

SC 208636

**THE COMPANIES ACTS 1985 to 1989**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**MEMORANDUM OF ASSOCIATION<sup>1</sup>**

of

**MAINTENANCE AND PROPERTY CARE LIMITED<sup>2</sup>**

- I. The Company's name is "MAINTENANCE AND PROPERTY CARE LIMITED"
- II. The Company's Registered Office is to be situated in Scotland.
- III. The objects for which the Company is established are:-
  - (1) To carry on business as a general commercial company.
  - (2) To carry on for profit, directly or indirectly, whether by itself or through subsidiary, associated or allied companies or firms in the United Kingdom or elsewhere in all or any of its branches any business, undertaking, project or enterprise of any description whether of a private or public character and all or any trades, processes and activities connected therewith or ancillary or complementary thereto.
  - (3) To carry on any other businesses which can be advantageously or conveniently carried on by the Company by way of extension of or in connection with the above or are calculated directly or indirectly to benefit the Company or to enhance the value of or render profitable any of the Company's property or rights.
  - (4) To acquire, erect, construct, lay down, enlarge, alter, maintain, improve and from time to time renew, any docks, harbours, wharves, quays, railways, aerodromes, houses or other buildings, machinery, plant, roads and other works necessary or convenient for carrying on said trades and businesses and the purposes of the Company generally.
  - (5) To apply for, purchase or otherwise acquire, and protect and renew in any part of the world any patents, patent rights, brevets d'invention, privileges, concessions and licences, secret processes, trade marks, trade names, brands and copyrights and the like which may seem capable of being used for any of the purposes of the Company, and to use, exercise, develop, prolong and grant licences of the same.
  - (6) To apply for or concur with others in applying for any Provisional Order, Act of Parliament, Licence of the Board of Trade or other authority for

<sup>1</sup> Amended by written resolution of the Company dated 13 November 2000.

<sup>2</sup> Incorporated as Macrocom (636) Limited on 29 June 2000. Name changed to Morrison Property Care Limited on 3 November 2000, Certificate of Incorporation of Change of Name dated 10 November 2000. The Company's name was changed by Special Resolution on 5 November 2002 from Morrison Property Care Limited to Maintenance and Property Care Limited

enabling the Company to carry out all or any of its objects or for any other purpose which may seem expedient, to subscribe to the expense of obtaining the same, and to oppose or subscribe to the expense of opposing any Provisional Order, Bill or any proceedings in Parliament or elsewhere which may seem directly or indirectly to affect prejudicially the Company's interests.

- (7) To purchase or otherwise acquire the whole or any part of the undertaking, property or assets of any company or person carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company, and as part of the consideration for such acquisition to undertake all or any part of the liabilities of such company or person.
- (8) To pay for any property or rights acquired by the Company in cash, by instalments, or in shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of the Company, or partly in one mode and partly in another and generally on such terms as may be agreed upon.
- (9) To amalgamate or enter into partnership, or into any arrangement for sharing profits, co-operation, union of interest, reciprocal concession, joint adventure, mutual interest, or assistance or otherwise with any company or person carrying on any business or having any objects similar to or kindred with any of the businesses or objects of the Company and that in such manner and on such terms and conditions as may be found expedient.
- (10) To subscribe for, take, or otherwise acquire and hold shares, stock, debentures, debenture stock or other securities of, or other interests in, any company having any objects similar to or kindred with any of the objects of the Company or carrying on any business capable of being conducted so as directly or indirectly to benefit the Company.
- (11) Whether with or without the Company receiving any consideration to guarantee and give security for the payment of any principal moneys, premiums, interest and other moneys secured by or payable under securities or obligations of any company which is for the time being the Company's holding company or a subsidiary of the Company's holding company or any other company which may be promoted or established by the Company either alone or in conjunction with others or which may purchase or take over the whole or any part of the undertaking of the Company and to guarantee and give security for the payment of dividends and premiums on, and the repayment of the capital of, stocks and shares of all kinds and descriptions.
- (12) To lend and advance money or give credit to any company or person and in particular to customers and others having dealings with the Company and on such terms as may be thought fit and to guarantee and give

security for the payment of any moneys or the performance of any contracts, liabilities or obligations of any company or person and to become liable or responsible for money and undertake obligations of every kind and description all upon such terms as may from time to time be considered desirable in the interests of the Company.

