



SHEPHERD+ WEDDERBURN

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Articles of Association
of
Southside Capital Limited
8 February 2008

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The Companies Act 1985
Company Limited by Shares
Articles of Association
of

Southside Capital Limited

(Adopted by special resolution passed on 13 April 2005 as amended by special resolution dated 8 February 2008))

1. Preliminary

1 1 In these Articles

- 1 1 1 the regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (which Table is hereinafter referred to as "**Table A**") shall, except as hereinafter provided or so far as the same are not consistent with the provisions of these Articles, constitute the regulations of the Company,
- 1 1 2 regulations 2, 3, 17, 24, 39, 40, 41, 46, 50, 53, 58, 64 to 69 (inclusive), 72 to 81 (inclusive), 84, 87, to 91 (inclusive), 93 to 98 (inclusive), 112 and 115 of Table A shall not apply to the Company, and
- 1 1 3 "**Accountants**" means the independent chartered accountants appointed in terms of Article 4 6 1,
- 1 1 4 "**Act**" means the Companies Act 1985 and every statutory modification or re enactment thereof for the time being in force,
- 1 1 5 "**Board**" means the board of directors of the Company,
- 1 1 6 "**Business**" means such business as the members of the Company shall have agreed shall be the business to be carried on by the Company from time to time,
- 1 1 7 "**Controlling Interest**" means the possession, direct or through one or more intermediaries or together with persons acting in concert (as such terms are defined for the purposes of The City Code on Takeovers and Mergers), of the power to direct or cause the direction of the management or policies of the Company including, without limitation, an interest in shares in the Company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in the Company,
- 1 1 8 "**Property**" means all heritable and leasehold property owned by the Company from time to time,
- 1 1 9 "**Equity Units**" means
- (a) shares in the capital of the Company, and
 - (b) Shareholders' Loans,
- 1 1 10 "**Number of Equity Units**" means
- (a) in the case of shares in the capital of the Company, the aggregate number of pounds in the nominal value of such shares, and

(b) in the case of Shareholders' Loans, the amount of principal outstanding (in pounds sterling) of such Shareholders' Loans,

1 1 11 **"Permitted Transfer Date"** means the date on which all planning, building control, listed building and other consents necessary to allow development of the Property to commence are obtained, and

1 1 12 **"Shareholders' Loans"** means the sums (if any) advanced by the members to the Company which the shareholders and the Company agree are to be Shareholders' Loans

1 2 For the purposes of these Articles, a person is "connected with" another person if they are connected with one another within the meaning of Section 839 of the Income and Corporation Taxes Act 1988

1 3 References to persons shall include natural persons, bodies corporate, unincorporated associations, partnerships, joint ventures, trusts or other entities or organisations of any kind, including (without limitation) government entities (or political subdivisions or agencies or instrumentalities thereof)

2. Share Capital

2 1 The authorised share capital of the Company as at the date of the adoption of these Articles is £100 divided into 50 'A' shares of £1 each ("**A Shares**") and 50 'B' shares of £1 each ("**B Shares**"). The A Shares and the B Shares shall each constitute different classes of shares for the purposes of the Act, but, except as expressly provided in these Articles, the A Shares and the B Shares rank *pari passu* in all respects

2 2 The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited

2 3 Shares in the Company may only be held by UK corporations

2 4 The share capital of the Company shall not be increased and no unissued shares may be allotted or issued unless with the consent in writing signed by or on behalf of all the members of the Company. Unless all of the members of the Company consent in writing otherwise, all new shares created on any increase of capital shall be created as A Shares of £1 each and B Shares of £1 each in the same proportion as the number of A Shares and B Shares existing at that time and the issue of any shares in the capital of the Company shall be made in such manner that the proportion of A Shares and B Shares in issue is the same afterwards as before, A Shares being issued only to the holders of A Shares and B Shares being issued only to the holders of B Shares

2 5 Subject to the provisions of these Articles and the Act, the Company may

2 5 1 issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder on such terms and in such manner as the directors may at the time of issue determine, and

2 5 2 to the extent permitted by section 171 of the Act, make a payment in respect of the redemption or purchase of any of its own shares (including any redeemable shares) otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares

2 6 Whenever the capital of the Company is divided into different classes of shares all provisions applicable to general meetings of the Company or to the proceedings thereat shall *mutatis mutandis* apply to any separate meeting of the holders of shares of any class except that

