

Company Number: []

ARTICLES OF ASSOCIATION
of
NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

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THE COMPANIES ACT 2006
COMPANY HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION OF
NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

1. DEFINITIONS AND INTERPRETATION

1.1 In these Articles:

“the Act”	means the Companies Act 2006;
“these Articles”	means these Articles of Association of the Company, and “Article” is a reference to one of them;
“the Board”	means the board of Directors of the Company and (where appropriate) includes a Committee and the Directors and members of a Committee acting by written resolution;
“Board Meeting”	means a meeting of the Board or (where appropriate) of a Committee;
“Chair”	means (subject to the context) either the person elected as chair of the Company under Article 36 or, where the Chair of the Company is not present or has not taken the chair at a meeting, means the person who is chairing a Board Meeting or General Meeting at the time;
“clear days”	in relation to a period of notice means the period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“Committee”	means a Committee of the Board;
“the Company”	means the company regulated by the Articles;
“Companies House”	means the office of the Registrar of Companies;
“Director”	means any director of the Company;
“Electronic Communication”	has the meaning given in the Electronic Communications Act 2000;

“General Meeting”	means a general meeting of the Shareholders;
“Group Organisation”	means any organisation which is a parent or subsidiary of the Company or is a parent or subsidiary of such a parent or subsidiary (in each case under either section 1159 of the Act or section 100 of the Co-operative and Community Benefit Societies Act 2014);
“the holder”	in relation to shares means the Shareholder whose name is entered in the register of Shareholders;
“including”	means “including without limitation” and “include” and “includes” are to be construed accordingly;
“Non-Voting Shares”	means the shares with a nominal value of £0.01 (one pence) which do not carry any voting rights each in the capital of the Company from time to time;
“Observers”	means those persons (other than Directors) present under Article 33 at a Board Meeting;
“Ordinary Shares”	means the ordinary shares with a nominal value of £0.01 (one pence) each in the capital of the Company from time to time;
“the Parent”	means Nottingham City Homes Limited (a company limited by guarantee registered with company number 5292636 whose registered office is at Loxley House, Station Street, Nottingham, Nottinghamshire NG2 3NJ);
“Registered Office”	means the registered office of the Company;
“Secretary”	means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company including a joint, assistant or deputy secretary;
“Shares”	means the Non-Voting Shares and the Ordinary Shares (and “share” shall be construed accordingly);
“Shareholder”	means a holder of Shares for the time being of the Company;
“Standing Orders”	means standing orders made by the Board under Article 45; and
“United Kingdom”	means Great Britain and Northern Ireland.

1.2 In these Articles:

- 1.2.1 terms defined in the Act are to have the same meaning;
- 1.2.2 references to the singular include the plural and vice versa, to the whole include part and vice versa, and to the masculine include the feminine and neuter and vice versa;
- 1.2.3 references to "organisations" or "persons" include corporate bodies, public bodies, unincorporated associations and partnerships;
- 1.2.4 references to legislation, regulations, determinations and directions include all amendments, replacements or re-enactments and all regulations, determinations and directions made or given under it; and
- 1.2.5 the index and headings are not to affect their interpretation.

2. REGISTERED OFFICE

The Company's registered office is to be in England.

3. LIMIT OF LIABILITY

The liability of the Shareholders is limited.

4. MODEL ARTICLES

None of the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) (as amended prior to the date of adoption of these Articles) apply to the Company.

5. OBJECTS

5.1 The Company's objects are:

5.1.1 to carry on business as a general commercial company; and

5.1.2 to carry on any other trade or business which may seem to the Company and its Directors to be advantageous and to directly or indirectly enhance all or any of the business of the Company.

5.2 Notwithstanding Article 5, the Company's objects are unrestricted.

6. CLASS RIGHTS

6.1 The Ordinary Shares and the Non-Voting Shares shall have and enjoy the rights and be subject to the restrictions set out in this Article 6.

6.2 Income

The Ordinary Shares and the Non-Voting Shares shall rank equally in respect of any dividend declared.

6.3 Capital

The Ordinary Shares and the Non-Voting Shares shall rank equally on a return of capital on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied

6.4 Voting

As regards voting:

- 6.4.1 the Ordinary Shares shall entitle the holders thereof to receive notice of and to attend and vote at all General Meetings of the Company;
- 6.4.2 on a show of hands every member who is a holder of an Ordinary Share shall be entitled to one vote;
- 6.4.3 on a poll the vote shall be determined in accordance with number of Ordinary Shares held by each eligible voting Shareholder; and
- 6.4.4 the holders of the Non-Voting Shares shall not be entitled to receive notice of or vote at any meeting of the Company.

7. ISSUE OF SHARES

- 7.1 Except as required by law, no person is to be recognised by the Company as holding a Share on trust. The Company is not bound to recognise any interest in a Share other than the holder's absolute right to it.
- 7.2 No Shares may be created or issued without the consent, in writing of the holders of at least 75% (in number) of the Non-Voting Shares.
- 7.3 Unless the Ordinary Shareholders decide otherwise by special resolution, any unissued Shares and any new Shares that are created must first be offered to the existing Shareholders in proportion to the number of Shares they already hold.
- 7.4 An offer under Article 7.3 must be made by giving notice to each of the Shareholders specifying the number of Shares offered. It must give at least 21 days for the offer to be accepted.
- 7.5 Any Shares which are not accepted within the 21 day period under Article 7.4 will be deemed to have been declined and must be offered, in the same proportions, to the Shareholders who have accepted the Shares offered to them. The further offer must be made on the same terms and subject to the same notice period as the original offer.
- 7.6 Any Shares not accepted (except by way of fractions) under Articles 7.3 or 7.5 and any Shares released from this Article by a special resolution are to be under the control of the Board. The Board may dispose of them as they decide but no Shares refused by the existing Shareholders may be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the Shareholders.
- 7.7 Sections 561 and 562 of the Act do not apply to the Company.