- (13) To borrow or raise money in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the undertaking, property or assets of the Company or any part thereof, including its uncalled capital, and also by a similar mortgage, charge or lien to secure any debt, liability or obligation of any holding or subsidiary company of the Company or of any other company or of any person.
- (14) To receive money on deposit or temporary loan upon such terms as may be thought fit.
- (15) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, warrants, debentures, charter parties, bills of lading, and other negotiable or transferable documents.
- (16) To invest, or deal with moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- (17) To procure the Company to be registered or recognised in any part of the world outside the United Kingdom.
- (18) To establish or promote or concur in establishing or promoting any other company for the purpose of acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem calculated to advance directly or indirectly the objects or interests of the Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire shares, stock, debentures, debenture stock or other securities of any such company.
- (19) To give or award pensions, annuities, gratuities, superannuation or other allowances or benefits, to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is the holding company of, or a subsidiary company of, or allied or associated with, the Company or any such holding company or subsidiary company, and to the wives, widows, children and other relatives and dependants of any such persons; to set up, establish, support and maintain pension, superannuation and other funds or schemes (whether contributory or non-contributory) and to make payments towards insurance or other payments (either in connection with any such fund or scheme or otherwise) for the benefit of such persons or any of them or any class of them; to support or subscribe to any charitable funds or institutions the support of which may, in the opinion of the Directors, be calculated directly or indirectly to benefit the Company or its

officers or employees, and to institute and maintain any club or other establishment or profit-sharing scheme calculated to advance the interests of the Company or its officers or employees; and to subscribe or guarantee money for any exhibition or for any public, general or useful object.

- (20) To sell, feu, lease, exchange, mortgage or otherwise deal with or dispose of the whole or part of the undertaking, property or assets of the Company, or any right over or interest in the same, for such consideration, and in such manner and upon such terms and subject to such conditions, as the Company may think fit, and in particular for shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of any other company.
- (21) To distribute any of the property of the Company among the Members in specie or kind.
- (22) To remunerate any company or person for services rendered or to be rendered in placing or procuring the subscription of, or otherwise assisting in the issue of, any shares, stock, debentures, debenture stock or other securities of the Company or of any company promoted by the Company.
- (23) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise.
- (24) To do all such other things as are incidental or conducive to the attainment of the aforesaid objects or any of them.

And it is hereby declared that in this Memorandum words denoting the singular number shall include the plural number and vice versa and the word "company", except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated and whether domiciled in the United Kingdom or elsewhere and that the objects specified in each of the foregoing paragraphs of this Clause shall be regarded as independent objects and, accordingly, shall, except where otherwise expressed in such paragraphs, be in no wise limited or restricted by reference to or inference from any other paragraph.

IV. The liability of the Members is limited.

\*V. The Company's Share Capital is £1,000 divided into 1000 shares of £1 each.

\*The authorised share capital of the Company was increased from £100 to £1,000 and divided into 667 'A' shares and 333 'B' shares, by written resolution of the Company dated 13<sup>th</sup> November 2000.

