

# **Pension Fund Committee (Special)**

## **AGENDA**

**DATE:** Thursday 5 November 2015

**TIME:** 6.30 pm

**VENUE:** Committee Room 6,  
Harrow Civic Centre

### **MEMBERSHIP** (Quorum 3)

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**Chair:** Councillor Adam Swersky

**Councillors:**

Keith Ferry

Norman Stevenson  
Bharat Thakker (VC)

**(Non-voting Co-optee):**

Mr H Bluston

**Trade Union Observer(s):**

Mr J Royle - UNISON  
Ms P Belgrave - GMB

**Reserve Members:**

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1. Antonio Weiss
2. Nitin Parekh

1. Kanti Rabadia
2. Barry Macleod-Cullinane

**Contact:** Daksha Ghelani, Senior Democratic Services Officer  
Tel: 020 8424 1881 E-mail: [daksha.ghelani@harrow.gov.uk](mailto:daksha.ghelani@harrow.gov.uk)

## **AGENDA - PART I**

### **1. ATTENDANCE BY RESERVE MEMBERS**

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

### **2. DECLARATIONS OF INTEREST**

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Panel;
- (b) all other Members present.

### **3. DEPUTATIONS**

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

### **4. LONDON PENSIONS COLLECTIVE INVESTMENT VEHICLE (Pages 3 - 102)**

Report of the Director of Finance

## **AGENDA - PART II**

**Nil**

**REPORT FOR: Pension Fund Committee  
(Special)**

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**Date of Meeting:** 5 November 2015

**Subject:** London Pensions Collective Investment Vehicle

**Responsible Officer:** Dawn Calvert, Director of Finance

**Exempt:** No

**Wards affected:** All

**Enclosures:** Appendix I: Shareholders' Agreement  
Appendix II: Articles of Association  
Appendix III: Written Resolution for Articles of Association  
Appendix IV: Deed of Adherence  
Appendix V: Shares Application Letter

**Section 1 – Summary and Recommendations**

**Summary**

This report advises the Committee of the need to review the delegation arrangements in connection with the establishment of London LGPS CIV Limited and seeks agreement to various urgent actions.

**Recommendations**

The Committee are asked to agree:

1. That the S151 Officer arranges for the sealing of the Shareholders' Agreement with London LGPS CIV Limited.
2. That the S151 Officer signs the written resolutions approving the Articles of Association of London LGPS CIV Limited and the reclassification of shares as described in the resolution.

- |   |
|---|
| <ol style="list-style-type: none"><li>3. That the S151 Officer arranges for the sealing of the Deed of Adherence to allow London Borough of Havering to be admitted to London LGPS CIV Limited and in consultation with the Chair of the Committee to seal any subsequent such deeds.</li><li>4. The investment of £150,000 for the purchase of 150,000 B shares of £1 each in London LGPS CIV Limited.</li></ol> |
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## Section 2 – Report

1. At its meeting on 29 July 2014 the Committee agreed as follows:

***Resolved to RECOMMEND:*** (to Council)

*That the Council:*

- (1) becomes a shareholder in a private company limited by shares which will be incorporated to be the Authorised Contractual Scheme Operator (the “ACS Operator”) of the Collective Investment Vehicle;*
- (2) contribute £1 to the ACS Operator as initial capital;*
- (3) delegate to the Chairman of the Pension Fund Committee authority to act for the Council in exercising its rights as a shareholder of the ACS Operator and to authorise the Vice Chairman of the Pension Fund Committee to act in his absence and;*
- (4) agree to join the London Boroughs’ “Pensions CIV Joint Committee” to be formed under Section 102 of the Local Government Act 1972 and to delegate to such Joint Committee those functions necessary for the proper functioning of the ACS Operator, including the effective oversight of the ACS Operator and the appointment of Directors.*

2. At its meeting on 13 November 2014 Council agreed the recommendations.
3. On 25 March 2015 the Committee agreed to various payments in respect of establishment of London LGPS CIV Limited (the Company).
4. At its meeting on 25 November the Committee will receive a report providing them with a full update on the development of the Company but the Council has been advised that to comply with regulatory requirements various decisions need to be taken as a matter of urgency. This Special Meeting of the Committee has therefore been called to ensure that the Committee has the opportunity to take these decisions and to authorise an officer of the Council to implement them.
5. The decisions which the Committee are invited to take are discussed in paragraphs 6-9 below.

6. Shareholders' Agreement

Attached as Appendix I is the final draft of the Agreement to be entered into by each Shareholder and the Company. This is a contractual arrangement between the Shareholders and the Company governing their relationship and the management of the Company.

It is proposed that authorisation to sign the Shareholders' Agreement and to seal any subsequent deeds of agreement be delegated to the Council's S151 officer in consultation with the Chair of the Committee.

7. Articles of Association of London LGPS CIV Ltd

Attached as Appendix II is the final draft of the Articles of Association of the Company to be adopted by the Shareholders by way of written resolution. The Articles will be the constitutional governing document of the Company and will underpin the matters set out in the Shareholders' Agreement.

The written resolution is attached as Appendix III

It is proposed that the authorisation to sign the Articles of Association be delegated to the Council's S151 officer in consultation with the Chair of the Committee.

8. Deed of Adherence between Existing Shareholders and London Borough of Havering

The London Borough of Havering has recently applied to become a Shareholder in the Company. It is for existing Shareholders to agree to this through a Deed of Adherence (Appendix IV) executed as a deed with seal affixed.

It is proposed that authorisation to seal the Deed of Adherence be delegated to the Council's S151 officer in consultation with the Chair of the Committee.

9. Purchase of 150,000 B Shares

At various meetings over the last year the Committee has agreed an initial investment of £75,000 towards the cost of establishing the Company. In order that the Company can obtain regulatory approval from the Financial Conduct Authority (FCA) there is a requirement for it to have available substantial regulatory share capital. The amount considered necessary was estimated at £150,000 per borough.

Whilst FCA authorisation was received on 15 October in order to play its full part in the development of the Company, it would be appropriate for the Council to make the investment requested on the basis of the draft letter attached as Appendix V.

Unlike the sum of £75,000 contributed for set-up costs this sum would be held for regulatory purposes and would be recognised as such in the Pension Fund Accounts.

## Financial Implications

10. Most of the financial implications of the Company arrangements have been considered in earlier reports and the only additional one arising from this report is the purchase of 150,000 shares in the Company at the cost of £150,000. This expenditure will be met from the Pension Fund.

## Risk Management Implications

11. The risk management implications of the CIV arrangements have been considered in earlier reports and the only additional one arising from this report relates to the investment of £150,000 in the Company. This investment will be considered alongside all other investments in the regular monitoring activity carried out by the Committee.

## Equalities implications

12. There are no direct equalities implications arising from this report.

## Legal Implications

13. Under s101 Local Government Act 1972, the Council can only delegate a function to another local authority, a Committee or to an officer the Council. At present, the delegations of the s151 Officer do not cover her ability to implement the proposals made by the Pensions CIV Joint Committee.

## Council Priorities

14. The impact on the Council's priorities of the CIV arrangements have been considered in earlier reports and none arise from this report.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 27 October 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 27 October 2015		

**Ward Councillors notified:**

**Not applicable**

## **Section 4 - Contact Details**

**Contact:** Ian Talbot, Treasury and Pension Fund Manager

**Tel:** 020 8424 1450

**Background Papers:** None.

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Dated

2015

- (1) LONDON LGPS CIV LIMITED
- (2) THOSE ENTITIES SPECIFIED IN SCHEDULE 1

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Shareholders Agreement

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**BETWEEN**

- (1) LONDON LGPS CIV (registered number 09136445) whose registered office is at Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES ("**the Company**"); and
- (2) EACH OF THOSE ENTITIES LISTED IN SCHEDULE 1 ("**the Shareholders**").

**BACKGROUND**

- (A) The Company was incorporated in England and Wales as a private limited company on 17 July 2014 with registered number 09136445 under the Companies Act 2006.
- (B) The Shareholders are shareholders in the Company and have agreed to enter into this Agreement for the purpose of recording the terms and conditions of their joint venture and of regulating their relationship with each other and certain aspects of the affairs of and their dealings with the Company.
- (C) The Company has agreed with the Shareholders that it will comply with the terms and conditions of this Agreement insofar as they relate to the Company and insofar as it lawfully can do so.

**OPERATIVE CLAUSES**

1. **INTERPRETATION**

In this Agreement unless inconsistent with the context:

1.1 the following expressions have the following meanings:

- "Administering Authority"** an administering authority as defined in the Local Government Pension Scheme Regulations 2013
- "A List Reserved Matters"** those matters listed in Part A of **Schedule 2**
- "A Shares"** the A ordinary shares of £1.00 each in the capital of the Company having the rights set out in the Articles
- "ACS"** an Authorised Contractual Scheme which is a collective investment scheme authorised and regulated by the Financial Conduct Authority