8 SHARE CERTIFICATES

- 8.1 Shareholders are entitled without payment to one certificate for all the Shares of each class they hold (and, on transferring part of their Shares, to a certificate for the balance of their holding).
- 8.2 Every Share certificate must:
- 8.2.1 specify the number, class and distinguishing numbers (if any) of the Shares to which it relates;
 - 8.2.2 specify the amount paid up for the Shares; and
 - 8.2.3 be executed by the Company.
- 8.3 The Company need not issue more than one certificate for Shares held jointly. The delivery of a certificate to one joint holder is a sufficient delivery to all of them.
- 8.4 If a Share certificate becomes defaced, or worn out or is lost or destroyed it may be renewed. The Board may specify conditions to be satisfied before it is renewed. Those conditions may relate to evidence, indemnity and provide for the payment of the Company's reasonable costs in investigating evidence. Apart from any payments due as a result of compliance with the Boards' conditions no other charge may be made. If the Share certificate is defaced or wearing out the old certificate must be delivered to the Company before it can be renewed.

9 LIEN

- 9.1 The Company is to have a first and paramount lien on every Share registered in the name of any person indebted or under a liability to the Company, (including a Share held jointly with another person) for all money payable by the holder or the holder's estate to the Company. The Board may exempt a Share from this Article at any time.
- 9.2 The Company may sell any Shares on which the Company has a lien if the debt secured by the lien is not paid within 14 clear days after notifying the holder of the Share (or the person entitled to it in consequence of the death or bankruptcy of the holder), demanding payment and stating that if the notice is not complied with the Shares may be sold.
- 9.3 In order to give effect to a sale the Board may authorise any person to sign a transfer of the Shares to, or as directed by the purchaser. The title of the purchaser will not be affected by any irregularity in or invalidity of the sale proceedings.
- 9.4 The net proceeds of the sale must be applied to discharge the debt secured by the lien. Any residue is to be paid to the person entitled to the Shares at the date of the sale when he/she surrenders the certificate for the Shares sold to the Company for cancellation.

10 CALLS ON SHARES AND FORFEITURE

- 10.1 Subject to the terms of allotment, the Board may make calls on the Shareholders for any money unpaid on their Shares (whether in respect of nominal value or premium). A call is made when the Board resolution authorising the call is passed.
- 10.2 Each Shareholder must (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay the Company the amount called as required by the notice. A call may require payment in instalments. A person on whom a call is made will remain liable for the call made even if the Shares on which it was made are later transferred. The joint holders of a Share are jointly and severally liable to pay all calls on it.
- 10.3 If a call is unpaid after it is due the person from whom it is payable must pay interest on the unpaid amount from when it became due until payment. The rate must be fixed by the terms of allotment of the Share or in the notice of the call. If no rate is fixed the rate is to be the appropriate rate (as defined in the Act). The Board may waive payment of the interest.
- 10.4 An amount payable on a Share on allotment on a fixed date (for the nominal value or a premium or as an instalment of a call) is to be deemed to be a call. If it is not paid this Article is to apply as if it had become payable because of a call.
- 10.5 Subject to the terms of allotment, the Board may make different arrangements on the issue of Shares for the holders of the amounts and times of payment of calls on their Shares.
- 10.6 A call may be revoked before the Company receives the sum due under it. Payment of a call may also be postponed.
- 10.7 If a call remains unpaid after it has become due the Board may give the person by whom it is payable at least 14 clear days' notice requiring payment of the call and any interest due and all expenses that may have been incurred by the Company as a result of the non-payment. The notice must state where payment is to be made and that, if it is not complied with, the Shares on which the call was made are liable to be forfeited.
- 10.8 If the notice is not complied with then, before the payment it required is made, the Shares on which it was given may be forfeited by a resolution of the Board. The forfeiture is to include all dividends or other money payable on the forfeited Shares which were not paid before the forfeiture.
- 10.9 Subject to the Act, a forfeited Share may be sold, re-allotted or otherwise disposed of as the Board decides. This may be to its holder before the forfeiture or to any other person. At any time before the sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Board decides. Where a forfeited Share is to be transferred to any person the Board may authorise any person to sign the Share transfer to that person.
- 10.10 Where a Shareholder's Shares have been forfeited he/she will cease to be a Shareholder in respect of them. He/she must surrender the certificate for the Shares forfeited to the

Company for cancellation. He/she is still liable to the Company for all money which, at the date of forfeiture, was payable to the Company on them plus interest at the interest rate before forfeiture or, if no interest was payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment. The Board may waive payment or enforce payment without allowing for the value of the Shares at the time of forfeiture or the consideration received on their disposal.