**THE COMPANIES ACT 1985**  
**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION<sup>1</sup>**  
**of**  
**MAINTENANCE AND PROPERTY CARE LIMITED<sup>2</sup>**  
**(Company No 208636)**

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**INTERPRETATION**

**1.1 In these Articles:-**

**Act** means the Companies Act 1985, as amended, replaced and consolidated from time to time, and any reference to a section of the Act includes any section as so amended, replaced or consolidated;

**'A' Shareholder** means any member holding 'A' Shares;

**'A' Shares** means the 'A' ordinary voting shares of £1 each of the Company;

**'B' Shares** means the 'B' ordinary non-voting shares of £1 each of the Company;

**'B' Shareholders** means any member holding 'B' Shares;

**Business Day** means any day (other than a Saturday or Sunday and any public holidays in North Lanarkshire) on which banks are generally open for business in Glasgow;

**Default Event** means in relation to NLC:-

- (a) a material breach by NLC of any provision of the Shareholders' Agreement which is irremediable or which is remediable but which NLC fails to remedy in a manner satisfactory to the 'A' Shareholder by the end of a period of 30 days beginning on the date on which such other 'A' Shareholder gives notice to NLC to remedy the same; or

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<sup>1</sup> Adopted by resolution dated 14 December 2000

<sup>2</sup> Incorporated as Macrocom (636) Limited on 29 June 2000. Name changed to Morrison Property Care Limited on 10 November 2000.  
The Company's name was changed by Special Resolution on 5 November 2002 from Morrison Property Care Limited to Maintenance and Property Care Limited

- (b) any event which would entitle the Company to terminate any of the Project Agreements (as defined in the Shareholders' Agreement) as result of a breach by NLC;

**Directors** means the directors of the Company from time to time or any duly constituted committee of the directors;

**Fair Value** means the price as agreed between the Shareholders in their sole discretion;

**Group Company** means, in relation to any member, any holding company, parent undertaking, subsidiary or subsidiary undertaking of such member, and any other company which is a subsidiary or subsidiary undertaking of such holding company or parent undertaking from time to time and **group of companies** shall be construed accordingly;

**NLC** means North Lanarkshire Council incorporated under the Local Government etc (Scotland) Act 1994 and having its principal offices at Civic Centre, Windmillhill Street, Motherwell, ML1 1TW or its permitted assignees or successors;

**Proposing Transferor** means any member who wishes to sell or transfer all of its Shares;

**Shareholders' Agreement** means the agreement entered into or to be entered into among (1) Morrison Government Services Limited, a company registered in Scotland with number [120550] and having its registered office at Morrison House, 12 Atholl Crescent, Edinburgh EH3 8HA, (2) NLC and (3) the Company, in relation the Company and any other agreements or documents referred to therein;

**Shares** means the 'A' Shares and/or the 'B' Shares;

**Table A** means Table A scheduled to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985;

**Transfer Notice** means a notice in writing served by a Proposing Transferor on the Company pursuant to article 5.4 (a);

**Works Agreement** shall bear the meaning given to it in the Shareholders Agreement.

- 1.2 Unless the context otherwise requires, the singular shall include the plural and vice versa and reference to any gender shall include all genders.
- 1.3 Unless the context otherwise requires, expressions defined in the Act shall have the same meanings where used in these Articles.
2. The regulations contained in Table A, insofar as not excluded or varied by or inconsistent with these Articles, shall apply to the Company and be deemed to be incorporated herein.
3. Regulations 5, 24, 41, 57, 64, 73 to 77 inclusive, 79, 80, 89, 90, 94 to 97 inclusive and 101 of Table A shall not apply to the Company. The following regulations of Table A shall be modified:-