<b>"ACS Funds"</b>	sub-funds of the ACS
<b>"Annual Budget"</b>	a budget in a form to be prepared and adopted pursuant to <b>clauses 6.2 and 6.3</b> in respect of the Company for each year, such budget for the first year being contained at <b>Schedule 3</b>
<b>"Articles"</b>	the new Articles of Association in the Agreed Form adopted or to be adopted by the Company on or around the date of this Agreement and references to an Article shall mean a specific Article in the Articles as amended from time to time
<b>"Authority"</b>	any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction and whether supranational, national, regional or local
<b>"B Shares"</b>	the non-voting redeemable B shares of £1.00 each in the capital of the Company having the rights set out in the Articles
<b>"B List Reserved Matters"</b>	those matters listed in Part B of <b>Schedule 2</b>
<b>"Board"</b>	the Directors, or such of those Directors present at a duly convened meeting of the Directors at which a quorum is present in accordance with the Articles
<b>"Business"</b>	the business as described in <b>clause 2</b> and/or such other business as may from time to time be carried on by the Company in accordance with this Agreement
<b>"Business Day"</b>	any day (other than a Saturday or Sunday or a bank or public holiday in England)
<b>"Chief Executive Officer"</b>	the chief executive officer of the Company from time to time as appointed by the Board in accordance with <b>clause 5.1</b>
<b>"Companies Act 2006"</b>	the Companies Act 2006 (as amended from

	time to time)
<b>“Confidential Information”</b>	has the meaning given to that expression in <b>clause 11.1</b>
<b>“Default”</b>	has the meaning given to that word in <b>clause 9.1</b>
<b>“Default Notice”</b>	has the meaning given to that expression in <b>clause 9.3</b>
<b>“Defaulting Shareholder”</b>	has the meaning given to that expression in <b>clause 9.3</b>
<b>“Director”</b>	any duly appointed director of the Company (including the Executive Directors and the Non-Executive Directors) for the time being or a duly appointed alternate of any director of the Company
<b>“Directors’ Chairman”</b>	the chairman of the Board from time to time as appointed by the Directors in accordance with the Articles
<b>“electronic form”</b>	has the meaning given in section 1168 of the Companies Act 2006 but does not, for the avoidance of doubt, include communication via a website
<b>“Encumbrance”</b>	includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property
<b>“Executive Directors”</b>	the Directors who exercise day to day control over the affairs of the Company in accordance with <b>clause 4.4</b> , appointed in accordance with this Agreement and the Articles from time to time
<b>“Financial Year”</b>	any accounting reference period of the

	Company, of whatever duration
<b>"hard copy form"</b>	has the meaning given in section 1168 of the Companies Act 2006
<b>"LGPS"</b>	the Local Government Pension Scheme established and governed by the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
<b>"material breach"</b>	has the meaning given to that expression in <b>clause 9.2</b>
<b>"Non-Executive Directors"</b>	the Directors other than the Executive Director, appointed in accordance with this Agreement and the Articles from time to time
<b>"PCSJC"</b>	Pensions CIV Sectoral Joint Committee
<b>"recognised investment exchange"</b>	has the meaning given to the expression by section 285(1) Financial Services and Markets Act 2000
<b>"Regulatory Capital Requirements"</b>	the requirements under Article 9 of the Alternative Investment Fund Managers Directive 20011/61/EU as amplified or implemented by EU Regulation 231/2013 and any relevant other European Union or United Kingdom instrument
<b>"Regulatory Capital Statement"</b>	the statement issued by the Company to determine whether the Company satisfies Regulatory Capital Requirements
<b>"Shares"</b>	A Shares and B Shares and any other shares in the capital of the Company from time to time
<b>"Shareholders"</b>	those entities listed in <b>Schedule 1</b> and any other holder of Shares from time to time
<b>"Shareholders' Chairman"</b>	has the meaning given to it in <b>clause 4.5</b>
<b>"the Statutes"</b>	the Companies Acts as defined in section 2 of the Companies Act 2006 and every other statute, order, regulation, instrument or other

subordinate legislation for the time being in force relating to companies and affecting the Company

**“Subsidiary”**

has the meaning given to it by section 1159 of the Companies Act 2006

**“in writing”**

hard copy form or, to the extent agreed (or deemed to be agreed by virtue of a provision of the Statutes) electronic form (but not to include by means of a website)

- 1.2 references to any statute or statutory provision include a reference to that statute or statutory provision as modified, re-enacted or consolidated and in force from time to time, whether before or after the date of this Agreement and any subordinate legislation made pursuant to it whether before or after the date of this Agreement;
- 1.3 references to persons will be construed so as to include statutory bodies (including local authorities), bodies corporate, unincorporated associations and partnerships;
- 1.4 references to clauses and the Schedules are to clauses of and the Schedules to this Agreement, and references to paragraphs are to paragraphs in the Schedules in which such references appear and references to this Agreement include the Schedules and any documents in the Agreed Form;
- 1.5 any phrase introduced by the term “include”, “including”, “in particular” or any similar expression will be construed as illustrating and will not limit the sense of the words preceding that term;
- 1.6 the word “connected” has the meaning given to it (in relation to both a director and shareholder) by section 252 of the Companies Act 2006;
- 1.7 the word “address” where it appears in this Agreement includes postal address and electronic address;
- 1.8 the headings to the clauses of this Agreement and to the paragraphs of the Schedules will not affect its construction.



## 2. **BUSINESS OF THE COMPANY**

- 2.1 The business of the Company shall (unless and until otherwise determined in accordance with this Agreement) be confined to acting as the FCA authorised operator of an ACS to provide a collaborative platform through which the Administering Authorities of the LGPS funds can aggregate their pension monies and other investments. The Company will be branded as "London CIV".

## 3. **FINANCE & REGULATORY CAPITAL**

- 3.1 Each Shareholder shall pay an annual service charge to the Company in the amount specified in the Annual Budget in relation to services utilised by the Company as specified in the Annual Budget.

- 3.2 Each Shareholder shall be required to make a contribution to the Company's Regulatory Capital Requirements by way of a subscription for B Shares:

3.2.1 in accordance with the Regulatory Capital Statement which will be issued annually by the Company and approved in writing by a majority (in number) of the Shareholders;

3.2.2 at such other times as the Directors determine that additional regulatory capital is required by the Company and notify each of the Shareholders in writing accordingly (including, without limitation, at such times as the Shareholders approve (in accordance with Schedule 2) a new investor into the LGPS) (such notice being an "**Additional Regulatory Capital Statement**"); and

3.2.3 at such times as any Shareholder (an "**Exiting Shareholder**") ceases to hold any A Shares (at which time any B Shares held by that Shareholder shall be redeemed by the Company in accordance with and subject to the Articles and the Statutes). In this regard, upon a Shareholder giving notice to the Company pursuant to the Articles that it wishes to withdraw as a Shareholder, the Directors shall issue a notice in writing to each remaining Shareholder not less than six months prior to the Withdrawal Date (as defined in the Articles) in respect of the Exiting Shareholder, notifying the remaining Shareholders that the Exiting Shareholder intends to withdraw as a Shareholder and confirming the amount of replacement regulatory capital (if any) and/or such other amount as may be required to be contributed by the remaining Shareholders upon the redemption of the B Shares held by the Exiting Shareholder in order to enable the Company to effect such redemption (such other amount being also deemed to be regulatory capital for the purpose of this clause 3) (such notice being a "**Replacement Regulatory Capital Statement**").

- 3.3 Each Shareholder shall be liable to make an equal contribution (such equal amount payable by each Shareholder being that Shareholder's "**Relevant Share**" of such capital requirement) in respect of any Regulatory Capital Requirement which is specified in a Regulatory Capital Statement, Additional Regulatory Capital Statement or Replacement Regulatory Capital Statement (as the case may be) (each such statement being a "**Statement**" for the purposes of this **clause 3**), which contribution shall be satisfied by way of a subscription by such Shareholder for such number of B Shares, at par value, as is equal to that Shareholder's Relevant Share. Each Statement shall specify the date (the "**Payment Date**") by which the subscription monies must be paid to the Company by the Shareholders.
- 3.4 Following receipt of a Statement, each Shareholder shall advance to the Company its Relevant Share of the Regulatory Capital Requirement specified therein, on or before the specified Payment Date. Upon receipt of payment, the Company shall issue the requisite number of B Shares to each such Shareholder.
- 3.5 If any of the Shareholders (for this purpose, a "**Failing Shareholder**") fails to pay its Relevant Share of any Regulatory Capital Requirement on or before the relevant Payment Date (and without prejudice to any right to bring proceedings against the Failing Shareholder in relation to such failure) then, without prejudice to **clause 9**:
- 3.5.1 the Company shall notify the other Shareholders (each, a "**Non-Failing Shareholder**") in writing as soon as practicable and the Non-Failing Shareholders shall be bound to advance the Failing Shareholder's Relevant Share, in equal shares, by way of subscriptions for further B Shares in accordance with this **clause 3**, within seven days of receipt of such notice from the Company. If the Failing Shareholder thereafter contributes its Relevant Share of the Regulatory Capital Requirement (its "**Repayment Amount**") the Company shall (if the other Shareholders (or any of them) have previously satisfied the Failing Shareholder's contribution pursuant to this **clause 3.5.1**) promptly redeem the Non-Failing Shareholders' B Shares subscribed for pursuant to this **clause 3.5.1** in accordance with Article 27 of the Articles (and for this purpose each Shareholder shall be deemed to have given its prior written consent to such redemption by virtue of entering into this Agreement);
- 3.5.2 any Failing Shareholder's voting rights in relation to its A Shares shall be immediately suspended (except in relation to resolutions to amend the Articles or any rights attaching to the class of Shares held by the Failing Shareholder), and the vote of the Failing Shareholder shall not be required in relation to the approval of any A List Reserved Matter or B List Reserved Matter, until such time as the Failing Shareholder has

subscribed for its B Shares in the Company and paid its Relevant Share of the Regulatory Capital Requirement, at which time the restrictions set out in this **clause 3.5.2** shall cease to apply; and

- 3.5.3 all dividends and distributions to which the Failing Shareholder would otherwise have been entitled under this Agreement or the Articles (up to a maximum aggregate amount equal to the Repayment Amount) shall be applied in redeeming the B Shares subscribed for by the Non-Failing Shareholders pursuant to **clause 3.5.1** (pro rata to their contribution to the Repayment Amount).
- 3.6 If the Company requires additional funds or financial support from the Shareholders other than as explicitly provided for in this **clause 3**, no Shareholder shall seek to agree terms with the Company in relation to such matter which differ from those on which any other Shareholder is providing equivalent finance or support.
- 3.7 The Shareholders agree that, subject to **clauses 3.8** and **3.9**, the aggregate amount of any actual liability incurred by any or all of them pursuant to any joint and several guarantee or indemnity given by any or all of them to any third party in respect of any liabilities or obligations of the Company, or pursuant to any sole or several guarantee or indemnity given in respect of such obligations or liabilities by any of them with the consent in writing of the others, shall be borne by them in equal proportions and each shall indemnify and keep indemnified the others accordingly. Subject to **clause 3.8**, no Shareholder shall be obliged to provide any guarantee in respect of any liabilities or obligations of the Company unless all the Shareholders have given their unanimous approval to the Shareholders providing such guarantees on the terms of this **clause 3.7**. For the avoidance of doubt, this **clause 3.7** shall not apply to any obligations related to the Company's Regulatory Capital Requirements.
- 3.8 If any liability incurred as aforesaid is solely attributable to the act or default of one Shareholder then, notwithstanding **clause 3.7**, the whole of such liability shall be borne by such Shareholder who shall indemnify and keep indemnified the other Shareholders accordingly.
- 3.9 Where any Shareholders combine and sell any Shares back to the Company pursuant to **clause 8.3**, any such newly combined entity shall assume any and all of the aggregate liabilities of its original component separate entities in relation to this Agreement.
- 3.10 Save as set out in **clauses 3.1 to 3.5** there shall be no obligation upon the Shareholders to subscribe for Shares in the Company or to provide, or procure to be provided, to the Company loans or loan facilities.