2 6 1 the necessary quorum shall be one person holding or representing by proxy at least one third in nominal value of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present the member or members present in person or by proxy shall be a quorum),

- 2 6 2 any holder of shares of the class present in person or by proxy may demand a poll and each holder shall on a poll have one vote in respect of every share of the class held by it, and
- 2 6 3 the provisions of Article 2 8 shall apply in relation to any proposed variation of special rights attached to that class of shares
- 2 7 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith provided that such further shares are issued equally in all respects to all then existing shares of that class
- 2 8 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of all the issued shares of that class Without prejudice to the generality of this article, the special rights attached to each of the A Shares and the B Shares shall be deemed to be varied by
- 2 8 1 any alteration to the memorandum of association or these Articles or the accounting reference date of the Company, or
- 2 8 2 the issue of any unissued shares or the creation or issue of any new shares in the Company or granting of options over any of its shares or other securities, or,
- 2 8 3 the acquisition, purchase or subscription by the Company for any shares, debentures, mortgages or securities (or any interest therein) in any company, trust or any body (except for the purposes of setting up a wholly owned subsidiary of the Company in furtherance of the Business), or
- 2 8 4 the holding of any meeting of the members of the Company purporting to transact any business at any such meeting unless there shall be present duly authorised representatives or proxies for each of the members, or
- 2 8 5 any alteration, increase or reduction in the authorised or issued share capital of the Company or any redemption of such share capital, or
- 2 8 6 the reorganisation, consolidation, sub division or conversion of the shares for the time being in the capital of the Company or the variation of any of the rights attaching to any such shares, or
- 2 8 7 the making of any political gift or charitable donation by the Company, or
- 2 8 8 the Company giving any guarantee, indemnity or security in respect of the obligations of any other person (other than any of its wholly owned subsidiaries) or permitting any such guarantee or indemnity or security to subsist or the varying of any such guarantee or indemnity or security or providing any credit (other than normal trade credit on commercially reasonable terms in the ordinary course of the Company's business or to any of its subsidiaries), or
- 2 8 9 the Company paying any remuneration or expenses to any person (but not without the consent of all the members to any person who is a director of the Company or any employee of any member) other than as proper remuneration for work done or services provided or as proper reimbursement for expenses incurred in connection with the Business, or
- 2 8 10 any alteration of any restriction on the powers of the directors of the Company to borrow, give guarantees or create charges, or
- 2 8 11 the making of any application for a listing of any part of the share capital of the Company on the London Stock Exchange, the Alternative Investment Market or

- any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000) or the making of any arrangements for any other form of marketing or any of its share capital (including without limitation on any bourse or stock exchange other than the London Stock Exchange), or
- 2 8 12 the making of any loan or advance (other than to any of its wholly owned subsidiaries) by the Company, or
- 2 8 13 the creation by the Company of any mortgage or charge over any part of its undertaking, property or assets, save for
- (a) any charges or other securities to be granted in favour of the Governor and Company of the Bank of Scotland in security of any borrowings by the Company or any of its subsidiaries, and
- (b) any charges or other securities to be granted in favour of Lothian University Hospitals NHS Trust in accordance with the terms of the Sale and Development Agreement between the Company and Lothian University Hospitals NHS Trust dated on or around 7 June 2001,
- 2 8 14 the incurring of any expenditure or liability of the Company in respect of the acquisition of any business or capital asset whatsoever of the Company or any of its subsidiaries of an aggregate amount in excess of £250,000 in any financial year, or
- 2 8 15 the Company entering into any contract or arrangement of a long term nature other than in the ordinary course of business, or
- 2 8 16 the appointment of any committee of its Board to take any decisions which are material to the Company or any of its subsidiaries as a whole otherwise than at a meeting of the Board, or
- 2 8 17 the establishment or variation of the rules of any profit sharing, bonus or incentive scheme or any benefits scheme, or
- 2 8 18 any sale of the undertaking of the Company or any substantial part thereof or any sale of any fixed assets of the Company other than in the ordinary course of business, or
- 2 8 19 any sale or other disposal of any heritable or freehold or leasehold property or any interest therein other than in the ordinary course of business, or
- 2 8 20 any disposal of any shares in the capital of any subsidiary of the Company, or
- 2 8 21 the Company borrowing any money or incurring any indebtedness in the nature of borrowing in addition to the indebtedness permitted by the facility letter granted by the Governor and Company of the Bank of Scotland addressed to the Company, as amended from time to time, or
- 2 8 22 the Company commencing legal proceedings except for the purpose of the recovery of debts owed to the Company in the ordinary course of business, or
- 2 8 23 the Company changing or permitting a change in the general nature of or diversify the Business or the business of any of the subsidiaries of the Company, or
- 2 8 24 the taking of any steps to have the Company wound up, whether for the purposes of amalgamation or reconstruction or otherwise unless a registered insolvency practitioner shall have advised that the Company requires to be wound up by reason of having become insolvent, or
- 2 8 25 any use of the name of any of its members or the Governor and Company of the Bank of Scotland (except as may be permitted by that member or the Governor and Company of the Bank of Scotland (as the case may be)), or