- (a) regulation 1 by the deletion of the words "the seal' means the common seal of the company";
- (b) regulation 6 by the deletion of the words "shall be sealed with the seal" and by the substitution therefor of the words "shall be signed by two Directors or by one Director and the Secretary";
- (c) regulation 18 by the addition of the words "and all expenses of the Company incurred by reason of such non-payment" at the end of the first sentence thereof;
- (d) regulation 35 by the deletion of the words "otherwise than out of ....issue of shares" and the substitution therefor of the words "whether out of distributable profits of the Company, the proceeds of a fresh issue of shares and/or otherwise.";
- (e) regulation 46 by the deletion of:
  - (i) the words "two members" where they appear in paragraph (b) and the substitution therefor of the words "one member";
  - (ii) the word "or" at the end of paragraph (b); and
  - (iii) the whole of paragraphs (c) and (d).
- (f) regulation 65 by the deletion of the words "approved by resolution of the directors and " where they appear in that regulation;
- (g) regulation 72 by the deletion of the words "one or more directors" where they appear in the first sentence of that regulation and the insertion in their place of the words "at least one director appointed by the A Shareholder";
- (h) regulation 78 by the deletion of the words "and may also determine the rotation in which any additional directors are to retire"; and
- (i) regulation 88 by the deletion of the third, fourth and fifth sentences.

### **SHARE CAPITAL**

- 4.1 The share capital of the Company at the date of adoption of these Articles is £1,000 comprising 667 'A' Shares and 333 'B' Shares.
- 4.2 Except as otherwise provided in these Articles, the 'A' Shares and the 'B' Shares shall rank pari passu in all respects but shall constitute separate classes of shares.
- 4.3 On the transfer of any Share as permitted by these Articles:-
  - (a) a share transferred to a non-member shall remain of the same class as before the transfer; and
  - (b) a share transferred to a member shall automatically be redesignated on registration of the transfer as a share of the same class as those shares already held by that member.

If no 'A' or 'B' Shares remain in issue following a redesignation under this paragraph, these Articles shall be read as if they do not include any reference to that class or to

any consents from, or attendance at any meeting or votes to be cast by, members of that class or directors appointed by that class.

- 4.4 Subject to article 4.5 the Directors shall have authority, for the purposes of section 80 of the Act, to allot relevant securities within the meaning of such section up to an aggregate nominal amount equal to the authorised share capital of the Company of the date of adoption of these Articles and at any time or times during the period of five years from such date or at any time thereafter if allotted pursuant to an offer or agreement entered into during such period.
- 4.5 No shares nor any right to subscribe for or convert any security into shares shall at any time be allotted unless within one month or such shorter period as the Directors determine before that allotment every holder for the time being of 'A' Shares, and every holder for the time being of 'B' Shares, has consented in writing to that allotment and its terms and to the identity of the proposed allottee.
- 4.6 No 'A' Share nor any right to subscribe for or convert any security into an 'A' Share shall be allotted otherwise than to the holder of an 'A' Share, and no 'B' Shares nor any right to subscribe for or convert any security into a 'B' Share shall be allotted otherwise than to the holder of a 'B' Share.
- 4.7 Section 89(1) of the Act shall not apply to an allotment of any equity security where the consent to that allotment of every holder of 'A' Shares, and every holder of 'B' Shares has been obtained as required by these Articles and that allotment otherwise conforms to the requirements of these Articles.
- 4.8 Pursuant to section 91(1) of the Act, the application to the Company of sections 89(1) and 90(1) to (6) inclusive of the Act shall be excluded to the extent provided for in article 4.7.

## **TRANSFER OF SHARES**

- 5.1 The Directors shall not register any transfer of any Share, and the right to transfer Shares (or any interest in Shares) is restricted accordingly, unless such transfer is made, and the Directors may not refuse to register any transfer of any Share if it is so made, in accordance with the provisions of this article 5 or in accordance with the provisions of any agreement regarding transfers of shares made among all the members or to which all the members are otherwise party.
- 5.2 Notwithstanding any other provision of these Articles, no transfer of any Share shall be permitted or registered unless, if the transferee is not already a member, the transferee has entered into and delivered to the other members a legally binding commitment, in such form and substance as may be agreed by the other members, by which it agrees to be bound by any agreement then existing between all the other members.