- 3.11 The Shareholders agree that the Company, acting by the Directors, shall have the power to seek funding by way of borrowings on behalf of the Company from any third party commercial lender, provided that the Directors seek to obtain any such funding on the most favourable terms reasonably available as to interest, repayment and security and without allowing any prospective lender a right to participate in the equity share capital of the Company as a condition of any such loan or to take any Encumbrance over any of the Shares.

#### 4. **CONDUCT OF THE COMPANY'S AFFAIRS**

- 4.1 Each Shareholder covenants with the others that so long as this Agreement remains in full force and effect it will:

- 4.1.1 be just and true to, and act in good faith towards, the others;
- 4.1.2 promptly notify the others of any matters of which it becomes aware which may affect the Company or the Business;
- 4.1.3 generally do all things necessary to give effect to the terms of this Agreement;
- 4.1.4 use all reasonable endeavours to promote and develop the business of the Company and any Subsidiaries to the best advantage in accordance with good business practice and the highest ethical standards;
- 4.1.5 appoint a representative to act on behalf of that Shareholder at general meetings, which representative shall be the same person as that Shareholder has appointed to represent it within the PCSJC;
- 4.1.6 take all steps available to it to ensure that any general meeting has the necessary quorum throughout;
- 4.1.7 exercise all voting and other rights and powers of control as are from time to time respectively available to it under this Agreement and the Articles and otherwise in relation to the Company and its beneficial holdings in it and will execute and deliver such waivers and shall take or refrain from taking all other appropriate action within its power so as to procure that the provisions of this Agreement binding on it are duly observed and complied with and given full force and effect and all actions required by it are carried out promptly;
- 4.1.8 if it shall not be possible to secure the operation of this Agreement as set out in **clauses 4.1.6** and **4.1.7** by reason of any contrary provision of the Articles, exercise all voting and other rights and powers respectively available to it to procure the alteration of the

Articles to the extent necessary to permit the affairs of the Company to be so operated;

- 4.1.9 subject to the preceding provisions of this **clause 4.1**, observe the provisions of the Articles.
- 4.2 The undertakings of each Shareholder under this **clause 4** shall in each case be several so that each Shareholder shall only be liable for its own actions or failures to act in accordance with them, and none of them shall be liable for a failure to procure anything required by this **clause 4** where such failure is attributable to any action or failure to act by another Shareholder, but without prejudice to the liability of such other Shareholder.
- 4.3 Notwithstanding any other provision of this Agreement, should any Shareholder or any other person connected with it be in dispute with or have a conflict of interest with the Company or any of its Subsidiaries, such Shareholder shall not do or omit to do anything which would or would be likely to prevent the Company or any of its Subsidiaries from exercising or from deciding whether or not to exercise such rights as it may have against the Shareholder in dispute with it, or in respect of the matter in relation to which the conflict of interest arises. This **clause 4.3** is without prejudice to the provisions of **clause 17**.
- 4.4 The management of the Company shall be vested in the Board provided that the day to day management of the Company will be the responsibility of the Executive Directors. Without prejudice to the generality of the foregoing and subject to the express provisions of this Agreement, the Board will determine the general policy of the Company and the manner in which that is to be carried out and will reserve to itself all matters involving major or unusual decisions and will procure that the Company and its Subsidiaries will:
- 4.4.1 transact the Business on arm's length terms;
- 4.4.2 maintain, with a well-established and reputable insurer, adequate insurance against all risks usually insured against by companies carrying on the same or a similar business and (without prejudice to the generality of the foregoing) for the full replacement or reinstatement value of all its assets of an insurable nature; and
- 4.4.3 comply with the provisions of **clause 5**.
- 4.5 The chairman of the PCSJC from time to time shall chair general meetings of the Company unless the Shareholders otherwise appoint another person to act as the chair of any particular General Meeting of the Company by a majority decision at the beginning of that General Meeting of the Company or otherwise appoint another person generally to chair such General Meetings (and the chairman of the PCSJC or such other person appointed pursuant to this **clause**

**4.5** shall be known as the "**Shareholders' Chairman**"). The Shareholders' Chairman may be removed and replaced by the Shareholders at any time by ordinary resolution. If the Shareholders' Chairman for the time being is unable to attend any General Meeting of the Company, another person shall be selected by the Shareholders to chair such General Meeting in accordance with the Articles.

4.6 The Company and the Shareholders agree to procure that an AGM is held once each year with a view to approving the Annual Budget and any other resolutions to be proposed.

4.7 The Company shall not carry out any of the:

4.7.1 A List Reserved Matters, without the prior approval in writing (including in electronic form) of all Shareholders; or

4.7.2 B List Reserved Matters, without the prior approval in writing (including in electronic form) of a majority in number of the Shareholders.

## 5. **DIRECTORS AND BOARD MEETINGS**

5.1 The parties agree that the Directors shall be appointed by the Board in accordance with the Articles. At all times the Directors shall comprise at least five (5) Directors. The intention of the Shareholders is that, as far as possible, the Directors shall comprise (3) Executive Directors and at least three (3) Non-Executive Directors. One of the Executive Directors shall be appointed by the Board as the Chief Executive Officer. One of the Non-Executive Directors shall be appointed by the Board as the Directors' Chairman pursuant to the Articles. The Company, acting through the Directors, shall notify the Shareholders in writing upon the appointment of each Director. The Board will at all times ensure there is a company secretary. The first company secretary shall be Eversecretary Limited. Should any Director, the Chief Executive Officer, the Chairman or the company secretary resign or be removed from their position, the Company shall procure that the Board will replace such officer as soon as reasonably practicable.

5.2 Prior to the appointment of any person as a Director, the Company will procure that such person, if appointed as an Executive Director, enters into a service agreement with the Company, or if appointed as a Non-Executive Director, enters into a letter of appointment with the Company.

5.3 Unless otherwise agreed, the Company shall procure that Board meetings shall be convened and held at least four times a year on a quarterly basis and each such meeting shall be convened by a notice sent to all Directors (or their alternates) entitled to receive notice of such in accordance with the Articles and

every such notice shall be accompanied by a written agenda specifying the matters to be raised at the meeting together with copies of all papers to be laid before the meeting.

- 5.4 It is intended that a remuneration committee will be appointed in due course to determine the remuneration of the directors.

## 6. **ACCOUNTING MATTERS, BUSINESS PLANS AND DIVIDEND POLICY**

- 6.1 The Shareholders and the Company shall procure that:

6.1.1 the Company shall maintain accurate and complete accounting and other financial records in accordance with the requirements of all applicable laws and generally accepted accounting practices applicable in the United Kingdom;

6.1.2 the accounting reference period of the Company shall be consecutive periods of twelve months commencing on 1 April and it shall prepare its audited accounts accordingly, such audited annual accounts to be provided to the Shareholders within 120 calendar days of the end of the accounting reference period concerned and in accordance with The Local Audit and Accountability Regulations 2015 and the Accounts and Audit Regulations 2015 and related guidance; and

6.1.3 the Company shall prepare quarterly management accounts in relation to the Company containing such information as each party shall reasonably require and which shall be despatched by the Company to each of the Directors within 30 calendar days of the end of the quarter concerned.

- 6.2 The Company shall prepare an Annual Budget for the Company for each Financial Year in accordance with **clause 6.3**.

- 6.3 Each Annual Budget shall include the following:

6.3.1 an estimate of the working capital requirements of the Company incorporated within a cashflow forecast;

6.3.2 a projected profit and loss account;

6.3.3 an operating budget (including estimated capital expenditure requirements) and balance sheet forecast;

6.3.4 a review of projected business;

6.3.5 a summary of business objectives; and

- 6.3.6 a financial report which includes an analysis of the results of the Company for the previous Financial Year compared with the business plan for that Financial Year, identifying variations in sales, revenues, costs and other material items.
- 6.4 The Annual Budget for the first two Financial Years, ending on 31 March 2016 and 31 March 2017 respectively, are set out at **Schedule 3**. Annual Budgets for subsequent Financial Years shall be submitted for approval by (i) the Board not later than 90 days before the commencement of the Financial Year to which they relate; and (ii) the Shareholders not later than 60 days before the commencement of the Financial Year to which they relate. If the Board or a majority of the Shareholders fail to approve the Annual Budget in respect of any future Financial Year commencing after 31 March 2017, the Annual Budget in respect of the immediately preceding Financial Year shall apply, increased by the Consumer Price Index as published by the United Kingdom Office for National Statistics in September of the previous Financial Year (the "**CPI**"). In the event that the CPI is negative there shall be no increase and the Annual Budget will remain the same as for the previous Financial Year.
- 6.5 Subject to circumstances prevailing at the relevant time including, in particular, the forecast working capital requirements of the Company and any of its Subsidiaries, the Company may use any of its profits available for distribution (save for any such profits which are attributable to any interest or income received by the Company in respect of any investments held by the ACS Funds) in reducing the Annual Budget in future years or may distribute such profits to the Shareholders by way of dividend in accordance with the Articles.
- 6.6 In deciding whether in respect of any Financial Year the Company and its Subsidiaries had consolidated profits available for distribution the Board may procure that the auditors from time to time of the Company certify whether such profits are available or not and the amount thereof (if any). In giving such certificate the auditors shall act as experts and not arbitrators and their determination shall be final and binding on the parties.