- 10.11 A statutory declaration by a Director or the Secretary that a Share has been forfeited on a specified date is to be conclusive evidence of the fact stated in it as against all persons claiming to be entitled to the Share. The declaration is (subject to the execution of an instrument of transfer if necessary) to constitute a good title to the Share. The purchaser of the Share is not bound to see to the application of the consideration, if any. His/her title to the Share is not to be affected by any irregularity in or invalidity of the forfeiture or disposal proceedings.

11 TRANSFER OF SHARES

- 11.1 A Share transfer may be in any usual form or in any other form the Board approves. It must be signed by or on behalf of the transferor.
- 11.2 The Board may in its absolute discretion and without giving any reason refuse to register a Share transfer. Whilst the Parent continues to be a Shareholder the Board may not register a Share transfer without the consent of the Parent.
- 11.3 If the Board refuses to register a Share transfer it must notify the transferee of the refusal within two months after the date the transfer was lodged with the Company.
- 11.4 No fee may be charged for the registration of any transfer or other document relating to or affecting the title to any Share.
- 11.5 The Company may retain a transfer document which is registered, but any transfer which the Board refuses to register must (except in any case of fraud) be returned to the person lodging it when notice of the refusal is given.
- 11.6 The Board may destroy all instruments of transfer of Shares of the Company which have been registered in any manner that the Board approves as long as:
- 11.6.1 six years have passed since the date of registration of the transfer;
 - 11.6.2 the Board acts in good faith; and
 - 11.6.3 at the date of destruction, the Board has no notice of any claim to which the instrument of transfer might be relevant.
- 11.7 The Board may destroy all registered share certificates which have been cancelled in any manner that the Board approves as long as:
- 11.7.1 at least three years have passed since the date of cancellation of the share certificate; and

- 11.7.2 the Board acts in good faith; and
- 11.7.3 at the date of destruction the Board has no notice of any claim to which the share certificate might be relevant.
- 11.8 It is to be conclusively presumed in favour of the Company that any instrument of transfer destroyed in accordance with Article 11.6 was a valid and effective instrument duly and properly registered and that any Share certificate destroyed in accordance with Article 11.7 was a valid certificate duly and properly cancelled.
- 11.9 Nothing in this Article 11 is to impose any liability on the Company in relation to any instrument of transfer or Share certificate where the conditions specified in Articles 11.6 or 11.7 (as appropriate) have not been fulfilled.

12 TRANSMISSION OF SHARES

- 12.1 The survivor of a joint holder who dies and/or the personal representatives of a sole holder are the only persons the Company must recognise as having any title to the Shares. Nothing in these Articles is to release the estate of a deceased Shareholder from any liability in respect of any Share which had been jointly held by him/her.
- 12.2 Subject to the consent of both the Board and the Parent, (whilst the Parent continues to be a Shareholder) and subject to producing such evidence as the Board requires, a person entitled to a Share on the death or bankruptcy of a Shareholder may either become the holder of the Share or nominate some person to be registered as the transferee. If he/she elects to become the holder he/she must notify the Company in writing. If he/she elects to have another person registered he/she must transfer the Share to that person. The Articles relating to Share transfers are to apply to the notice or transfer as if it were a transfer signed by the Shareholder.
- 12.3 A person entitled to a Share on the death or bankruptcy of a Shareholder is to have the same rights as the Shareholder had except that the right to attend or vote at General Meetings or at a class meeting of the holders of any class of Shares shall not arise before that person is registered as the holder of the Share.

13 ALTERATION OF SHARE CAPITAL

- 13.1 The Company may by ordinary resolution:
 - 13.1.1 subject to Article 7.2, increase its share capital by new Shares of such amount as the resolution prescribes;
 - 13.1.2 consolidate and divide its Share capital into Shares of larger amount than its existing Shares;

- 13.1.3 subject to the Act, sub-divide any of its Shares into Shares of smaller amount and create a preference in favour of some of the Shares resulting from the subdivision over the others; and/or
- 13.1.4 cancel unissued Shares which have not been agreed to be taken up and reduce its Share capital by the amount of the cancelled Shares.
- 13.2 Where as a result of a consolidation of Shares any Shareholders would become entitled to a fraction of a Share, the Board may, on behalf of those Shareholders, sell the Shares representing the fraction for the best price reasonably obtainable to any person (including, subject to the Act, the Company) and distribute the net sale proceeds among those Shareholders. The Board may authorise a person to sign the Share transfer to, or as directed by the purchaser. The purchaser is not required to see to the application of the purchase money. His/her title to the Shares is not to be affected by an irregularity or invalidity in the sale proceedings.
- 13.3 Subject to the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account.

14 GENERAL MEETINGS

- 14.1 The Directors may call General Meetings.
- 14.2 On receiving a request from Ordinary Shareholders to call a General Meeting the Directors must promptly call a General Meeting in accordance with Article 15.
- 14.3 If there are insufficient Directors in the United Kingdom to form a quorum at a Board Meeting to call a General Meeting it may be called in the same way as a Board Meeting.
- 14.4 There is no requirement to hold an annual General Meeting but the Directors may choose to hold one if they wish.

15 NOTICE OF GENERAL MEETINGS

- 15.1 A General Meeting must be called by at least 14 clear days' notice.
- 15.2 A General Meeting may be called by shorter notice if this is agreed by a majority in number of the Ordinary Shareholders who may attend and vote and who together hold 90% or more in nominal value of the Ordinary Shares giving that right.
- 15.3 The notice must specify:
 - 15.3.1 the time and place of the General Meeting; and
 - 15.3.2 the general nature of the business to be transacted.