- 2 8 26 the Company causing or permitting any of the subsidiaries of the Company to do any of the things mentioned in Articles 2 8 1 to 2 8 25 (inclusive) substituting reference to the Company with reference to that subsidiary, or
- 2 8 27 the Company terminating the Sale and Development Agreement referred to in Article 2 8 13, varying the terms thereof or granting any consent, approval or waiver in relation thereto

3. Lien

The lien conferred by regulation 8 of Table A shall also attach to fully paid up shares registered in the name of any person indebted or under liability to the Company whether it shall be the sole registered holder thereof or shall be one of two or more joint holders

4. Transfer of Shares

- 4 1 Save as otherwise provided in these Articles, no member may transfer any shares or any interest in shares prior to the Permitted Transfer Date without the written agreement of all of the other members
- 4 2 Any person who would otherwise be entitled to shares or an interest in shares on the insolvency, bankruptcy or winding up of any member or the enforcement of any encumbrance or security interest granted by a member of the Company (the "**Entitled Person**") shall forthwith give (or otherwise shall be deemed to give upon the Company become aware of such insolvency, bankruptcy or winding up or enforcement of any encumbrance or security interest) to the Company notice in writing in respect of such shares
- 4 3 Where any member intends to sell, transfer or dispose of a legal or beneficial interest in any shares or to grant a pledge, mortgage, charge or other encumbrance or security interest over the same on or after the Permitted Transfer Date (a "**Relevant Dealing**") that member (the "**Grantor**") shall forthwith give (or otherwise shall be deemed to give upon the Company becoming aware of such intention) notice in writing in respect of such shares
- 4 4 Any notice given or deemed to be given pursuant to Articles 4 2 or 4 3 (a "**Transfer Notice**") shall be in respect of all the shares to which the Entitled Person would otherwise be entitled or all the shares the subject of (or to be the subject of) the Relevant Dealing held by the Grantor (as the case may be) Once a Transfer Notice has been given or is deemed to be given it may not be withdrawn
- 4 5 Subject as hereinafter provided, a Transfer Notice given or deemed to have been given either by the Entitled Person or the Grantor (the "**Vendor**") shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called "**the Sale Shares**") in one or more lots at the discretion of the directors to all members other than those to whose shares the Transfer Notice relates (the "**Other Members**") Such Transfer Notice shall also constitute the Company as the Vendor's agent for the sale and transfer of any Shareholders' Loans pursuant to Article 4 9 The sale price (the "**Sale Price**") shall be
- 4 5 1 where Article 4 3 applies and the Grantor intends to sell a legal interest in the Sale Shares, and a third *bona fide* offer has been received by the Grantor in relation to all of the Sale Shares, the price contained in such offer, and
- 4 5 2 in any other circumstances, the price agreed by the Vendor and the directors (as agent for the Other Members) or, if the Vendor and the directors are unable to agree a price within 14 days of the Transfer Notice being given or if the Transfer Notice is a deemed Transfer Notice, the Fair Value of the Sale Shares determined in accordance with Article 4 6
- 4 6 1 The Fair Value of any Equity Units being transferred shall be the sum that a firm of independent chartered accountants nominated by the Vendor and the directors or, in the event of any failure to agree upon such nomination or if the Transfer Notice

is a deemed Transfer Notice a firm of independent chartered accountants of international standing chosen on the application of the Vendor or the directors by the President for the time being of the Institute of Chartered Accountants of Scotland (or the corresponding officer in any successor body) shall determine and certify as the sum considered by it to be the Fair Value of such Equity Units as at the date of the Transfer Notice calculated in accordance with Article 4 6 2