7. **VAT**

Unless otherwise expressly stated in this Agreement, all sums required to be paid or other consideration to be provided under or in connection with this Agreement for taxable supplies of goods or services are to be treated as exclusive of the VAT chargeable on the payment or other consideration and, subject to receipt of a valid VAT invoice, VAT will be payable in addition to the relevant payment or consideration at the applicable rate.

8. **TRANSFER OF SHARES**

- 8.1 No Shareholder may transfer any Shares other than pursuant to a purchase by the Company of such Shares in accordance with the Articles, this Agreement and the Companies Act 2006, as appropriate.
- 8.2 Save as contemplated in this Agreement, each of the Shareholders undertakes that it will not create or permit to exist any Encumbrance over or in respect of all or any part of its Shares nor assign or otherwise purport to deal with its beneficial ownership in, or any right relating to, its Shares separate from the legal ownership of such Shares.
- 8.3 In the event that two or more Shareholders combine, such combined entity may only hold one (1) A Share following such combination and any other A Shares held by such combined entity or its separate, component predecessor Shareholders shall be purchased by the Company at par value, subject to and in accordance with the Companies Act 2006, and such combined entity shall cooperate with the Company to effect such purchase.
- 8.4 In the event of a Shareholder ceasing to be a Shareholder (an "**Exiting Shareholder**"), the Exiting Shareholder shall pay to the Company, in addition to any monies owing by the Exiting Shareholder to the Company as at the date on which it ceases to be a Shareholder, such sum as represents the contribution to the capitalised value of that proportion of the continuing and outstanding liabilities of the Company which extend beyond such date and which is properly attributable to the Exiting Shareholder's membership of the Company.
- 8.5 In the event that the Company is incapable of implementing a purchase of its own Shares as anticipated by **clauses 8.3 or 9.3**, any Shareholder that would otherwise be required to sell its Share(s) back to the Company agrees that it shall not exercise any rights to vote, accept any dividend nor exercise any other rights attached to such Share(s) until such time as the Company is able to and does implement the proposed purchase of the relevant Share(s).

## 9. CONSEQUENCES OF BREACH

9.1 A Shareholder shall be deemed to have committed an act of default (in this **clause 9** called a "**Default**") if:

9.1.1 it commits a material breach of its obligations under this Agreement which cannot effectively be remedied or which the Shareholder fails effectively to remedy within 15 Business Days of receipt of a notice in writing from a majority of the Shareholders or the Company specifying the breach and requiring remedy;

9.1.2 it fails to participate in two consecutive duly convened general meetings (without good reason); or

9.1.3 any of the events contained in **Article 35** (*Deemed transfers to the Company*) occur in respect of such Shareholder.

9.2 For the purposes of **clause 9.1** the expression "**material breach**" means a breach of any of the terms of this Agreement which is serious in the widest sense of having a serious effect on the benefit which any other Shareholder would otherwise derive from this Agreement. In deciding whether any breach is material no referral shall be had to whether it occurs by some accident, mishap, mistake or misunderstanding.

9.3 if a Shareholder (in this **clause 9** called a "**Defaulting Shareholder**") is deemed to have committed a Default, a majority of the Shareholders or the Company may at any time within 30 Business Days of becoming aware of the Default serve notice in writing (a "**Default Notice**") on the Defaulting Shareholder in which event the Defaulting Shareholder shall be required to sell its A Share back to the Company at par value. In the event of any failure by the Defaulting Shareholder to co-operate with the Company to effect such purchase, the Defaulting Shareholder hereby irrevocably and unconditionally appoints the Company as its attorney for the purposes of executing such documents as are necessary to effect such purchase.

## 10. TERMINATION

10.1 This Agreement shall terminate when:

10.1.1 all the Shareholders agree in writing to its termination;

10.1.2 the Company passes a resolution for its winding up, is subject to an order or notice issued by a court or other authority of competent jurisdiction for its winding up or striking off or has an administrator appointed in respect of it;

- 10.1.3 the ACS is wound up or the Company loses its status as an FCA authorised operator of collective investment schemes; or
  - 10.1.4 such number of Shareholders decide to withdraw from the Company that a majority of the remaining Shareholders (after any such withdrawals) inform the Company in writing (including in electronic form) that they are no longer able or willing to maintain the Company's Regulatory Capital Requirements.
- 10.2 The following provisions of this Agreement remain in full force after termination:
- 10.2.1 **Clause 1** (interpretation);
  - 10.2.2 this **clause 10**;
  - 10.2.3 **Clause 11** (confidentiality);
  - 10.2.4 **Clause 14** (waiver);
  - 10.2.5 **Clause 15** (variation);
  - 10.2.6 **Clause 18** (notices);
  - 10.2.7 **Clause 20** (costs);
  - 10.2.8 **Clause 21** (severability);
  - 10.2.9 **Clause 23** (entire agreement);
  - 10.2.10 **Clause 28** (governing law and jurisdiction).
- 10.3 Termination of this Agreement shall not affect any rights or liabilities that the Shareholders have accrued under it.
- 10.4 In the event that the ACS has been wound up in accordance with the FCA Rules, and there is no intention by the Shareholders to replace the ACS, the Shareholders shall commence a winding up of the Company.
- 10.5 Where the Company is to be wound up and its assets distributed pursuant to **clause 10.1.2**, the Shareholders shall agree a suitable basis for dealing with the interests and assets of the Company and shall endeavour to ensure that:
- 10.5.1 all existing contracts of the Company are performed to the extent that there are sufficient resources;
  - 10.5.2 the Company shall not enter into any new contractual obligations;
  - 10.5.3 the Company is dissolved and its assets are distributed as soon as practicable (and any assets available for distribution to Shareholders

shall be distributed to them in accordance with the proportion of Shares held by them); and

10.5.4 any proprietary information or intellectual property rights belonging to or originating from a Shareholder shall be returned to it by the Company as relevant.

10.6 If at any time a Shareholder ceases to hold Shares as a result of a transfer of Shares made in accordance with this Agreement or the Articles, this Agreement (save for **those clauses specified in clause 10.2**) shall terminate with respect to that Shareholder.

## 11. **CONFIDENTIALITY AND ANNOUNCEMENTS**

11.1 In this clause the expression "**Confidential Information**" means any information:

11.1.1 which any of the Shareholders may have or acquire (whether before or after the date of this Agreement) in relation to the business, assets or affairs of the Company;

11.1.2 which any Shareholder may have or acquire (whether before or after the date of this Agreement) in relation to the business, assets or affairs of another party as a consequence of the negotiations relating to this Agreement or the performance of this Agreement; or

11.1.3 which relates to the contents of this Agreement (or any agreement or arrangement entered into pursuant to this Agreement),

but excludes the information in **clause 11.2**.

11.2 Information is not Confidential Information if:

11.2.1 it is or becomes public knowledge other than as a direct or indirect result of the information being disclosed in breach of this Agreement; or

11.2.2 any Shareholder can establish to the reasonable satisfaction of the other Shareholders that it found out the information from a source not connected with the other Shareholders and that the source was not under any obligation of confidence in respect of the information; or

11.2.3 any Shareholder can establish to the reasonable satisfaction of the other Shareholders that the information was known to it before the date of this Agreement and that it was not under any obligation of confidence in respect of the information; or

- 11.2.4 the Shareholders agree in writing that it is not confidential.
- 11.3 Each Shareholder shall at all times use all reasonable endeavours to keep confidential any Confidential Information and shall not use or disclose any such confidential information except:
- 11.3.1 to a Shareholder's professional advisers where such disclosure is for a proper purpose related to the operation of this Agreement; or
- 11.3.2 with the consent in writing of such of the Company, any Subsidiaries, or the Shareholders to which the information relates; or
- 11.3.3 as may be required by law or by the rules of any recognised investment exchange or Authority, when the Shareholder concerned shall, if practicable, supply a copy of the required disclosure to the other Shareholders, in sufficient time before it is disclosed to enable the other Shareholders to consider and suggest amendments to it, and incorporate any amendments reasonably required by the others; or
- 11.3.4 to any tax authority to the extent reasonably required for the purposes of the tax affairs of the Shareholder concerned; or
- 11.3.5 if the information comes within the public domain (otherwise than as a result of the breach of this **clause 11.3**).
- 11.4 Each Shareholder shall inform (and shall use all reasonable endeavours to procure that the Company shall inform) any officer, employee or agent or any professional adviser advising it in relation to the matters referred to in this Agreement, or to whom it provides Confidential Information, that such information is confidential and shall require them:
- 11.4.1 to keep it confidential; and
- 11.4.2 not to disclose it to any third party (other than those persons to whom it has already been disclosed in accordance with the terms of this Agreement).
- 11.5 Upon termination of this Agreement, any of the Shareholders may demand from the others and the Company the return of any documents containing Confidential Information in relation to that Shareholder by notice in writing whereupon the other Shareholders shall (and shall use all reasonable endeavours to ensure that its officers, employees, agents and professional advisers of it and those the Company shall) (save for any submission to or filings with any Authority):
- 11.5.1 return such documents; and

- 11.5.2 destroy any copies of such documents and any other document or other record reproducing, containing or made from or with reference to the Confidential Information.
- 11.6 Any return or destruction pursuant to **clause 11.5** shall take place as soon as practicable after the receipt of any such notice.
- 11.7 The obligations of each of the Shareholders in this **clause 11** shall continue without limit in time and notwithstanding termination of this Agreement for any cause.
- 11.8 None of the parties shall make or permit or authorise the making of any press release or other public statement or disclosure concerning the transactions contemplated by this Agreement or any matter arising out of or ancillary to it including any dispute between the parties in respect of such transactions or ancillary matters or the termination of this Agreement or cessation without the prior consent in writing of the other parties (except as required by any recognised investment exchange or any Authority) but before any party makes any such release, statement or disclosure it shall where practicable first supply a copy of it to the other parties and shall incorporate any amendments or additions they may each reasonably require. Nothing in this **clause 11.8** shall prevent any party from commencing or pursuing arbitration proceedings or court proceedings which are ancillary to and commenced purely in support of arbitration proceedings in relation to this Agreement or any matter arising out of or ancillary to it.