- 15.4 Notice of a General Meeting must be given to all of the Ordinary Shareholders (except any living outside the United Kingdom who have not given an address for service in the United Kingdom), the Directors and the Company's auditors (if any).
- 15.5 The accidental omission to give notice of a General Meeting to, or the non-receipt of notice of a General Meeting by, any person entitled to receive notice will not invalidate the proceedings at that General Meeting.

16 QUORUM FOR GENERAL MEETINGS

- 16.1 No business may be transacted at a General Meeting unless a quorum is present.
- 16.2 A quorum is one Shareholder who is entitled to vote upon the business to be transacted present in person or by duly authorised representative but, whilst the Parent continues to be a Shareholder, in order for a General Meeting to be quorate a representative of the Parent must be present.
- 16.3 A Shareholder may be part of the quorum for a General Meeting if he/she can hear, comment and vote on the proceedings through telephone video conferencing or other communications equipment.
- 16.4 If a quorum is not present within 30 minutes from the time of the General Meeting or a quorum ceases to be present for a continuous period of 30 minutes during a General Meeting it must be adjourned to such time and place as the Board decides.
- 16.5 Notice of an adjournment of a General Meeting because of a lack of quorum and the time and place of the adjourned General Meeting must be given to all Ordinary Shareholders under Article 15.
- 16.6 If a quorum is not present within 30 minutes from the time of the adjourned General Meeting it is to be dissolved.

17 CHAIR AT GENERAL MEETINGS

- 17.1 The Chair is to chair General Meetings.
- 17.2 If the Chair is not present within 10 minutes from the time of the General Meeting or is unwilling to act another Director nominated by the Board must chair the General Meeting.
- 17.3 If neither the Chair nor a Director nominated under Article 17.2 is present and willing to act within 10 minutes from the time of the General Meeting the Shareholders present and entitled to vote must choose one of their number (who must be a Director if a Director is present and willing to act) to chair the General Meeting.

18 ADJOURNMENT OF GENERAL MEETINGS

- 18.1 The Chair may, with the consent of a General Meeting at which a quorum is present (and must if so directed by the General Meeting), adjourn it to a time and place agreed by the General Meeting.
- 18.2 The Chair may also, without the consent of a General Meeting, adjourn it (whether or not it has commenced or is quorate) if it appears to the Chair that:
- 18.2.1 unruly conduct is likely to prevent the orderly holding of the meeting; or
 - 18.2.2 an adjournment is necessary for the business of the meeting to be conducted properly.
- 18.3 When a meeting is adjourned under Article 18.2, the time and place for the adjourned meeting is either to be fixed by the Chair at the time of the adjournment or in default it is to be fixed by the Board.
- 18.4 The only business which may be transacted at an adjourned General Meeting is that left unfinished from the General Meeting which was adjourned.
- 18.5 It is not necessary to give notice of a General Meeting which is adjourned under Article 18.1 or Article 18.2 unless it is adjourned for 14 days or more; in which case 7 clear days' notice must be given.
- 18.6 Resolutions passed at an adjourned General Meeting are to be treated as having been passed on the date on which they were actually passed.

19 VOTING AT GENERAL MEETINGS

- 19.1 Resolutions are to be decided on a show of hands unless a ballot is properly demanded.
- 19.2 Every Ordinary Shareholder present in person or by representative has one vote on a show of hands. Proxies have no vote on a show of hands.
- 19.3 Directors who are not Shareholders may speak but not vote at General Meetings.
- 19.4 A Shareholder which is an organisation may, by resolution of its governing body (or a committee or officer of the organisation acting under powers delegated by its governing body) authorise such person as it thinks fit to act as its representative at General Meetings.
- 19.5 A person authorised under Article 19.4 may, to the extent that the organisation authorises him/her to do so, exercise the same powers on behalf of the organisation as the organisation could exercise if it were an individual Shareholder. The Company may assume that the representative has unlimited authority to act on behalf of the organisation unless the Company has written notice of any limitation.
- 19.6 An objection to the qualification of any voter may only be raised at the General Meeting at which the vote objected to is tendered. Every vote not disallowed at the General Meeting is valid. An objection made in time must be referred to the Chair whose decision is final.

- 19.7 A declaration by the Chair that a resolution has been carried (or not carried) unanimously, or by a particular majority, which is entered into the minutes of the meeting is conclusive evidence of the fact unless a ballot is demanded.

20 BALLOTS

- 20.1 A ballot may be demanded at any time during the General Meeting by the Chair or any Ordinary Shareholder.
- 20.2 The demand for a ballot may be withdrawn before the ballot is taken. If the demand for a ballot is withdrawn the result of the show of hands will stand.
- 20.3 A ballot must be taken immediately. The Chair may appoint scrutineers (who need not be Shareholders).
- 20.4 On a ballot each Shareholder present in person or by proxy is to have one vote for each Share held.