4 6 2 The Accountants shall

- (i) in determining the Fair Value of any Equity Units being transferred at any time
 - (a) determine the sum which a willing buyer would offer to a willing seller for the entire issued share capital of the Company, provided that for those purposes all outstanding Shareholders' Loans shall be deemed to be shares of an amount equal to the nominal amount of such Shareholders' Loans issued at par. The Accountants may, at their discretion, seek the advice of a firm of independent chartered surveyors in connection with the valuation of the real property assets of the Company and shall have regard to the provisions of these Articles and any related agreements in respect of the consequences of termination, the rights and obligations of the members of the Company (and the Company itself) under these Articles any related agreements and any offer to purchase any of the share capital of the Company by any person which the Accountants believe, acting reasonably, to be a *bona fide* offer on arm's length terms,
 - (b) divide the resultant figure from (a) above by the total Number of Equity Units,
 - (c) multiply the resultant figure from (b) above by the Number of Equity Units being transferred (i.e. any shares in the capital of the Company and any Shareholders' Loans which are to be transferred simultaneously shall be taken into account), and
 - (d) apportion the resultant figure from (a) to (c) above (inclusive) (the "**Determined Figure**") as follows
 - (i) to any Shareholders' Loans comprised in Equity Units being transferred, the amount of principal outstanding (in pounds sterling) of such Shareholders' Loans up to but not in excess of the Determined Figure, which shall be the Fair Value of such Shareholders' Loans, and
 - (ii) to any Shares comprised in the Equity Units being transferred, the sum calculated by A/B where

$A =$ the Determined Value, and

$B =$ the amount allocated to any Shareholders' Loans comprised in the Equity Units in accordance with paragraph (d)(i) above,

which shall be the Fair Value of such Shares,
- (ii) act at the cost of the Company as experts and not as arbiters and their determination of the Fair Value (save in the case of manifest error) shall be final and binding for all purposes, and

- (iii) prior to such determination take cognisance of any representations made by the Vendor and the directors to the Accountants as to the Fair Value which they shall be entitled to make within 14 days after the date of appointment

4 7 Upon the Sale Price being fixed as aforesaid the Company as agent shall forthwith offer the Sale Shares as follows

4 7 1 to the extent that the Transfer Shares consist of any A Shares

- (a) where any A Shareholders are Other Members
 - (i) if there is more than one holder of the A Shares comprised in the Other Members, to such holders of the A Shares *pro rata* as nearly as may be in proportion to the number of A Shares held by such Other Members, and
 - (ii) if there is only one holder of the A Shares comprised in the Other Members, to that member, and
- (b) where no A Shareholders are Other Members
 - (i) if there is more than one holder of B Shares, to the holders of the B Shares *pro rata* as nearly as may be in proportion to the number of B Shares held by such Other Members, and
 - (ii) if there is only one holder of B Shares comprised in the Other Members, to that member, and

4 7 2 to the extent that the Transfer Shares consist of any B Shares

- (a) where any B Shareholders are Other Members
 - (i) if there is more than one holder of the B Shares comprised in the Other Members, to such holders of the B Shares *pro rata* as nearly as may be in proportion to the number of B Shares held by such Other Members, and
 - (ii) if there is only one holder of the B Shares comprised in the Other Members, to that member, and
- (b) where no B Shareholders are Other Members
 - (i) if there is more than one holder of the A Shares comprised in the Other Members, to the holders of the A Shares *pro rata* as nearly as may be in proportion to the number of A Shares held by such Other Members, and
 - (ii) if there is only one holder of the A Shares comprised in the Other Members, to that member,

giving details of the total number and the Sale Price of the Transfer Shares and the number of Transfer Shares to which such Other Members are entitled on a *pro rata* basis

The Company shall invite such Other Members as aforesaid to state in writing within 21 days from the date of the offer whether it is willing to purchase any of the Sale Shares so offered to it

The Company shall at that time also enquire of each of the Other Members whether or not it is interested in acquiring Transfer Shares in addition to those

offered on a *pro rata* basis ("**Additional Transfer Shares**") and, if so, the maximum number of Additional Transfer Shares which it is willing to purchase. If at the expiration of the said period of 21 days there are any Sale Shares offered which any of the Other Members have been offered as their *pro rata* share but have not so stated their willingness to purchase the Company shall offer such shares to such Other Members as have stated in writing their willingness to purchase the Additional Transfer Shares. Such Additional Transfer Shares shall be offered, in the case of competition, *pro rata* as nearly as may be in proportion to the number of shares then held by the Other Members which offer shall remain open for a further period of 21 days.