The provision of these Articles shall apply, changed according to context, to the sale or other disposal of any shares allotted to a member by means of a renounceable letter of allotment or other renounceable document of title. The Directors shall not recognise a renunciation of the allotment of any share by the allottee in favour of some other person except and to the extent that the renunciation is in favour of a person to whom the share may be transferred pursuant to these Articles; and in all cases other than this a Transfer Notice shall be deemed to have been given the day before the date of such renunciation.



5.3 No Shares may at any time be transferred other than:-

- (a) in accordance with article 5.4; or
- (b) with the prior written consent of all the members of the Company, such consent not to be unreasonably withheld or delayed; or
- (c) by any 'A' Shareholder to any of its Group Companies provided that where Shares have been so transferred (whether directly or by a series of transfers) from a body corporate ("the transferor company", which expression shall include a second or subsequent transferor in any such series of transfers) to a Group Company ("the transferee company") and the transferee company ceases to be a member of the same group of companies as the transferor company, then the transferee company shall, before the transferee company ceases to be such a member, transfer back to the transferor company all of the Shares previously transferred and, if there are any intermediary transferors between the original transferor and the transferee, then the shares shall be transferred to a Group Company of the original transferor company; or
- (d) in accordance with article 5.5.

5.4 (a) If a Proposing Transferor wishes to sell or transfer all or any of its Shares it shall give a Transfer Notice to the Company stating the number of Shares to be sold or transferred (the "Shares for Sale"). Such notice shall constitute the Company its agent for the sale of such Shares to any person or persons and shall constitute an irrevocable power of attorney granted by a Proposing Transferor to the Company to execute a transfer of the Shares for Sale pursuant to this article 5.4. A Transfer Notice shall not be revocable from the date it is received by the Company (the "Relevant Date"), except:

- (i) with the agreement of all the members of the Company:-
  - (ii) if the Shareholders cannot agree the Fair Value within 28 days of the Transfer Notice, in which case the Transfer Notice shall be deemed to have been revoked.
- (b) The Company shall, within 3 Business Days of the date of agreement or determination of the Fair Value, offer the Shares for Sale at the Fair Value to the members then holding the remaining Shares (other than any Shares which at the date of such offer are subject to another Transfer Notice) as nearly as may be in proportion to the nominal value of their respective holdings of such Shares. Such offer shall:-
- (i) be open for acceptance for a period of 28 days (the "Acceptance Period") after which such offer if not accepted in whole or in part shall be deemed to be declined; and
  - (ii) notify such members that any such member who desires to purchase Shares in excess of his proportion shall in his reply state how many additional Shares he desires to purchase at the Fair Value.

If any such members do not accept their proportions in full, the unaccepted Shares shall be used for satisfying any claims for additional Shares. If there shall be insufficient of the unaccepted Shares to satisfy in full all such claims

for additional Shares, the unaccepted Shares shall be distributed amongst the members making such claims as nearly as may be in proportion to the nominal value of their respective holdings of Shares.