21 PROXIES

- 21.1 A Shareholder may appoint a proxy in writing. A proxy need not be a Shareholder. The Board may from time to time prescribe a form to appoint a proxy by Standing Orders. A proxy may not appoint another proxy.
- 21.2 Votes may be cast in a ballot either personally or by proxy. The document appointing a proxy may instruct the proxy which way to vote on particular resolutions.
- 21.3 A proxy will only be valid if the document appointing a proxy (and any power of attorney or other authority (if any) under which it is signed) or a properly certified copy is deposited at the Registered Office at least 24 hours before the starting time for the General Meeting adjourned General Meeting or ballot at which the proxy proposes to vote.
- 21.4 No document appointing a proxy will be valid for more than 12 months.
- 21.5 A vote given or ballot demanded by proxy or by the duly authorised representative of an organisation which is a Shareholder is to be valid despite the revocation of the proxy or authorisation or the death or insanity of the principal unless written notice of the death, insanity or revocation is received at the Registered Office before the start of the General Meeting or adjourned General Meeting at which the proxy is used.

22 MINUTES OF GENERAL MEETING

- 22.1 The Secretary must keep minutes of all General Meetings.

23 SHAREHOLDERS' WRITTEN RESOLUTIONS

- 23.1 Subject to the Act, a written resolution signed by 75% (in the case of a special resolution) or a simple majority (in the case of an ordinary resolution) of the Shareholders entitled to attend and vote at a General Meeting (provided those Shareholders would be a quorum at a General Meeting) is as valid as if it had been passed at a General Meeting.
- 23.2 A resolution under Article 23.1 may consist of several documents in similar form each signed by one or more Shareholders.
- 23.3 A resolution under Article 23.1 may be signed for a corporate body which is a Shareholder by its authorised representative, a director or secretary, its solicitor or by an attorney.

24 NUMBER OF AND APPOINTMENT OF DIRECTORS

- 24.1 The Company shall have a minimum of 3 Directors and a maximum of 5 Directors.
- 24.2 No person may be appointed as a Director if he/she would immediately cease to be a Director under Article 25.
- 24.3 All of the Directors are to be appointed by the Parent (subject to Article 24.2) and the Parent may remove any or all of the Directors at any time.
- 24.4 Subject to Article 24.2, the Parent may appoint a person as a Director either in substitution for a Director it has removed or to fill a casual vacancy.
- 24.5 Subject to Article 24.2, the appointment or removal of a Director under the Articles is to take effect when the Parent gives written notice of the appointment or removal to:
- 24.5.1 the Registered Office;
 - 24.5.2 a Board Meeting; or
 - 24.5.3 the Secretary in person.
- 24.6 No Director may be appointed except as set out in the Articles.

25 RETIREMENT AND REMOVAL OF DIRECTORS

- 25.1 A Director will cease to hold office if he/she:
- 25.1.1 dies;
 - 25.1.2 resigns by written notice to the Secretary;
 - 25.1.3 is prohibited by law from being a director of a company;

- 25.1.4 is the subject of a written opinion from a registered medical practitioner who is treating him/her 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;
- 25.1.5 is declared bankrupt or makes any arrangement or composition with his/her creditors;
- 25.1.6 is convicted of any offence which is likely to bring the Company into disrepute and the Board resolves that he/she be removed;
- 25.1.7 is removed by a resolution of the Board on the ground that in their reasonable opinion the Director's continuing in office is detrimental to the interests of the Company (but only after notifying the Director in writing and considering the matter in the light of any written representations which the Director concerned puts forward within 14 clear days after receiving notice);
- 25.1.8 fails to attend four consecutive Board Meetings without leave of absence from the Board and the Board resolves that he/she should be removed;
- 25.1.9 fails to sign a statement of his/her obligations under Article 27.3 within one month of his/her appointment and the Board resolves that he/she should be removed;
- 25.1.10 is removed by the Parent under Article 24.3; or
- 25.1.11 is removed by ordinary resolution under section 168 of the Act.

26 DIRECTORS' REMUNERATION AND EXPENSES

- 26.1 Directors are to be paid such remuneration (if any) as the Company may decide by ordinary resolution. Unless the resolution states otherwise, it is deemed to accrue from day to day.
- 26.2 Directors are entitled to be paid all reasonable expenses properly incurred by them in attending Board Meetings and General Meetings and in carrying out their duties as Directors.

27 DIRECTORS' OBLIGATIONS

- 27.1 The Board may set out in writing the principal obligations of every Director to the Board and to the Company (a "statement of obligations"). The statement of obligations is not intended to be exhaustive and the Board may review and amend it from time to time.
- 27.2 The statement of obligations may include:
 - 27.2.1 a commitment to its values and objectives including equal opportunities;

- 27.2.2 an obligation to contribute to and share responsibility for the Board's decisions;
 - 27.2.3 an obligation to read Board papers and to attend meetings, training sessions and other relevant events;
 - 27.2.4 an obligation to declare relevant interests;
 - 27.2.5 an obligation (subject to any overriding legally binding requirement to the contrary) to keep confidential the affairs of the Board;
 - 27.2.6 an obligation to comply with fiduciary duties, including:
 - 27.2.6.1 to act in the best interests of the Company;
 - 27.2.6.2 to declare any interests a Director may have in accordance with Article 28 and not put himself/herself in a position where his/her personal interest or his/her duty owed to another conflicts with the duties owed to the Company;
 - 27.2.6.3 to secure the proper and effective use of the Company's property;
 - 27.2.6.4 to act personally;
 - 27.2.6.5 to act within the scope of any authority given;
 - 27.2.6.6 to use the proper degree of skill and care when making decisions, particularly when investing funds;
 - 27.2.6.7 to act in accordance with the Articles;
 - 27.2.7 such other obligations as the Board deems appropriate or necessary from time taking account of the law and best practice in this area.
- 27.3 If required to do so by the Board, a Director must confirm in writing to the Board that he/she will meet his obligations to the Board and to the Company as set out in the statement of obligations within one month of his/her appointment.