12. **WARRANTIES**

Each Shareholder warrants to the others that it has full power and authority, and has obtained the consent of any third party necessary, to enter into and perform this Agreement.

13. **NO PARTNERSHIP OR AGENCY**

Nothing in this Agreement shall constitute a partnership between the Shareholders or constitute one the agent of another and none of the Shareholders shall do or suffer anything to be done whereby it shall or may be represented that it is the partner or agent of another Shareholder unless such Shareholder is appointed partner or agent of that other Shareholder with the consent in writing of that Shareholder.

14. **WAIVER**

The waiver by any Shareholder or by the Company of any default by any other Shareholder or by the Company in the performance of any obligation of such other Shareholder or the Company under this Agreement shall not affect such

Shareholder's or the Company's rights in respect of any other default nor any subsequent default of the same or of a different kind nor shall any delay or omission of any Shareholder or of the Company to exercise any right arising from any default, affect or prejudice the rights of that Shareholder or of the Company as to the same or any future default. For the avoidance of doubt and without prejudice to the generality of the foregoing, any failure by any Shareholder to comment upon or raise any objection to the fact that any matter referred to in **Schedule 2** has been effected without the consent of the requisite number of Shareholders shall not be deemed to constitute consent to such action and nor shall the taking of any such action on any two or more occasions without such comment or objection be deemed to constitute accepted general practice.

15. **VARIATION**

Any variation of any term of this Agreement shall be in writing duly signed by each of the Shareholders and the Company.

16. **CONFLICT WITH ARTICLES**

Where the provisions of the Articles conflict with the provisions of this Agreement, the Shareholders agree that the provisions of this Agreement shall prevail, to the intent that they shall if necessary in any case procure the amendment of the Articles to the extent required to enable the Company and its affairs to be administered as provided in this Agreement.

17. **CLAIMS BY OR AGAINST SHAREHOLDERS**

17.1 Where any of the Shareholders asserts any claim against the Company (the "**Claiming Shareholder**"), the other Shareholders shall be entitled to defend such claim in the name and at the expense of the Company.

17.2 Where any of the Shareholders asserts that the Company has any claim against any of the other Shareholders, the Shareholder so asserting shall be entitled to pursue such claim in the name and at the expense of the Company.

17.3 Where any other provision of this Agreement or of the Articles conflicts with the provisions of this clause, this clause shall prevail.

18. **NOTICES**

Subject to the provisions of the Articles regulating certain types of notices from the Company to the Shareholders:

18.1 any demand, notice or other communication given or made under or in connection with this Agreement will be in writing;

18.2 any such demand, notice or other communication will, if given or made in accordance with this **clause 18**, be deemed to have been duly given or made as follows:

18.2.1 if sent by prepaid post, on the second Business Day after the date of posting (or, where sent by prepaid first class post, on the first Business Day after the day of posting); or

18.2.2 if delivered by hand, upon delivery at the address provided for in this **clause 18**; or

18.2.3 if sent in electronic form and properly addressed, immediately after it was sent;

provided however that, if it is delivered by hand or sent in electronic form on a day which is not a Business Day or after 4.00 pm on a Business Day, it will instead be deemed to have been given or made on the next Business Day.

18.3 Any such demand, notice or other communication will, in the case of service by post or delivery by hand, be addressed to the recipient at the recipient's address stated in this Agreement or at such other address as may from time to time be notified in writing by the recipient to the sender as being the recipient's address for service.

18.4 Any such demand, notice or other communication will, in the case of service in electronic form, be sent to the recipient using an electronic address then used by the recipient.

18.5 For the avoidance of doubt, where proceedings have been issued in the Courts of England and Wales, the provisions of the Civil Procedure Rules must be complied with in respect of the service of documents in connection with those proceedings.

## 19. **UNLAWFUL FETTER ON THE COMPANY'S STATUTORY POWERS**

19.1 Notwithstanding any other provision contained in this Agreement the Company shall not be bound by any provision of this Agreement to the extent that it would constitute an unlawful fetter on any statutory power of the Company, but any such provision shall remain valid and binding as regards all other parties to which it is expressed to apply.

19.2 Nothing in this Agreement shall be construed to be a resolution of all the members of the Company in the absence of a properly passed resolution in accordance with the Articles.



20. **COSTS**

Each of the Shareholders will pay their own costs and expenses incurred in connection with the negotiation, preparation, execution, completion and implementation of this Agreement.

21. **SEVERABILITY**

The illegality, invalidity or unenforceability of any provision of this Agreement will not affect the legality, validity or enforceability of the remainder. If any such provision is found by any competent court or authority to be illegal, invalid or unenforceable the parties agree that they will substitute provisions in a form as similar to the offending provisions as is possible without rendering them illegal, invalid or unenforceable.

22. **EXERCISE OF POWERS**

Words denoting an obligation on a party to do any act, matter or thing include, except as otherwise specified, an obligation to use all reasonable endeavours to procure that it be done and words placing a party under a restriction include an obligation not to permit or allow so far as the same is possible infringement of that restriction.

23. **ENTIRE AGREEMENT**

This Agreement and the Articles constitute the entire contractual relationship between the parties in relation thereto and there are no representations, promises, terms, conditions or obligations between the parties other than those contained or expressly referred to therein. This clause does not restrict liability of any party arising as a result of any fraud.

24. **ASSIGNMENT**

None of the Shareholders shall assign or transfer or purport to assign or transfer any of its rights or obligations hereunder.

25. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

25.1 This Agreement shall be binding on and enforceable by the Shareholders and by the Company.

25.2 Except as provided in **clause 25.1**, the parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

26. **FURTHER ASSURANCE**

Each Shareholder and the Company shall promptly execute and deliver all such documents, and do all such things, as the Company or any other Shareholder may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement.

27. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each party had executed the same document.

28. **GOVERNING LAW AND JURISDICTION**

28.1 The formation, existence, construction, performance, validity and all aspects whatsoever of this Agreement or of any term of this Agreement and any non-contractual obligations arising out of or in connection with it will be governed by the law of England and Wales.

28.2 The courts of England and Wales will have exclusive jurisdiction to settle any dispute which arises out of or in connection with this Agreement including (without limitation) in relation to any non-contractual obligations. The parties irrevocably agree to submit to that jurisdiction.

**THIS DOCUMENT** is executed as a deed and delivered on the date stated at the beginning of this Deed.

## **SCHEDULE 1**

### **The Shareholders**

1. City of London Corporation
2. London Borough of Barnet
3. London Borough of Barking and Dagenham
4. London Borough of Bexley
5. London Borough of Brent
6. London Borough of Camden
7. London Borough of Croydon
8. London Borough of Ealing
9. London Borough of Enfield
10. London Borough of Hackney
11. London Borough of Haringey
12. London Borough of Harrow
13. London Borough of Hammersmith and Fulham
14. London Borough of Hounslow
15. London Borough of Islington
16. London Borough of Lambeth
17. London Borough of Lewisham
18. London Borough of Merton
19. London Borough of Newham
20. London Borough of Redbridge
21. London Borough of Southwark
22. London Borough of Sutton

23. London Borough of Tower Hamlets
24. London Borough of Waltham Forest
25. London Borough of Richmond Upon Thames
26. Royal Borough of Greenwich
27. Royal Borough of Kensington and Chelsea
28. Royal Borough of Kingston Upon Thames
29. Wandsworth London Borough Council
30. Westminster City Council

## SCHEDULE 2

### Matters reserved for approval of Shareholders

Unless approved in accordance with the requirements of **clause 4.7**, the Parties shall procure that the Company does not:

#### PART A

1. subject to FCA rules, extend the activities of the Company outside the scope of the business or close down any business operation;
2. subject to FCA rules, give any guarantee or indemnity outside the ordinary course of business to secure the liabilities of any person or assume the obligations of any person (other than a wholly owned subsidiary) (e.g. guaranteeing a lease that does not relate to the business of the Company);
3. subject to FCA rules, enter into or vary any contracts or arrangements with any of the shareholders or Directors (other than service agreements and letters of appointment as directors) or any person with whom any shareholder or Director is connected (whether as director, consultant, shareholder or otherwise) (eg any contract which could give preferential rights to a specific shareholder);
4. enter into any agreement not in the ordinary course of the business and/or which is not on an arm's length basis;
5. enter into or vary any agreement for the provision of consultancy, management or other services by any person which will, or is likely to result in, the Company being managed otherwise than by its Directors;
6. change the name of the Company;
7. pass a resolution or present a petition to wind up the Company or apply for an administration order or any order having similar effect in a different jurisdiction in relation to the Company unless in any case the Company is at the relevant time unable to pay its debts within the meaning of section 123 Insolvency Act 1986;
8. reduce or cancel any share capital of the Company, purchase its own shares, hold any shares in treasury, allot or agree to allot, whether actually or contingently, any of the share capital of the Company or any security of the Company convertible into share capital, grant any options or other rights to subscribe for or to convert any security into shares of the Company or alter the classification of any part of the share capital of the Company (in each case other than as expressly contemplated by this Agreement and/or the Articles including, without limitation, pursuant to **clauses 3 and 9** and Article 26 of the Articles (*Issue of Shares and Pre-Emption Rights*));