- (c) The Company shall notify a Proposing Transferor and all purchasing members of the details of the acceptances and applications which have been made and of the allocations made as between purchasing members under this article within 5 days of expiry of the Acceptance Period.
- (d) Each member shall be bound by the terms of any acceptance and application made by him to purchase in accordance with this article such number of shares as are specified in the acceptance at the Fair Value.
- (e) If all of the Shares for Sale are accepted by the members pursuant to article 5.4(b), completion of the sale and purchase of the Shares for Sale shall take place at a place and time specified by the Company in its notification given pursuant to article 5.4(c) (which shall be a date which falls within 5 and 10 days after the date of such notification) when a Proposing Transferor shall deliver duly executed transfers of the Shares for Sale and their relative share certificates against payment of the price for the Shares for Sale. A Proposing Transferor shall be bound, upon payment of the price for the Shares for Sale, to transfer the Shares for Sale which have been allocated pursuant to this Article to the purchasing members.
- (f) If, having become bound as aforesaid, a Proposing Transferor makes default in transferring any of the Shares for Sale to a purchaser thereof, the Directors shall be entitled to nominate one of their number to receive the purchase money, to execute a transfer on behalf of a Proposing Transferor under the irrevocable power of attorney granted by the Transfer Notice, to cause the name of the purchaser to be entered in the register of members as the holder of the Shares for Sale and to do any other act or thing or execute any other document required to effect the purchase of the Shares for Sale and the Company shall be entitled to hold the purchase money in trust for a Proposing Transferor. The receipt of the Company for the purchase money shall be a good discharge to a purchaser and after the purchaser's name has been entered in the register of members the validity of the proceedings shall not be questioned by any person.
- (g) If any of the Shares for Sale are not accepted by the members in accordance with this article no member's acceptance shall be valid and a Proposing Transferor shall, at any time within 120 Business Days of the date of the Transfer Notice be entitled to dispose of all of the Shares for Sale to a third party purchaser at any price provided that the third party purchaser has been approved by the members, acting reasonably.
- (h) A Proposing Transferor shall keep the members informed of the progress of the sale of the Shares for Sale and shall report on same to the members within 90 Business Days of the date of the Transfer Notice.

5.5 If a Default Event occurs in relation to NLC, then (unless all the 'A' Shareholders agree to the contrary and notwithstanding any provision of the Articles) with effect from the date of occurrence of the Default Event in question (in the case of shares which are attributable to NLC at that date) or the time at which the shares becomes attributable to NLC (in the case of shares which subsequently become attributable to

it) the 'A' Shareholder shall have the right to purchase all (but not some only) of the Shares held by NLC or any of its successors or assignees.

- 5.6 The right conferred upon 'A' Shareholders under article 5.5 shall be exercisable by it serving notice upon NLC at any time following the Default Event.
- 5.7 The price payable by the 'A' Shareholders to NLC shall be, in the case of a Default Event, a sum equal to the nominal value of the Shares.
- 5.8 Should NLC fail to execute a transfer of the Shares in favour of the 'A' Shareholders within seven days of his having received the price therefore, then the Directors shall be entitled to nominate one of their number to execute a transfer on behalf of NLC, to cause the name of the purchaser to be entered in the register of members as the holder of the Shares and to do any other act or thing or execute any other document required to effect the purchase of the Shares.
- 5.9 If any person is registered as the holder of a Share pursuant to regulation 30 of Table A (whether as the personal representative of a deceased member or as the trustee in sequestration of a bankrupt member) he shall, immediately serve a Transfer Notice on the Company in respect of that Share. If he fails to do so within 5 days following receipt by him of such written request, he shall be deemed to have served a Transfer Notice on the Company in respect of the Share on the expiry of that period of 5 days and the provisions of article 5.4 shall apply mutatis mutandis to any such Transfer Notice.

#### **GENERAL MEETINGS**

- 6.1 The quorum at any general meeting of the Company or adjourned general meeting shall comprise one 'A' Shareholder, present in person (or, being corporations, by their duly authorised representatives) or by proxy and the second sentence of Regulation 40 shall be amended accordingly.
- 6.2 If within fifteen minutes (or such longer time as the members present may all agree to wait) from the time appointed for any general meeting, a quorum is not present, the meeting shall be dissolved and reconvened at such time and place as decided by those members present and duly notified to all members (but not less than 4 Business Days later) and at that reconvened meeting the members present shall form the quorum.
- 6.3 The chairman at any general meeting shall be entitled to a second or casting vote on any matter.

#### **VOTES**

- 7.1 Subject to article 7.2, at a general meeting, on a show of hands every member present in person (or, being a corporation, by their duly authorised representative) shall have one vote, and on a poll every member present in person (or, being a corporation, by their duly authorised representative) or by proxy shall have one vote for each share of which it is the holder.
- 7.2 The 'B' Shares shall not carry any voting rights.