28 DIRECTORS' INTERESTS

- 28.1 A Director who has an interest in any contract, proposed contract arrangement or dealing with the Company must declare his/her interest under section 177 of the Act before the matter is discussed by the Board.
- 28.2 For the purposes of Article 28.1:
 - 28.2.1 a general notice to the Board that a Director has an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested is to be deemed to be a

disclosure that the Director has an interest in any such transaction of the nature and extent specified; and

- 28.2.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him/her to have knowledge is not be treated as an interest.
- 28.3 An interest of a person who is connected with a Director (as defined in the Act) is to be treated as an interest of the Director.
- 28.4 A Director who has a direct or indirect personal financial interest which is material in a matter being considered by the Board must leave the Board Meeting whilst the question is discussed or decided without taking part in the discussion or decision and may not count towards the quorum for that item.
- 28.5 A Director is not to be regarded for the purposes of this Article 28 as having an interest in any matter if his interest in that matter arises solely because he is a board member or officer of any Group Organisation.
- 28.6 The Company may by ordinary resolution suspend or relax any Articles prohibiting a Director from voting at a Board Meeting either generally or for a particular matter.
- 28.7 If a question arises at a Board Meeting as to the right of a Director to vote, the question may be referred to the Chair of the meeting and the Chair's ruling given at the meeting in relation to any Director other than him/herself is to be conclusive.
- 28.8 A decision of the Board will not be invalid because of the subsequent discovery of an interest which should have been declared.
- 28.9 Any Director may make such disclosure to any other Group Organisation as to the business and affairs of the Company as the Director in his/her absolute discretion determines.

29 POWERS AND FUNCTIONS OF THE BOARD

- 29.1 Subject to the Act and these Articles, the business of the Company is to be managed by the Board who may exercise all the powers of the Company.
- 29.2 Alterations of these Articles do not invalidate earlier acts of the Board which would have been valid without the alteration.
- 29.3 The Board must direct the Company's affairs in such a way as to promote the values and objectives of the Company. Its functions include:
- 29.3.1 defining and ensuring compliance with the values of the Company;
- 29.3.2 establishing policies and plans to achieve these objectives;
- 29.3.3 appraising each year's budget and accounts before publication;

- 29.3.4 establishing and overseeing a framework of delegation of its powers to committees and employees with proper systems of control;
- 29.3.5 monitoring the Company's budget in relation to its plans, budget controls and decisions;
- 29.3.6 appointing (and if necessary removing) employees;
- 29.3.7 satisfying itself that the Company's affairs are conducted in accordance with generally accepted standards of performance and propriety; and
- 29.3.8 ensuring that appropriate advice is taken on the items listed in this Article 29.3 and in particular on matters of legal compliance and financial viability.

30 BOARD MEETINGS

- 30.1 Subject to the Articles, the Board may regulate Board Meetings as it wishes.
- 30.2 Board Meetings are to be called:
 - 30.2.1 by the Secretary;
 - 30.2.2 by notice in writing to the Secretary from the Chair or any two other Directors which specifies the business to be transacted; or
 - 30.2.3 under Article 30.4.
- 30.3 The Secretary must call a Board Meeting for a time as soon as reasonably practicable from the receipt of a notice under Article 30.2.
- 30.4 If the Secretary fails to convene the Board Meeting within 14 days of the receipt of a notice under Article 30.2 it may be called by the Chair or the two Directors (as the case may be) who requested it.
- 30.5 The Secretary (or the Chair or two Directors calling the Board Meeting, as the case may be) must give 5 clear days' notice of Board Meetings to each of the Directors but it is not necessary to give notice of a Board Meeting to a Director who is out of the United Kingdom.
- 30.6 A Board Meeting which is called on shorter notice than required under Article 30.5 is deemed to have been duly called if this is agreed by 75% or more of the total number of Directors of the Company at the time of the Board Meeting.
- 30.7 Questions arising at a Board Meeting are to be decided by a majority of votes.
- 30.8 If there is an equality of votes the Chair is entitled to a casting vote.

- 30.9 A technical defect in the appointment of a Director or in the delegation of powers to a Committee of which the Board is unaware at the time does not invalidate decisions taken in good faith.

31 QUORUM FOR BOARD MEETINGS

- 31.1 The quorum for Board Meetings is two unless the number of Directors is one in which case the quorum for Board Meetings is one.
- 31.2 A Director may be part of the quorum of a Board Meeting if he/she can hear comment and vote on the proceedings through telephone, video conferencing or other communications equipment.
- 31.3 The Board may act despite vacancies in its number but if the number of Directors is less than the minimum the Board may act only to call a General Meeting.
- 31.4 At an inquorate Board Meeting or one which becomes inquorate for more than 20 minutes the Directors present may act only to adjourn it or to call a General Meeting.

32 MINUTES

- 32.1 The Board must arrange for minutes to be kept of all Board Meetings. The names of the Directors present should be included in the minutes.
- 32.2 Copies of the draft minutes of Board Meetings must be distributed to the Directors as soon as reasonably possible after the meeting.
- 32.3 Minutes must be approved as a correct record at the next Board Meeting (as regards minutes of Board Meetings). Once approved they must be signed by the person chairing the meeting at which they are approved.

