who is an alternate director but not a director may, subject to him being an Eligible Director:

23.6.1 Be counted as participating for the purposes of determining whether a quorum is present at a meeting of directors (but only if that person's Appointor is an Eligible Director and is not participating); and

23.6.2 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).

23.7 A director who is also an alternate director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor (provided that an Appointor is an Eligible Director in relation to that decision), in addition to his own vote on any decision of the directors.

23.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

23.9 An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:

23.9.1 when the alternate's Appointor revokes the appointment by notice to the Company and the alternate in writing specifying when it is to terminate; or

23.9.2 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; or

23.9.3 when the alternate director's Appointor ceases to be a director for whatever reason.

24. Termination of director's appointment

24.1 A person ceases to be a director as soon as:

24.1.1 that person ceases to be a director by virtue of any provision of the CA 2006 or is prohibited from being a director by law;

24.1.2 a bankruptcy order is made against that person;

24.1.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;

24.1.4 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or

24.1.5 notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

25. Directors' remuneration

25.1 Directors may undertake any services for the Company that the directors decide.

25.2 Directors are entitled to such remuneration as the directors determine:

25.2.1 for their services to the Company as directors; and

25.2.2 for any other service which they undertake for the Company.

25.3 Subject to these articles, a director's remuneration may:

25.3.1 take any form; and

25.3.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

25.4 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

25.5 Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

26. Directors' expenses

26.1 The Company may pay any reasonable expenses which the directors including alternate directors and the secretary (where a secretary has been appointed) properly incur in connection with their attendance at:

26.1.1 meetings of directors or committees of directors;

26.1.2 general meetings; or

26.1.3 separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

SHARES

27. All shares to be fully paid up

27.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.

27.2 This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

28. Power to issue different classes of share

28.1 Subject to these articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

28.2 The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

29. Powers to issue different classes of share

29.1 Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

29.2 The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

30. Company not bound by less than absolute interests

30.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust and, except as otherwise required by law or these articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

31. Share certificates

31.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

31.2 Every certificate must specify—

31.2.1 in respect of how many shares, of what class, it is issued;

31.2.2 the nominal value of those shares;

31.2.3 that the shares are fully paid; and

31.2.4 any distinguishing numbers assigned to them.

31.3 No certificate may be issued in respect of shares of more than one class.

31.4 If more than one person holds a share, only one certificate may be issued in respect of it.

31.5 Certificates must—

31.5.1 have affixed to them the company's common seal, or

31.5.2 be otherwise executed in accordance with the Companies Acts.

Contents and execution of share certificates

31.6 Every certificate must specify:

31.6.1 in respect of how many shares, of what class, it is issued;

31.6.2 the nominal value of those shares;

31.6.3 the amount paid up on them; and

31.6.4 any distinguishing numbers assigned to them.

31.7 Certificates must:

31.7.1 have affixed to them the Company's common seal; or

31.7.2 be otherwise executed in accordance with the Companies Acts.

32. Replacement share certificates

32.1 If a certificate issued in respect of a member's shares is:

32.1.1 damaged or defaced; or

32.1.2 said to be lost, stolen or destroyed,

that member is entitled to be issued with a replacement certificate in respect of the same shares.

32.2 A member exercising the right to be issued with such a replacement certificate:

32.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

32.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

32.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

TRANSFER AND TRANSMISSION OF SHARES

33. Share transfers

- 33.1 Shares may be transferred by means of an instrument of transfer in any usual form, or any other form approved by the directors, which is executed by or on behalf of the transferor and (if any share is partly paid), the transferee.
- 33.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 33.3 The Company may retain any instrument of transfer which is registered.
- 33.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as its holder.
- 33.5 The directors may refuse to register the transfer of a share and, if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless the directors suspect that the proposed transfer may be fraudulent.

34. Pre-emption rights on the transfer of shares

- 34.1 Except where the provisions of article 35 apply, a shareholder (if any), other than the Council, (**Seller**) wishing to transfer its shares (**Sale Shares**) must give a Transfer Notice to the Council (**Continuing Shareholder**) giving details of the proposed transfer including:
 - 34.1.1 the identity of the proposed buyer; and
 - 34.1.2 the price (in cash) at which it proposes to sell the Sale Shares (**Sale Price**).
- 34.2 Within 28 Business Days of receipt (or deemed receipt) of a Transfer Notice, the Continuing Shareholder shall be entitled (but not obliged) to give notice in writing to the Seller that it wishes to purchase the Sale Shares at the Sale Price (**Purchase Notice**).
- 34.3 The Continuing Shareholder is bound to buy all the Seller's Sale Shares at the Sale Price when it gives a Purchase Notice to the Seller under article 34.2.
- 34.4 If, at the expiry of the period specified in article 34.2, the Continuing Shareholder has not given a Purchase Notice, the Seller may transfer all its Sale Shares to the buyer identified in the Transfer Notice at a price not less than the Sale Price provided that it does so within 2 months of the expiry of the period specified in article 34.2.