9. redeem or buy any shares or otherwise reorganise the share capital of the Company (in each case other than as expressly contemplated by this Agreement and/or the Articles including, without limitation, any redemption of B Shares by the Company pursuant to **clauses 3 and 9** and Article 27 of the Articles (*Rights Attaching to the Shares*), Article 34 of the Articles (*Shareholder Withdrawal*) and Article 35 of the Articles (*Deemed transfers to the Company*);
10. admit any person (other than a London Local Authority) as a member of the Company or an investor in the LGPS;
11. enter into any partnership, joint venture or profit sharing arrangement with any person;
12. alter any of the provisions of the Articles or any of the rights attaching to the shares;
13. amalgamate or merge with any other company or business undertaking;
14. sell, lease (as lessor), license (as licensor), transfer or otherwise dispose of any of its material assets otherwise than in the ordinary course of the business;

#### **PART B**

1. enter into or vary any licence or other similar agreement relating to intellectual property to be licensed to or by the Company which is otherwise than in the ordinary course of business;
2. appoint or remove the auditors of the Company;
3. alter the Company's accounting reference date;
4. make any significant change to any of the Company's accounting or reporting practices other than conforming with any changes made to the accounting standards adopted by the Company;
5. approve the annual accounts of the Company;
6. establish or amend any pension scheme (i.e. for employees of the Company);
7. remove any Director of the Company in accordance with the Companies Act 2006;
8. make any capitalisation, repayment or other distribution of any amount standing to the credit of any reserve of the Company or pay or declare any dividend or other distribution to the shareholders;
9. subject to FCA rules, enter into any agency, distribution or similar agreement which confers or is expressed to confer any element of exclusivity as regards any

goods or services the subject of such agreement or as to the area of the agreement or vary such an agreement to include any such exclusivity.

### SCHEDULE 3

#### YEAR 1 AND YEAR 2 ANNUAL BUDGETS

	1	2
	Yr End 31/3/16	Yr End 31/3/17
Service Charge	750,000	775,000
BPS charge	250,000	1,350,694
Interest income	29,688	73,918
<b>TOTAL REVENUE</b>	<b>1,029,688</b>	<b>2,199,612</b>
Pre-trading	250,000	-
Staff	318,703	828,147
Premises	28,767	69,041
Legal & Prof	104,167	155,000
Travel & Sub	8,333	22,000
Office services	5,892	14,140
Technology	13,013	30,605
Disaster recovery	4,167	15,000
FCA fees	940	2,301
Internal Audit	10,417	100,000
Shared services	45,366	108,878
Other	2,778	35,843
<b>TOTAL EXPENSES</b>	<b>792,542</b>	<b>1,380,955</b>
<b>Profit</b>	<b>237,146</b>	<b>818,658</b>





Executed as a deed by  
**LONDON LGPS CIV LIMITED**  
acting by one director



Signature of director

in the presence of:

Witness Signature:



Witness Name:

FRANK SMITH

Witness Address:

18, BRIDGEWATER HOUSE, LONDON, EC2Y 8AG

Witness Occupation:

FINANCE DIRECTOR

Executed as a deed when the seal of  
**CITY OF LONDON CORPORATION** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BARNET** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BARKING AND DAGENHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BEXLEY** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BRENT** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF CAMDEN** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF CROYDON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF EALING** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF ENFIELD** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HACKNEY** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HARINGEY** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HARROW** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HAMMERSMITH AND FULHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HOUNSLOW** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF ISLINGTON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF LAMBETH** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF LEWISHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF MERTON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF NEWHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF REDBRIDGE** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF SOUTHWARK** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF SUTTON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF TOWER HAMLETS** was affixed

in the presence of:



Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF WALTHAM FOREST** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF RICHMOND UPON THAMES** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**ROYAL BOROUGH OF GREENWICH** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**ROYAL BOROUGH OF KENSINGTON AND CHELSEA** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**ROYAL BOROUGH OF KINGSTON UPON THAMES** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**WANDSWORTH LONDON BOROUGH COUNCIL** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**WESTMINSTER CITY COUNCIL** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

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Company No. 09136445

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Articles of Association of London LGPS CIV Limited

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Incorporated 17 July 2014

Adopted by written resolution passed on

2015

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**THE COMPANIES ACT 2006**

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**PRIVATE COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**OF**

**LONDON LGPS CIV LIMITED**

Adopted by written resolution passed on

2015

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**1. INTERPRETATION**

1.1 In these Articles the following expressions have the following meanings unless inconsistent with the context:

<b>"2006 Act"</b>	the Companies Act 2006 (as amended from time to time)
<b>"A Shares"</b>	the ordinary shares of £1.00 each in the capital of the Company having the rights set out in these Articles in respect of Shares of that class
<b>"these Articles"</b>	these articles of association as amended from time to time
<b>"B Shares"</b>	the non-voting redeemable shares of £1.00 each in the capital of the Company having the rights set out in these Articles in respect of Shares of that class
<b>"bankruptcy"</b>	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy
<b>"Business Day"</b>	any day (other than a Saturday or Sunday or a bank or public holiday in England)
<b>"chairman of the meeting"</b>	has the meaning given in <b>Article 46.3</b>
<b>"Companies Acts"</b>	the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company



<b>“director”</b>	a director of the Company, and includes any person occupying the position of director, by whatever name called
<b>“Directors’ Chairman”</b>	the default chairman of meetings of directors as chosen by the directors pursuant to <b>Article 12</b>
<b>“distribution recipient”</b>	has the meaning given in <b>Article 37.2</b>
<b>“document”</b>	includes, unless otherwise specified, any document sent or supplied in electronic form
<b>“electronic form”</b>	has the meaning given in section 1168 of the Companies Act 2006 but does not, for the avoidance of doubt, include communication via a website
<b>“eligible directors”</b>	has the meaning given in <b>Article 8.3</b>
<b>“Encumbrance”</b>	includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property
<b>“fully paid”</b>	in relation to a Share, means that the nominal value and any premium to be paid to the company in respect of that Share have been paid to the company
<b>“FCA”</b>	the Financial Conduct Authority and any successor body
<b>“FCA Rules”</b>	the Handbook of Rules and Guidance of the FCA, as amended, supplemented and replaced from time to time
<b>“hard copy form”</b>	has the meaning given in section 1168 of the Companies Act 2006
<b>“holder”</b>	in relation to Shares means the person whose

	name is entered in the register of members as the holder of the Shares
<b>“instrument”</b>	means a document in hard copy form
<b>“ordinary resolution”</b>	has the meaning given in section 282 of the Companies Act 2006
<b>“paid”</b>	paid or credited as paid
<b>“participate”</b>	in relation to a directors’ meeting, has the meaning given in <b>Article 10.1</b>
<b>“proxy notice”</b>	has the meaning given in <b>Article 51.1</b>
<b>“PCSJC”</b>	the Pensions CIV Sectoral Joint Committee
<b>“shareholder”</b>	a person who is the holder of a Share
<b>“Shares”</b>	A Shares and B Shares and any other shares in the capital of the company from time to time
<b>“Shareholders’ Chairman”</b>	the default chairman for general meetings, as appointed by the Shareholders
<b>“special resolution”</b>	has the meaning given in section 283 of the Companies Act 2006
<b>“the Statutes”</b>	the Companies Acts as defined in section 2 of the Companies Act 2006 and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating to companies and affecting the Company
<b>“subsidiary”</b>	has the meaning given in section 1159 of the Companies Act 2006
<b>“United Kingdom”</b>	Great Britain and Northern Ireland
<b>“Withdrawal Date”</b>	in respect of a shareholder, has the meaning given in <b>Article 34.1</b>
<b>“in writing”</b>	hard copy form or, to the extent agreed (or deemed to be agreed by virtue of a provision of the Statutes) electronic form (but not to include by means of a website)

1.2 Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Companies Acts and every other statute, order, regulation or other subordinate legislation in force from time to time relating to companies and affecting the Company but excluding any statutory modification of the same not in force when these Articles become binding on the Company.

1.3 References to any statute or statutory provision include, unless the context otherwise requires, a reference to that statute or statutory provision as modified, replaced, re-enacted or consolidated and in force from time to time and any subordinate legislation made under the relevant statute or statutory provision.

## 2. **LIABILITY OF MEMBERS**

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

## **DIRECTORS' POWERS AND RESPONSIBILITIES**

### 3. **DIRECTORS' GENERAL AUTHORITY**

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

### 4. **SHAREHOLDERS' RESERVE POWER**

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

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

### 5. **DIRECTORS MAY DELEGATE**

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

5.1.1 to such person or committee;

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

5.1.3 to such an extent;

5.1.4 in relation to such matters or territories; and

5.1.5 on such terms and conditions,

as they think fit.

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

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

## 6. **COMMITTEES**

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

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

## 7. **DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with **Article 8**.

## 8. **UNANIMOUS DECISIONS OF DIRECTORS**

8.1 A decision of the directors is taken in accordance with this **Article 8** when all eligible directors indicate to each other by any means that they share a common view on a matter.

8.2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.

8.3 References in this **Article 8** to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

8.4 A decision may not be taken in accordance with this **Article 8** if the eligible directors would not have formed a quorum at such a meeting.