- 4 8 If the Company shall pursuant to the above provisions of this Article 4 find Other Members willing to purchase all of the Sale Shares the Company shall allocate such Sale Shares to and amongst such Other Members in accordance with Article 4 7, provided that none of the Other Members shall be obliged to take more than the maximum number of shares specified by it. The Company shall forthwith give notice of such allocations (an "**Allocation Notice**") to the Vendor and to the persons to whom the Sale Shares have been allocated and shall specify in such notice the place and time (not being earlier than 14 and not later than 28 days after the date of the Allocation Notice) at which the sale of the shares so allocated shall be completed. The Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares comprised in an Allocation Notice to the purchasers named therein at the Sale Price at the time and place therein specified. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise any director to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the register of members as the holder of such of the Sale Shares as shall have been transferred to them as aforesaid.
- 4 9 If a Transfer Notice is given or deemed to be given pursuant to Articles 4 2 or 4 3 and any of the Sale Shares are to be transferred pursuant to Article 4 8 the Vendor shall be obliged to sell and transfer (and the purchasers shall be obliged to purchase) all of the Shareholders' Loans owed to the relevant member of the Company at such price as is agreed by the Vendor and the directors (as agent for the Other Members) or, if the Vendor and the directors are unable to agree a price within 14 days of the Transfer Notice being given or if the Transfer Notice is a deemed Transfer Notice, the Fair Value of such Shareholders' Loans (determined in accordance with Article 4 6) in the same proportions as the Sale Shares. Such sale and purchase of the Shareholders' Loans shall be completed at the same time as the sale and purchase of the Sale Shares pursuant to Article 4 8 and, to the extent appropriate, the provisions of Article 4 8 shall apply *mutatis mutandis* to the sale of such Shareholders' Loans.
- 4 10 If the directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of this Article, the Vendor shall at any time within six months after the close of the offer by the Company under Article 4 7 to the Other Members be at liberty to sell, transfer or dispose of such legal or beneficial interest in the Sale Shares or grant such mortgage, charge or other encumbrance or security interest over the same (as the case may be), provided that
- (a) in the case of a sale, transfer or disposal of a legal or beneficial interest in the Sale Shares, the Vendor shall not be entitled to sell, transfer or dispose of the same at a price less than the Sale Price,
 - (b) the Vendor shall not be entitled, save with the written consent of all the members of the Company, to sell, transfer or dispose of such legal or beneficial interest in or to grant such mortgage, charge or other encumbrance or security interest over some only of the Sale Shares,
 - (c) in the case of a sale, transfer or disposal of a legal interest in the Sale Shares, the directors may refuse to register any transfer to any person of whom they shall not approve as a member of the Company (such approval not to be withheld without good reason in the interests of the Company) but not if that person was named as a potential transferee in the Transfer Notice, and

- (d) the Vendor simultaneously sells, transfers or disposes of a legal or beneficial interest in or grants a mortgage, charge or other encumbrance or security interest over (as the case may be) all of the Shareholders' Loans owed to the relevant member of the Company to the same person or persons in the same proportions as the Sale Shares and in the case of a sale, transfer or disposal of a legal or beneficial interest of such Shareholders' Loans, such sale, transfer or disposal takes place at no less than the agreed price or the Fair Value of such Shareholders' Loans (as the case may be)