35. Permitted transfers

- 35.1 The Continuing Shareholder may at any time transfer all (but not some only) of its shares in the Company to a Permitted Transferee without being required to follow the steps set out in article 34.
- 35.2 A Shareholder holding shares in the Company as a result of a Permitted Transfer made after the date of adoption of these Articles by an Original Shareholder under the provisions of this article 35 may at any time transfer all (but not some only) of its shares back to the Original Shareholder from whom it received those shares or to another Permitted Transferee of such Original Shareholder, without being required to follow the steps set out in article 34.

35.3 If a Permitted Transfer has been made to a Permitted Transferee, that Permitted Transferee shall within ten Business Days of ceasing to be a member of the Permitted Group transfer all of the shares in the Company held by it to:

35.3.1 the Original Shareholder from whom it received those shares; or

35.3.2 another Permitted Transferee of that Original Shareholder,

(which in either case is not in liquidation). If the Permitted Transferee fails to make a transfer in accordance with this article 35.3, the Company may execute a transfer of the shares on behalf of the Permitted Transferee and register the Original Shareholder as the holder of such shares.

36. Transmission of shares

- 36.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 36.2 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:
- 36.2.1 may, subject to these articles, choose either to become the holder of those shares or to have them transferred to another person; and
- 36.2.2 subject to these articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 36.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

37. Exercise of transmittees' rights

- 37.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing.
- 37.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 37.3 Any transfer made or executed under this article 37 is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

38. Transmittees bound by prior notices

If a notice is given to a member in respect of shares and a transmittee is entitled to those shares, the transmittee (or other person to whom the shares are transferred pursuant to article 37.2) is bound by the notice if it was given to the member before the name of the transmittee (or that other person) has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

39. Procedure for declaring dividends

- 39.1 The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 39.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 39.3 No dividend may be declared or paid unless it is in accordance with members' respective rights.

- 39.4 Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.
- 39.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 39.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 39.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

40. Payment of dividends and other distributions

- 40.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- 40.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - 40.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - 40.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
 - 40.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- 40.2 In these articles, the **distribution recipient** is, in respect of a share in respect of which a dividend or other sum is payable:
- 40.2.1 the holder of the share; or
 - 40.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or
 - 40.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

41. No interest on distributions

- 41.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

41.1.1 the terms on which the share was issued; or

41.1.2 the provisions of another agreement between the holder of that share and the Company.

42. Unclaimed distributions

42.1 All dividends or other sums which are:

42.1.1 payable in respect of shares; and

42.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

42.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

42.3 If:

42.3.1 12 years have passed from the date on which a dividend or other sum became due for payment; and

42.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

43. Non-cash distributions

43.1 Subject to its terms of issue, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

43.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

43.2.1 fixing the value of any assets;

43.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

43.2.3 vesting any assets in trustees.

44. Waiver of distributions

44.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

44.1.1 the share has more than one holder; or

44.1.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

45. Authority to capitalise and appropriation of capitalised sums

45.1 Subject to these articles, the directors may, if they are so authorised by an ordinary resolution:

45.1.1 decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

45.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

45.2 Capitalised sums must be applied:

45.2.1 on behalf of the persons entitled; and

45.2.2 in the same proportions as a dividend would have been distributed to them.

45.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

45.4 A A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

45.5 Subject to these articles the directors may:

45.5.1 apply capitalised sums in accordance with articles 45.3 and 45.4 partly in one way and partly in another;

45.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article 45 (including the issuing of fractional certificates or the making of cash payments); and

45.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article 45.

DECISION-MAKING BY MEMBERS

46. Attendance and speaking at general meetings

- 46.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 46.2 A person is able to exercise the right to vote at a general meeting when:
- 46.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- 46.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 46.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 46.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 46.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.
- 47. Chairing general meetings**
- 47.1 If the directors have appointed a chair, the chair will chair general meetings if present and willing to do so.
- 47.2 If the directors have not appointed a chair, or if the chair is unwilling to chair a general meeting or is not present within ten minutes of the time at which a general meeting was due to start:
- 47.2.1 the directors present; or
- 47.2.2 (if no directors are present), the meeting
- must appoint a director or member to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.
- 47.3 The person chairing a general meeting in accordance with this article 47 is referred to as the **chair of the meeting**.
- 48. Attendance and speaking by directors and non-members**
- 48.1 Directors may attend and speak at general meetings, whether or not they are members of the Company.
- 48.2 The chair of the meeting may permit other persons who are not:
- 48.2.1 members of the Company; or
- 48.2.2 otherwise entitled to exercise the rights of members in relation to general meetings

to attend and speak at a general meeting.