## 9. **CALLING A DIRECTORS' MEETING**

9.1 Any director may call a directors' meeting by giving not less than five Business Days' notice of the meeting (except in the case of an emergency) to the directors or by authorising the company secretary to give such notice.

9.2 Notice of any directors' meeting must indicate:

- 9.2.1 its proposed date and time;
- 9.2.2 where it is to take place; and
- 9.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should simultaneously communicate with each other during the meeting.

9.3 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## 10. **PARTICIPATION IN DIRECTORS' MEETINGS**

10.1 Subject to these Articles, directors participate in a directors' meeting, or part of a directors' meeting, when:-

10.1.1 the meeting has been called and takes place in accordance with these Articles; and

10.1.2 they can each simultaneously communicate with and to the others participating in the meeting any information or opinions they have on any particular item of the business of the meeting.

10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or, subject to **Article 10.1.2**, how they communicate with each other.

10.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## 11. **QUORUM FOR DIRECTORS' MEETINGS**

11.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

11.2 Subject to this **Article 11**, the quorum for directors' meetings shall throughout each meeting be three directors.

11.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:

11.3.1 to appoint further directors, or

11.3.2 to call a general meeting so as to enable the shareholders to appoint further directors.

- 11.4 If there is no quorum participating in any meeting of the directors within two hours after the time fixed for the meeting, the meeting shall be adjourned to such time as the director or directors participating in the meeting shall determine, or, in the absence of any directors participating, to such time as the chairman of the preceding directors' meeting shall determine. If there is no quorum participating within one hour after the time fixed for the adjourned meeting, the meeting shall be further adjourned as aforesaid. If there is no quorum participating within one hour after the time fixed for the further adjourned meeting any two directors participating shall constitute a quorum.
- 11.5 If, as a consequence of section 175(6) of the 2006 Act, a director cannot vote or be counted in the quorum at a directors' meeting then the following shall apply:
- 11.5.1 if the eligible directors participating in the meeting do not constitute a quorum then the quorum for the purposes of the meeting shall be reduced by one for each director who cannot vote or be counted in the quorum; and
- 11.5.2 if despite **Article 11.5.1** the eligible directors participating in the meeting still do not constitute a quorum or there are no eligible directors then the meeting must be adjourned to enable the shareholders to authorise any situation in which a director has a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

## 12. **CHAIRING OF DIRECTORS' MEETINGS**

- 12.1 The directors shall appoint a Directors' Chairman to chair their meetings. The directors may terminate the Directors' Chairman's appointment at any time.
- 12.2 If the Directors' Chairman is not participating in a directors' meeting within 30 minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

## 13. **CASTING VOTE**

- 13.1 If the numbers of votes for and against a proposal are equal at a meeting of the directors, the Directors' Chairman or other director chairing the meeting has a casting vote.
- 13.2 But this does not apply if, in accordance with **Article 11** or any restrictions imposed by the FCA, the Directors' Chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

## 14. **DIRECTORS' INTERESTS**

- 14.1 Subject to these Articles, the 2006 Act and any requirements of the FCA, and provided that he has disclosed to the other directors the nature and extent of any interest of his, a director:
- 14.1.1 may hold any other office or employment with the Company (other than the office of auditor); and
  - 14.1.2 may, or any firm or company of which he is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested (other than as auditor).
- 14.2 Except for a vote under section 175(4) of the 2006 Act authorising any conflict of interest which a director or any other interested director may have, or where the terms of authorisation of such conflict provide that a director may not vote in situations prescribed by the directors when granting such authorisation, and subject in each case to any restrictions imposed by the FCA with respect thereto, a director will be entitled to participate in the decision making process for voting and quorum purposes on any of the matters referred to in **Articles** Error! Reference source not found. **to 14.1.2** and in any of the circumstances set out in **Article 14.3**. For the avoidance of doubt, pursuant to section 175(4) of the 2006 Act, the directors may authorise any conflict of interest which an interested director may have.
- 14.3 The circumstances referred to in **Article 14.2** are:
- 14.3.1 the company by ordinary resolution disapplies any provision of these Articles which would otherwise prevent a director from being counted as participating in the decision-making process; or
  - 14.3.2 the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest.
- 14.4 For the purposes of these Articles references to decision making processes include any directors' meeting or part of a directors' meeting.
- 14.5 For the purposes of **Article 14.1**:
- 14.5.1 a general notice given in accordance with the 2006 Act is to be treated as a sufficient declaration of interest;
  - 14.5.2 a director is not required to declare an interest either where he is not aware of such interest or is not aware of the transaction or arrangement in question; and

14.5.3 an interest of a director who appoints an alternate director shall be treated as an interest of the alternate director.

14.6 Subject to **Article 14.7**, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Directors' Chairman or other director chairing the meeting whose ruling in relation to any director other than the Directors' Chairman or other director chairing the meeting is to be final and conclusive.

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

15. **RECORDS OF DECISIONS TO BE KEPT**

The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

16. **DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

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

17. **NUMBER OF DIRECTORS**

17.1 The number of directors shall not be less than five (5).

18. **APPOINTMENT AND REMOVAL OF DIRECTORS**

18.1 Any person who is willing to act as a director, and is permitted by law to do so and has obtained the necessary approval from the FCA to act as such, may be appointed a director by a decision of the directors.

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

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

18.2.2 a bankruptcy order is made against that person;



- 18.2.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 18.2.4 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- 18.2.5 notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

## 19. **DIRECTORS' REMUNERATION**

19.1 Subject to these Articles, a director's remuneration may:

19.1.1 take any form, and

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

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

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

## 20. **DIRECTORS' EXPENSES**

The Company may pay any reasonable expenses which the directors properly incur in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company in accordance with any expenses policy of the Company as is approved by the directors from time to time.

## 21. **DIRECTORS' POWERS**

The directors may procure that the Company borrow and raise money by way of borrowings on behalf of the Company without allowing any prospective lender a right to participate in the share capital of the Company as a condition of any such borrowing or to take any Encumbrance over any of the Shares.

## 22. **ALTERNATE DIRECTORS**

### 22.1 **Appointment and removal of alternates**

22.1.1 Any director (the "appointor") may appoint as an alternate any other director of the Company to:

22.1.1.1 exercise that director's powers; and

22.1.1.2 carry out that director's responsibilities,

in relation to participation in directors' meetings and the taking of decisions by the directors in the absence of the alternate's appointor.

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

22.1.3 The notice must:

22.1.3.1 identify the proposed alternate; and

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

### 22.2 **Rights and responsibilities of alternate directors**

22.2.1 An alternate director has the same rights, in relation to participation in directors' meetings and the taking of decisions by the directors and in relation to directors' written resolutions, as the alternate's appointor.

22.2.2 An alternate director may act as an alternate director for more than one appointor.

22.2.3 Except as these Articles specify otherwise, alternate directors:-

22.2.3.1 are liable for their own acts and omissions;

22.2.3.2 are subject to the same restrictions as their appointors;  
and

22.2.3.3 are not deemed to be agents of or for their appointors.

and, each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

- 22.2.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.
- 22.2.5 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

### 22.3 **Termination of alternate directorship**

- 22.3.1 An alternate director's appointment as alternate terminates:
- 22.3.1.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - 22.3.1.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
  - 22.3.1.3 on the death of the alternate's appointor; or
  - 22.3.1.4 when the alternate's appointor's appointment as a director terminates.

### 23. **ALTERNATE DIRECTORS' EXPENSES**

**Article 20** shall apply in relation to alternate directors.

### **SHARES AND DISTRIBUTIONS**

#### 24. **ALL SHARES TO BE FULLY PAID UP**

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

#### 25. **POWER TO ISSUE DIFFERENT CLASSES OF SHARES**

- 25.1 Subject to these Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares with such rights or restrictions as may be determined by ordinary resolution.

25.2 Subject to these Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such Shares.

## 26. **ISSUES OF SHARES AND PRE-EMPTION RIGHTS**

26.1 For the purposes of section 551 of the 2006 Act, the directors are generally and unconditionally authorised to allot:

26.1.1 A Shares in the Company or to grant rights to subscribe for, or to convert any security into, A Shares up to a maximum nominal value of £33; and

26.1.2 B Shares in the Company or to grant rights to subscribe for, or to convert any security into, B Shares up to a maximum nominal value of £7,200,000,

provided that this authority shall expire five (5) years after the adoption of these Articles, unless previously renewed, revoked or varied except that the Company may, before such expiry, make an offer or agreement which will or may require the allotment of Shares or the grant of rights to subscribe for, or convert any security into, shares in the Company, after such expiry.

26.2 In accordance with section 551(1) of the 2006 Act, any issue or allotment of shares in the Company or any grant of rights to subscribe for, or to convert any security into, A Shares or B Shares, respectively, above the maximum respective nominal value stipulated under **Article 26.1** must be approved by ordinary resolution of the Company.

26.3 In accordance with section 567(1) and (2) of the 2006 Act, sections 561(1) and 562 (1) to (5) (inclusive) of that Act shall not apply to the Company.

## 27. **RIGHTS ATTACHING TO THE SHARES**

27.1 Save as otherwise provided in these Articles, the A Shares and the B Shares shall be treated as if they constituted one class of Share.

27.2 The B Shares shall not entitle any holder thereof to the payment of any dividend or other distribution of income or, subject to **Article 43.1**, capital, or otherwise.

27.3 The B Shares shall not entitle any holder thereof to receive notice of, or to attend or vote at, general meetings of the Company.