33 OBSERVERS

- 33.1 The Board may allow individuals who are not Directors to attend Board Meetings as Observers on whatever terms they decide.
- 33.2 Observers may not vote, but may take part in discussions unless the Board decides otherwise.
- 33.3 The Board may exclude Observers from any part of a Board Meeting where the Board considers the business is private.

34 DELEGATION

- 34.1 The Board may:

- 34.1.1 establish Committees consisting of those persons the Board decide (including people who are not Directors);
 - 34.1.2 delegate to a Committee any of its powers;
 - 34.1.3 determine the quorum for Committee meetings; and
 - 34.1.4 revoke a delegation at any time.
- 34.2 The members of a Committee are to be appointed by the Board to hold office for whatever period the Board decides and may be removed or replaced by the Board at any time.
- 34.3 The Board may specify any financial limits within which a Committee must function and may authorise a Committee to operate any bank account. The Board may specify how that account must be operated.
- 34.4 The Board may also delegate to any Director, officer or employee of the Company or any person seconded to or providing services to the Company such of their powers as they consider desirable to be exercised by him/her.

35 DIRECTORS' WRITTEN RESOLUTIONS

- 35.1 A written resolution signed or approved by all the Directors entitled to receive notice of a Board Meeting (provided they would constitute a quorum at a Board Meeting) is as valid as if it had been passed at a Board Meeting.
- 35.2 A written resolution signed or approved by all members of a Committee (provided they would constitute a quorum of that Committee) is as valid as if it had been passed at a meeting of that Committee.
- 35.3 A resolution under Articles 35.1 or 35.2 may consist of several documents in similar form each signed or approved by one or more of the Directors or Committee members and will be treated as passed on the date of the last signature or the date of receipt of the last approval.

36 CHAIR

- 36.1 The Company shall have a Chair. The Chair is to be elected by the Board.
- 36.2 The Chair is to hold office for such period as the Board shall determine.
- 36.3 A Chair may resign from his/her position at any time (without necessarily resigning as a Director at the same time).
- 36.4 Where there is no Chair the first item of business of a Board Meeting must be to elect one.

- 36.5 The Chair may be removed only at a Board Meeting called for the purpose where the resolution to remove him/her is passed by 75% of the Directors who are present and voting. The Chair must be given an opportunity to say why he/she should not be removed.
- 36.6 The Chair is to chair all Board Meetings and General Meetings at which he/she is present unless he/she does not wish to do so.
- 36.7 If the Chair is not present within 10 minutes after the starting time of a Board Meeting another Director must chair that Board Meeting during the Chair's absence.
- 36.8 If the Chair is absent or does not wish to chair the Board Meeting then the Board must elect one of the Directors who is present to chair the Board Meeting during the Chair's absence.
- 36.9 The functions of the Chair are:-
- 36.9.1 to ensure that Board Meetings and General Meetings are conducted efficiently;
 - 36.9.2 to give Directors an opportunity to express their views;
 - 36.9.3 to ensure that the Board directs the Company's affairs in accordance with Article 29.3;
 - 36.9.4 to ensure that the Board monitors the use of delegated powers;
 - 36.9.5 to encourage the Board to take professional advice when it is needed;
 - 36.9.6 to act as a figurehead for the Company; and
 - 36.9.7 to ensure the Company's affairs are conducted properly.

37 THE SECRETARY

- 37.1 A Secretary may (but need not) be appointed by the Board for such a term and at such a salary (if any) as the Board decides.
- 37.2 A Secretary may be removed by the Board at any time.

38 INDEMNITIES FOR OFFICERS AND EMPLOYEES

- 38.1 No officer or employee is to be liable for losses suffered by the Company except those due to his/her own dishonesty or gross negligence.
- 38.2 Subject to the Act every Director, officer or employee is to be indemnified by the Company against any liability incurred in the discharge of his/her duties or in that capacity in defending any civil or criminal proceedings as long as:

- 38.2.1 judgement is given in his/her favour (or the proceedings are dealt with without a finding or admission of a material breach of duty by him/her);
- 38.2.2 he/she is acquitted; or
- 38.2.3 relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

39 DIVIDENDS

- 39.1 Subject to the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders. No dividend may exceed the amount recommended by the Board.
- 39.2 Subject to the Act, the Board may pay interim dividends if it appears to it that they are justified by the distributable profits of the Company. If the Share capital is divided into different classes, the Board may pay interim dividends on Shares with deferred or non-preferred dividend rights as well as on Shares which confer preferential dividend rights, but no interim dividend may be paid on Shares with deferred or non-preferred rights if any preferential dividend is in arrear at the time of payment. The Board may also pay any dividend payable at a fixed rate at such intervals as they decide if it appears to them that the distributable profits justify the payment. Provided the Board acts in good faith the Directors are not to be liable to preferred Shareholders for any loss suffered by the lawful payment of an interim dividend on any deferred or non-preferential Shares.
- 39.3 Except where the rights attaching to Shares provide otherwise, all dividends are to be paid according to the amount paid up on the Shares on which they are paid. Where the amount paid up changes over the period for which the dividend is payable, the dividend must be apportioned and paid proportionately to the amount paid up on the Shares during each part of the period for which the dividend is paid. If a Share is issued on terms that it is to rank for dividend as from a particular date that Share is to rank for dividend accordingly.
- 39.4 On the recommendation of the Board a General Meeting declaring a dividend may direct that it is to be satisfied wholly or partly by the distribution of assets. In administering the distribution the Board may:-
 - 39.4.1 issue fractional certificates;
 - 39.4.2 fix the value of any assets;
 - 39.4.3 adjust the rights of Shareholders by paying cash to any Shareholder based on the asset values so fixed;
 - 39.4.4 vest any assets in trustees; and/or
 - 39.4.5 settle any difficulty which arises over the distribution.