49. Adjournment

- 49.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.
- 49.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if:
- 49.2.1 the meeting consents to an adjournment; or
- 49.2.2 it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 49.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 49.4 When adjourning a general meeting, the chair of the meeting must:
- 49.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
- 49.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 49.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (excluding the day of the adjourned meeting and the day on which the notice is given) to the same persons to whom notice of the Company's general meetings is required to be given, containing the same information which such notice is required to contain.
- 49.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

50. Voting: general

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these articles.

51. Errors and disputes

- 51.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 51.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

52. Poll votes

- 52.1 A poll on a resolution may be demanded:
- 52.1.1 in advance of the general meeting where it is to be put to the vote; or
 - 52.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 52.2 A poll may be demanded by:
- 52.2.1 the chair of the meeting;
 - 52.2.2 the directors;
 - 52.2.3 two or more persons having the right to vote on the resolution;
 - 52.2.4 a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution; or
 - 52.2.5 a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- 52.3 A demand for a poll may be withdrawn if:
- 52.3.1 the poll has not yet been taken; and
 - 52.3.2 the chair of the meeting consents to the withdrawal.
- 52.4 Where a demand for a poll is withdrawn:
- 52.4.1 this will not invalidate the result of a show of hands declared before the demand was made; and
 - 52.4.2 if the demand was made before the declaration of the result of a show of hands, the meeting will continue as if the demand had not been made.
- 52.5 A poll must be taken at the meeting at, or in respect of which, it is demanded and in such manner as the chair of the meeting directs.

53. Content of proxy notices

- 53.1 Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:
- 53.1.1 states the name and address of the member appointing the proxy;
 - 53.1.2 identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
 - 53.1.3 is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - 53.1.4 is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

- 53.2 The Company may require proxy notices to be delivered in a particular form and may specify different forms for different purposes.
- 53.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 53.4 Unless a proxy notice indicates otherwise, it must be treated as:
- 53.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - 53.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

54. Delivery of proxy notices

- 54.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.
- 54.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 54.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 54.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

55. Amendments to resolutions

- 55.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 55.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine); and
 - 55.1.2 the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- 55.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 55.2.1 the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

55.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

55.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

ADMINISTRATIVE ARRANGEMENTS

56. Means of communication to be used

56.1 Subject to these articles:

56.1.1 any document or information sent or supplied by or to the Company under these articles may be sent or supplied in any way in which the CA 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company; and

56.1.2 any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

56.2 A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

57. Deemed receipt

57.1 Any document or information sent or supplied by the Company will be deemed to have been received by the intended recipient:

57.1.1 where delivered by hand to an address in the United Kingdom, at the time of delivery to that address (or, if the day on which it is delivered is not a working day, at 09:00 on the next working day);

57.1.2 where sent by first-class post to an address in the United Kingdom, and the Company is able to show that it was properly addressed, prepaid and posted, 24 hours after it was posted;

57.1.3 where sent by international mail to an address outside the United Kingdom, and the Company is able to show that it was properly addressed, prepaid and posted, 72 hours after it was posted;

57.1.4 where sent or supplied by electronic means, and the Company is able to show that it was properly addressed, 12 hours after it was sent;

57.1.5 where sent or supplied by means of a website:

- (a) when the material was first made available on the website; or
- (b) if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

- 57.2 In calculating a period of hours for the purposes of article 57.1, no account will be taken of any part of a day that is not a working day.
- 57.3 The Company is not required to investigate or ascertain actual receipt by an intended recipient of any document or information, by whatever means sent or supplied.

58. Provision for employees on cessation of business

The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

59. Council Information Rights

The Council (and any subsidiary of the Council) shall be permitted at all times to require the Company to deliver to the Council or any person nominated by the Council any documents, information or data (or copies whether in an electronic form or otherwise) that the Company may hold or be reasonably under the Company's control or direction without the Council being required to specify the purpose for which the documents, information or data is required and whether or not such documents, information or data is subject to any obligation of confidentiality, privilege or legal restriction on its disclosure to the Council.

DIRECTORS' INDEMNITY AND INSURANCE

60. Indemnity and insurance

- 60.1 Without prejudice to any other indemnity to which a relevant officer may be entitled the directors may, subject to article 60.3, exercise the power of the Company to indemnify a relevant officer out of the Company's assets against:
- 60.1.1 any liability incurred by that relevant officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;
 - 60.1.2 any liability incurred by that relevant officer in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in s 235(6) CA 2006);
 - 60.1.3 any other liability incurred by that relevant officer as an officer of the Company or an associated company.
- 60.2 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 a relevant officer in connection with that officer's 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.
- 60.3 This article 60 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- 60.4 In this article 60:

- 60.4.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- 60.4.2 a **relevant officer** means any director or other officer or former director or other officer of the Company or an associated company, but excluding in each case an auditor of the Company or an associated company.