## **DIRECTORS**

- 8.1 The minimum number of Directors shall be one. There shall be no maximum number of Directors.
- 8.2 Notwithstanding any provision to the contrary in these Articles the 'A' Shareholders shall be entitled to appoint and maintain in office the directors (other than as provided for in the Shareholders' Agreement), and to remove or replace those directors, in the manner described below.
- 8.3 Subject to Clause 19 of the Shareholders' Agreement, the 'B' Shareholders shall not be entitled to appoint directors.
- 8.4 Any appointment hereunder shall be effected by written notice to the Company accompanied by a certificate from the Secretary of the Company (dated not earlier than five Business Days before the date of the written notice) and such appointment shall take effect from the date specified in such notice, which shall not be earlier than the date of the notice or, if no date is specified, from the date of the notice.
- 8.5 Except in the manner provided by this article no person shall be appointed to fill any vacancy occurring in the office of director and neither the company in general meeting nor the Directors shall have power to fill any such vacancy.
- 8.6 Subject to the making of any disclosure, declaration or notification required by the Companies Act 1985, as amended, or by any other relevant and applicable legislation, a Director shall be entitled to vote in respect of any contract or arrangement in which he is interested and shall be taken into account in reckoning the quorum present at the meeting when such contract or arrangement is under consideration.
- 8.7 The quorum for the transaction of all business of the Directors (whether a decision of a full board or of a committee of the Directors) shall be one Director. If at any meeting of the Directors (or any committee of directors) a quorum is not present within 15 minutes (or such longer time as all Directors present choose to wait), the meeting shall be reconvened at such time and place as decided by those Directors present (but not less than 7 Business Days later) and notice of the time and place of the reconvened meeting shall be sent to each of the Directors as soon as reasonably possible thereafter. At the reconvened meeting, the Directors present will form a quorum.
- 8.8 All business of the meeting shall require the approval of a simple majority of the Directors present or by alternate.
- 8.9 All or any of the Directors may participate in a meeting of the Directors by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear and speak to each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is at the time of the meeting.
- 8.10 The chairman of the Directors shall be the chairman of each meeting. If there is no such chairman, or if he shall not be present within 15 minutes of the start of the

meeting the Directors present shall choose one of their number to be chairman for that meeting. The chairman shall not have a casting vote.

### **BORROWING POWERS**

9. The Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital (or any part thereof) and, subject to section 80 of the Act, to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

### **RIGHTS ATTACHING TO 'B' SHARES**

- 10.1 Within 3 months of the end of each statutory accounting period the Company shall calculate the amount (if any) of profit generated by it during the relevant accounting period in relation to the Works Agreement (the "Works Profit") and such figure shall be certified as being correct and fair by the Company's auditors. The Company shall subject to the terms of the Shareholders' Agreement and subject to the Company having available distributable profits and it being lawful for the Company so to do pay a special dividend to the holders of the 'B' Shares within four months of the end of each statutory accounting period calculated pursuant to article 10.2. This special dividend shall subject as aforesaid be paid notwithstanding and without prejudice to any other dividends which the 'B' Shareholders' are entitled to as holders of ordinary shares. The Works Profit shall be calculated in good faith and the auditors shall be under an obligation to ensure that it properly reflects the value to the Company of the Works Agreement during the particular accounting period.

- 10.2 For the purposes of article 10.1 the special dividend shall be calculated as follows:

$$x = [(a + b) \times 25\%] - b$$

Where:

x = special dividend (pre tax)

a = Works Profit

b = aggregate Cost Efficiency Rebates (as defined in the Works Agreement) due by the Company to NLC in respect of the relevant accounting period under the Works Agreement.

- 10.3 The rights attaching to NLC in terms of Clause 7.1 of the Shareholders' Agreement shall be deemed to be class rights of the 'B' Shareholders and none of the matters referred to therein shall be permissible without the consent of the majority of the 'B' Shareholders (not to be unreasonably withheld), acting as though were NLC.