- 39.5 Any dividend or money payable on a Share may be paid by cheque posted to the registered address of the person entitled (or as he/she may direct in writing). If two or more persons hold the Share or are jointly entitled to it because of the death or bankruptcy of the holder it may be sent to the person first named in the register. Cheques are to be payable to the person entitled (or as he/she directs in writing). Payment of the cheque is to be a good discharge to the Company. Any joint holder or other person jointly entitled to a Share may give receipts for any dividend or other money payable on a Share.
- 39.6 No dividend or other money payable on a Share is to bear interest against the Company unless the rights attached to the Share provide otherwise.
- 39.7 Any dividend unclaimed twelve years after its payment date may be forfeited by a resolution of the Board.

40 CAPITALISATION OF PROFITS

- 40.1 The Board may, with the authority of an ordinary resolution of the Company:-
- 40.1.1 capitalise any profits of the Company not required for paying a preferential dividend (whether or not they are available for distribution) or any sum in the Company's share premium account or capital redemption reserve;
 - 40.1.2 subject to Article 40.2, appropriate the sum resolved to be capitalised to the Shareholders who would have been entitled to it if it were distributed by dividend (in the same proportions) and apply it in paying up any amounts unpaid on any part paid Shares they hold and/or in paying up in full and allotting to them (or as they direct) unissued Shares or debentures in the Company of a nominal amount equal to that sum;
 - 40.1.3 provide for Shares or debentures distributable in fractions by the issue of fractional certificates or by payment in cash; and/or
 - 40.1.4 authorise a person to enter into an agreement with the Company on behalf of all the Shareholders concerned, providing for the allotment to them of any Shares or debentures credited as fully paid to which they are entitled upon such capitalisation. Any agreement made under such authority is to bind all such Shareholders.
- 40.2 The Share premium account, the capital redemption reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid.

41 ACCOUNTS ANNUAL REPORT AND ANNUAL RETURN

- 41.1 The Company must comply with Part 15 of the Act in:-
- 41.1.1 preparing and filing an annual Directors report and annual accounts; and

41.1.2 making an annual return to the Registrar of Companies.

41.2 The accounting records of the Company must always be open to inspection by a Director.

42 BANK AND BUILDING SOCIETY ACCOUNTS

42.1 All bank and building society accounts must be operated by the Directors and must include the name of the Company.

42.2 Cheques and orders for the payment of money must be signed in accordance with the Board's instructions.

43 EXECUTION OF DOCUMENTS

43.1 If the Company has a seal it may only be used with the authority of the Board (which may be given generally for documents of a particular type).

43.2 Unless the Board decides otherwise, documents to which the seal is attached or which are executed as deeds must be signed by:

43.2.1 one Director in the presence of a witness who attests the signature of the Director; or

43.2.2 in any other manner the Board authorises.

44 NOTICES

44.1 Notices under the Articles must be in writing (except notices calling Board Meetings) or shall be given using Electronic Communications to an address for the time being notified for that purpose to the person giving the notice.

44.2 A Shareholder present in person at a General Meeting is deemed to have received notice of the General Meeting and (where necessary) of the purposes for which it was called.

44.3 The Company may give a notice to a Shareholder, Director or auditor either:

44.3.1 personally;

44.3.2 by sending it by post in a prepaid envelope;

44.3.3 by facsimile transmission;

44.3.4 by leaving it at his/her address; or

44.3.5 by Electronic Communication to an address notified for such purposes to the Company by the Shareholder.

- 44.4 Notices under Article 44.3 may be sent:
- 44.4.1 to an address in the United Kingdom which that person has given the Company;
 - 44.4.2 to the last known home or business address of the person to be served; or
 - 44.4.3 to that person's address in the Company's register of Shareholders.
- 44.5 Proof that an envelope containing a notice was properly addressed prepaid and posted is conclusive evidence that the notice was given 48 hours after it was posted.
- 44.6 Proof that a facsimile transmission was made is conclusive evidence that the notice was given at the time stated on the transmission report.
- 44.7 A notice may be served on the Company by delivering it or sending it to the Registered Office or by handing it to the Secretary.
- 44.8 The Board may make standing orders to define other acceptable methods of delivering notices by electronic mail or other means.
- 44.9 In these Articles "address" in relation to Electronic Communications includes any number or address for the purposes of such communications.

45 STANDING ORDERS

- 45.1 Subject to Article 45.4:
- 45.1.1 the Board may from time to time make Standing Orders for the proper conduct and management of the Company; and
 - 45.1.2 the Company in General Meeting may alter, add to or repeal the Standing Orders.
- 45.2 The Board must adopt such means as they think sufficient to bring the Standing Orders to the notice of the Shareholders.
- 45.3 Standing Orders are binding on all Shareholders and Directors.
- 45.4 No Standing Order may be inconsistent with or may affect or repeal anything in the Articles.