5. Limitation on Transfer of Control

- 5 1 Notwithstanding any other provisions contained in these Articles, no sale or transfer of any shares (or any interest in shares) howsoever made to any person whosoever conferring the right to vote at general meetings of the Company which would result in a person not then a member of the Company obtaining a Controlling Interest in the Company (together with any holder of shares in the Company who in relation to such person is a connected person) (the "**Specified Shares**") shall be made or registered unless before the transfer is lodged for registration the proposed transferee (being an independent person) or his nominee, has made a *bona fide* general offer (stipulated to be open for acceptance for 28 days) ("**General Offer**") to purchase all the other issued shares in the Company at the Specified Price (as hereinafter defined), which offer every shareholder shall be bound within 28 days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer)
- 5 2 For the purposes of this Article the "**Specified Price**" shall mean a price per share at least *par passu* to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of a disagreement the calculation of the Specified Price shall be determined by the auditors of the Company (or if any member or members so require in writing, by a reputable firm of chartered accountants of international standing (and in the event of dispute between members as to which firm shall be appointed, a firm appointed by the President for the time being of the Institute of Chartered Accountants of Scotland) who shall, in any case, act as an independent expert and not as arbiter and whose decision shall be final and binding
- 5 3 If as the result of a General Offer made pursuant to Article 5 1 any person or persons who in relation to each other are connected persons or persons acting in concert (as such term is defined in Section C of The City Code on Takeovers and Mergers) ("**Acquiring Shareholder(s)**") acquires a 75 per cent (or greater) interest in the issued shares in the Company or the voting rights attaching thereto, the Acquiring Shareholder(s) may by written notice (each a "**Compulsory Purchase Notice**") to the members of the Company who have not accepted such offer (the "**Minority Shareholders**") require them to sell such shares at the Specified Price to the Acquiring Shareholder(s). Notwithstanding any other provision of these Articles for 28 days from the date of issue of the Compulsory Purchase Notices the Minority Shareholders shall not be entitled to transfer their shares to anyone except the Acquiring Shareholder(s). If any Minority Shareholders have not so transferred their shares within 28 days from the date of service of the Compulsory Purchase Notice, the Acquiring Shareholder(s) shall promptly pay the Specified Price therefor to the Minority Shareholders and forthwith upon such payment the Acquiring Shareholder(s) shall have the power to execute transfers of the relevant shares for and on behalf of such Minority Shareholders and do such other things on their behalf as may be necessary to complete and give effect to such transfers

6. Proceedings at General Meeting

- 6 1 Any general meeting may be convened at or adjourned to more than one place. If a meeting or adjourned meeting is convened at or adjourned to more than one place, the notice of that meeting shall specify the place at which the chairman of the meeting shall preside (the

"Specified Place") and the directors shall make arrangements for simultaneous attendance and participation at other places by members, provided that persons attending at any particular place shall be able to hear and be heard (whether by audio links or otherwise howsoever enabling the same) by persons attending at the other places at which the meeting is convened. For the purposes of these Articles, the meeting shall be treated as being held at the Specified Place

- 6 2 No business shall be transacted at any meeting unless a quorum is present
- 6 3 Two members present in person or by proxy (or, if a corporation, by representative) one of whom is the holder of an A Share and one of whom is the holder of a B Share shall be a quorum for all purposes
- 6 4 A resolution put to the vote of a meeting shall be decided on a show of hands unless before or on a declaration of the result of the show of hands a poll is duly demanded
- 6 5 A poll may be demanded by any member having the right to vote at the meeting
- 6 6 a demand for a poll by a person as a proxy attorney or duly authorised representative for a member shall be the same as a demand by the member
- 6 7 The chairman at any general meeting shall not be entitled to have a casting vote in addition to any other vote he may have
- 6 8 A resolution in writing signed by or on behalf of all the members of the Company entitled to receive notice of and attend and vote at a general meeting or by their duly appointed proxies or attorneys
 - 6 8 1 shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held,
 - 6 8 2 such resolution in writing may be contained in one document or in several documents in the same terms each signed by or on behalf of one or more of the members or their proxies or attorneys, and
 - 6 8 3 the signature in the case of a body corporate which is a member shall be sufficient if made by a director thereof or by its duly authorised representative

7. Votes

- 7 1 Subject to any rights or restrictions attached to any shares and to the provisions of this Article, on a show of hands every member present by a representative duly authorised in accordance with the Act or by proxy shall have one vote, and on a poll every member shall have one vote for every A Share of which it is the holder and one vote for every B Share of which it is the holder
- 7 2 The A Shares shall not confer the right to vote, either on a show of hands or on a poll, upon a resolution for the appointment or removal from office of any B Director (as defined in Article 9)
- 7 3 The B Shares shall not confer the right to vote, either on a show of hands or on a poll, upon a resolution for the appointment or removal from office of any A Director (as defined in Article 9)

8. Directors

- 8 1 The number of directors shall be determined by the Company in general meeting but unless and until so determined there shall be no maximum number of directors
- 8 2 A director or alternate director shall not require any share qualification but any director who is not a member of the Company shall nevertheless be entitled to receive notice of and attend

and speak at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company

- 8 3 A person may be appointed a director notwithstanding that he shall have attained the age of 70 years or any other age and no director shall be liable to vacate office by reason of his attaining that or any other age nor shall special notice be required of any resolution appointing or approving the appointment of such director or any notice be required to state the age of the person to whom such resolution relates

9. Appointment and Removal of Directors

- 9 1 The holder or holders of a majority in nominal value of the A Shares as a class shall be entitled to appoint three directors of the Company (each herein referred to as "**an A Director**") and to remove any such director and to make all necessary appointments to fill any vacancy howsoever and whensoever arising Every such appointment or removal shall be effected by notice in writing signed by the holder or holders of a majority in nominal value of the A Shares deposited at the registered office of the Company with a copy to the secretary of the Company at such address as is notified by the secretary of the Company to each member from time to time
- 9 2 The holder or holders of a majority in nominal value of the B Shares as a class shall be entitled to appoint three directors of the Company (herein referred to as "**a B Director**") and to remove any such director and to make all necessary appointments to fill any vacancy howsoever and whensoever arising Every such appointment or removal shall be effected by notice in writing signed by the holder or holders of a majority in nominal value of the B shares deposited at the registered office of the Company with a copy to the secretary of the Company at such address as is notified by the secretary of the Company to each member from time to time
- 9 3 The post of Chairman of the Board shall be held in alternate years (for successive periods of 12 months, the first such period being deemed to have commenced on 7 June 2004) by a director appointed in rotation as follows
- (a) in respect of the first period of 12 months, by the B Shareholders,
 - (b) in respect of the second period of 12 months, by the A shareholders,
 - (c) and so on in accordance with above order of rotation
- 9 4 No director shall be required to retire by rotation

10. Disqualification of Directors

The office of a director shall be vacated in any of the following events

- 10 1 if he resigns his office by notice in writing to the Company, or
- 10 2 if he becomes bankrupt or makes any arrangement or composition with his creditors generally, or
- 10 3 if he is admitted to hospital in pursuance of an application for his admission under either the Mental Health Act 1983 or the Mental Health (Scotland) Act 1984 or an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person to exercise power with respect to his property or affairs, or
- 10 4 if he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director, or

- 10 5 if he is absent from meetings of the Board for six successive months without leave and his alternate director (if any) shall not during such period have attended in his stead and the directors resolve that this office be vacated, or
- 10 6 if he shall be removed from office under the provisions of Article 9

11. Proceedings of Directors

- 11 1 Subject to the provisions of these Articles, the directors may regulate their proceedings as they think fit
- 11 2 A director may and the secretary at the request of a director shall call a meeting of the directors
- 11 3 Notice of every meeting of directors shall be given to each director and his alternate director (if one is appointed), including directors and alternate directors who are absent from the United Kingdom, and have given the Company their addresses outside the United Kingdom. Directors who are absent from the United Kingdom shall be entitled to receive reasonable notice of every meeting. Notice of a meeting of directors or a committee of the Board shall not be required if all the directors or all the members of that committee are present at the meeting
- 11 4 Without prejudice to Article 11 1, a meeting of the Board or of a committee of the Board of directors may consist of a conference between or among directors who are not all in one place, but who are able (directly or by telephone or television) to speak to each other, and to be heard by each other simultaneously. A director taking part in such a conference shall be deemed to be present at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the chairman of the meeting then is. The word "meeting" in these Articles shall be construed accordingly
- 11 5 The quorum necessary for the transaction of the business of the directors shall be two, one of whom shall be an A Director and one of whom shall be a B Director. An alternate director who is not himself a director may if his appointor is not present be counted towards the quorum
- 11 6 A resolution of the Board shall not be validly passed and shall not be binding on the Company or its members unless it is carried by all of the directors present in person or by alternate. The chairman at any meeting of the directors shall not have a second or casting vote in addition to any other vote he may have
- 11 7 A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote
- 11 8 A resolution signed in writing by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened in the like form each signed by one or more directors by a resolution signed by an alternate director need not also be signed by his appointor and if it is signed by a director who has appointed an alternate director it need not be signed by the alternate director in that capacity
- 11 9 A director who is in any way either directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company
- 11 9 1 shall declare the nature of his interest at a meeting of the directors in accordance with section 317 of the Act, and
- 11 9 2 subject to such disclosure shall be entitled to vote in respect of any contract or arrangement in which he is interested and if he shall do so his vote shall be counted and he may be taken into account in ascertaining whether a quorum is present

12. Alternate Directors

- 12 1 Any director may at any time appoint any person (including another director) to be his alternate director and may in like manner at any time terminate such appointment. Every such appointment or termination shall be effected by notice in writing signed by that director either
- (a) deposited at the registered office of the Company with a copy to the secretary of the Company, at such address as is notified by the secretary of the Company to each director from time to time, or
 - (b) delivered at a meeting of the directors
- 12 2 The appointment of an alternate director shall determine on the happening of any event which if he were a director would cause him to vacate such office or if his appointor ceases to be a director
- 12 3 An alternate director shall (except when absent from the United Kingdom) be entitled to receive notices of meetings of the directors and shall be entitled to attend and vote as a director at any such meeting at which the director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (and not his appointor) were a director
- 12 4 If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability, the signature of an alternate director to any resolution in writing of the directors shall be as effective as the signature of his appointor
- 12 5 To such extent as the directors may from time to time determine in relation to any committees of the directors the foregoing provisions of this Article 12 shall also apply *mutatis mutandis* to any meeting of such committee of which the appointor of an alternate director is a member
- 12 6 An alternate director shall not (save as provided in this Article 12) have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles but he shall be an officer of the Company and shall not be deemed to be the agent of the director appointing him
- 12 7 An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a director but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct

13. Executive Committees

- 13 1 The directors, by unanimous resolution only and, subject to Article 13 2, may delegate any of their powers or discretions to one or more committees consisting of two or more directors. Any such delegation may be made subject to any conditions the directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered, provided that any such committee or committees shall not have authority with regard to any act, matter or thing by which the special rights attached to the A Shares and the B Shares are deemed to be varied pursuant to these Articles
- 13 2 The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Articles regulating the meetings and proceedings of the directors so far as they are capable of applying, save that the quorum necessary for the transaction of the business of such committee shall be two, one of whom shall be an A Director and one of whom shall be a B Director. For the avoidance of doubt, a resolution of such committee shall not be validly passed and shall not be binding unless it is carried unanimously

14. Non Executive Directors

- 14 1 The Board shall have power from time to time by resolution to appoint any one or more persons to the office of non executive director of the Company to assist and provide guidance on the present and future strategy of the Company, offer advice and support in relation to local relationships, and provide input in relation to practical and operational issues
- 14 2 The following provisions with regard to any such appointment or appointments shall have effect
- 14 2 1 The appointment, tenure of office, remuneration (if any) and scope of duties of a non executive director shall be determined from time to time by the Board with full power to make such arrangements as they think fit
- 14 2 2 Nothing in this Article 14 shall prevent the Board from entering into any contracts on behalf of the Company or transacting any business of any description without the knowledge or approval of a non executive director, except that no act shall be done which would impose any personal liability on any non executive director except with his full knowledge and consent
- 14 2 3 The Board may also from time to time by notice in writing (signed either by any one director or the secretary of the Company) remove any non executive director from office and if they so decide appoint another in his place in like manner but any such removal shall take effect without prejudice to the rights of either party under any agreement between the non executive director and the Company
- 14 2 4 The office as a non executive director shall be vacated if he becomes of unsound mind or bankrupt or makes any arrangement or composition with his creditors generally, or becomes prohibited by law from being concerned or taking part in the management of the Company, or if he resigns his office or is removed from office for any reason whatsoever
- 14 2 5 A non executive director shall not be or deemed to be a director of the Company within the meaning of the words as used in the Companies Act 1985 or these Articles. Non non executive director shall be entitled to attend or be present at any meetings of the board or of any committee of the Board unless the Board shall require him to be in attendance, or vote at any meetings of the Board or of any committee of the Board
- 14 2 6 A non executive director shall attend meetings of the Board and of any committee of the Board whenever called upon to do so and shall at all times be ready to give the Board the benefit of his knowledge, experience and advice

15. Notice

- 15 1 A notice may be given by the Company, to any member in writing either personally or by sending it by pre paid post to his registered address (whether or not within the United Kingdom) supplied by it to the Company for the giving of notice to it
- 15 2 In the case of joint holders of a share all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders
- 15 3 a properly addressed notice sent by pre paid post shall be deemed to have been given 48 hours after the date on which the notice is posted

16. Indemnity

- 16 1 Subject to the provisions of and so far as may be permitted by the Act, every director, auditor, secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred or sustained by him in the execution and discharge of his duties or otherwise in relation thereto. Regulation 118 of Table A shall be extended accordingly.
- 16 2 The directors shall have power to purchase and maintain for any director, secretary, auditor or other officer of the Company insurance against any such liability as is referred to in section 10(1) of the Act.