- 27.4 Subject to the provisions of the Statutes, the B Shares held by any shareholder shall be redeemed by the Company on the Withdrawal Date with respect to that shareholder at par value.
- 27.5 Subject to the provisions of the Statutes, the Company may with the prior written consent of the holders of 75% of the A Shares redeem all or some of the B Shares in advance of the due date for redemption as specified in **Article 27.4** at par value.
- 27.6 On the date fixed for any redemption the Company shall, subject to the Statutes, pay to each shareholder whose B Shares are to be so redeemed an amount equal to the par value of the B Shares to be redeemed and upon receipt of that amount each such shareholder shall surrender to the Company the certificate(s) for the B Shares to be redeemed. If any certificate surrendered is for more B Shares than are to be redeemed at that time the Company shall issue to the holder free of charge a new certificate for the balance of the Shares not redeemed.
- 27.7 Where the Company is precluded by the Statutes or otherwise by law from redeeming any B Shares on the due date for redemption, then:
- 27.7.1 the Company shall redeem, on that date, as many of the B Shares which can then, consistently with the Statutes, be redeemed by the Company; and
- 27.7.2 as soon as the Company is no longer precluded from doing so, the Company shall in respect of the B Shares not redeemed, redeem the maximum number of B Shares which can, consistently with the Statutes, properly be paid by the Company at that time.
- 27.8 The special rights conferred by the B Shares shall be deemed not to be modified or abrogated by the creation or issue of further Shares ranking pari passu or in priority to or subordinate to the B Shares.

## 28. **PURCHASE OF OWN SHARES**

- 28.1 Following any purchase by the Company of its own Shares in accordance with the provisions of the 2006 Act, and/or in accordance with the requirements of these Articles, all the purchased Shares shall be immediately cancelled.
- 28.2 Subject to the 2006 Act, but without prejudice to any other provision of these Articles, the Company may purchase or redeem its own Shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:
- 28.2.1 £15,000; and

28.2.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

## 29. **COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**

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

## 30. **SHARE CERTIFICATES**

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

30.2 Every certificate must specify:

30.2.1 in respect of how many Shares, of what class, it is issued;

30.2.2 the nominal value of those Shares;

30.2.3 that the Shares are fully paid; and

30.2.4 any distinguishing numbers assigned to them.

30.3 No certificate may be issued in respect of Shares of more than one class.

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

30.5 Certificates must:

30.5.1 have affixed to them the Company's common seal, or

30.5.2 be otherwise executed in accordance with the Companies Acts.

## 31. **REPLACEMENT SHARE CERTIFICATES**

31.1 If a certificate issued in respect of a shareholder's Shares is:

31.1.1 damaged or defaced, or

31.1.2 said to be lost, stolen or destroyed,

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

31.2 A shareholder exercising the right to be issued with such a replacement certificate:

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

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

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

## 32. **RESTRICTIONS ON TRANSFER**

32.1 In these Articles, references to a transfer of a Share include the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.

## 33. **TRANSFERS NULL AND VOID**

33.1 Except for a purchase by the Company of its own Shares, or a redemption by the Company of the B Shares, in each case in accordance with the provisions of the 2006 Act and these Articles, any transfer or purported transfer of a Share shall be null and void and of no effect.

## 34. **SHAREHOLDER WITHDRAWAL**

34.1 Where any shareholder proposes to withdraw as a shareholder of the Company, such withdrawing shareholder shall provide at least 12 months' notice of such withdrawal to the Company, such notice to expire on 31 March of any given year (the "**Withdrawal Date**").

34.2 On the Withdrawal Date, the Company shall purchase any A Shares held by the relevant withdrawing shareholder(s) at par value in accordance with Part 18 of the 2006 Act.

## 35. **DEEMED TRANSFERS TO THE COMPANY**

35.1 If a shareholder, or other person entitled to transfer a Share (otherwise than in accordance with these Articles), at any time attempts to transfer, deal with or dispose of a Share or any legal or beneficial interest in such Share otherwise than in accordance with **Article 27** (*Rights attaching to Shares*) (in relation to the redemption of B Shares) or **Article 34** (*Shareholder Withdrawal*), or if any of the events specified in **Article 35.3** or **Article 35.4** occurs in respect of a shareholder, the provisions of **Article 35.2** shall apply.

- 35.2 Where **Article 35.1** applies to any shareholder, such shareholder shall be deemed to have given a transfer notice on the occurrence of such attempt or event in favour of the Company and to have specified in such transfer notice as the price per Share, the par value of each Share and the Company shall implement such transfer by way of purchase or redemption of such Shares in accordance with the 2006 Act.
- 35.3 **Article 35.2** shall apply on the occurrence of any of the following events:
- 35.3.1 any direction (by way of renunciation, nomination or otherwise) by a shareholder entitled to an allotment or transfer of Shares to the effect that such Shares or any of them be allotted or issued or transferred to some person other than himself; or
- 35.3.2 any sale, dealing with or other disposition of any beneficial interest in a Share (whether or not for consideration or otherwise) by whomsoever made and whether or not effected by an instrument in writing except where the disposition is by service of a transfer notice in accordance with these Articles.
- 35.4 For the purpose of ensuring that no circumstances have arisen whereby a transfer notice is deemed to be given or is required to be served, the directors may from time to time require any shareholder or past shareholder to furnish to them such information and evidence as the directors may reasonably think fit regarding any matter which they consider relevant to establish whether any circumstances have arisen whereby a transfer notice is required to be served. Failing such information being furnished to the reasonable satisfaction of the directors within a reasonable time after it has been requested, or if in the reasonable opinion of the directors any such information or evidence is false in any material respect, the directors may declare by notice in writing to the relevant shareholder that a transfer notice shall be deemed to have been given in respect of any relevant Shares and **Article 35.2** shall apply in respect of any Shares held by such shareholder.
- 35.5 For the purpose of **Articles 35.1 to 35.4** inclusive, the word "shareholder" includes any former shareholder.

35.6 **REGISTRATION OF TRANSFERS**

The Directors shall refuse to register any transfer of a Share.

**DIVIDENDS AND OTHER DISTRIBUTIONS**

36. **PROCEDURE FOR DECLARING DIVIDENDS**



- 36.1 The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 36.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 36.4 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each shareholders' holding of Shares on the date of the resolution or decision to declare or pay it.
- 36.5 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

37. **PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS**

- 37.1 Where a dividend or other sum which is a distribution is payable in respect of a Share, it must be paid by one or more of the following means:
- 37.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
- 37.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address;
- 37.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
- 37.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- 37.2 In these Articles, "the distribution recipient" means, in respect of a Share in respect of which a dividend or other sum is payable:
- 37.2.1 the holder of the Share; or
- 37.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members.

**38. NO INTEREST ON DISTRIBUTIONS**

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

38.1.1 the terms on which the Share was issued, or

38.1.2 the provisions of another agreement between the holder of that Share and the Company.

**39. UNCLAIMED DISTRIBUTIONS**

39.1 All dividends or other sums which are:

39.1.1 payable in respect of Shares, and

39.1.2 unclaimed after having been declared or become payable,

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

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

39.3 If:

39.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment, and

39.3.2 the distribution recipient has not claimed it,

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

**40. NON-CASH DISTRIBUTIONS**

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

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

40.2.1 fixing the value of any assets;

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

40.2.3 vesting any assets in trustees.

**41. WAIVER OF DISTRIBUTIONS**

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

41.1.1 the Share has more than one holder, or

41.1.2 more than one person is entitled to the Share,

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

**CAPITALISATION OF PROFITS**

**42. AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

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

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

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

42.2 Capitalised sums must be applied:

42.2.1 on behalf of the persons entitled; and

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

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

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

42.5 Subject to these Articles the directors may:

42.5.1 apply capitalised sums in accordance with **Articles 42.3** and **42.4** partly in one way and partly in another;

42.5.2 make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this **Article 42** (including the issuing of fractional certificates or the making of cash payments); and

42.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this **Article 42**.

#### 43. **RETURN OF CAPITAL RIGHTS**

43.1 The rights as regards return of capital attaching to each class of Shares shall be as set out in this **Article 43**. On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities (including for the avoidance of doubt any debts arising from non-payment of cumulative dividends) shall be applied in the following order of priority:

43.1.1 first, in paying to each holder of A Shares and B Shares in respect of each A Share and B Share of which it is the holder, a sum equal to the par value thereof; and

43.1.2 the balance of such assets (if any) shall be distributed amongst the holders of the A Shares according to the amount paid up or credited as paid up on each such A Share.

### **ORGANISATION OF GENERAL MEETINGS**

#### 44. **NOTICE OF GENERAL MEETINGS**

Every notice convening a general meeting shall:

44.1 comply with section 325(1) of the 2006 Act as to giving information to shareholders relating to their right to appoint proxies; and

44.2 be given in accordance with section 308 of the 2006 Act but shall not be given by means of a website.

45. **ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

- 45.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 45.2 A person is able to exercise the right to vote at a general meeting when:
- 45.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- 45.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 45.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 45.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 45.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

46. **CHAIRING GENERAL MEETINGS**

- 46.1 If the Shareholders have appointed a Shareholders' Chairman, the Shareholders' Chairman shall chair general meetings if present and willing to do so.
- 46.2 If the Shareholders have not appointed a Shareholders' Chairman, or if the Shareholders' Chairman is unwilling to chair the meeting or is not present within 30 minutes of the time at which a meeting was due to start, the meeting must appoint a director or shareholder to chair the meeting by simple majority, and the appointment of the chairman of the meeting must be the first business of the meeting.
- 46.3 The person chairing a meeting in accordance with this **Article 46** is referred to as "the chairman of the meeting".

47. **ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS**

- 47.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

- 47.2 The chairman of the meeting may permit other persons who are not:
- 47.2.1 shareholders of the Company, or
  - 47.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

48. **QUORUM AT GENERAL MEETINGS**

- 48.1 No resolution shall be voted on and no other business shall be transacted at any general meeting of the Company unless a quorum is present when such vote is taken or other business is transacted and no resolution or transaction shall be effective unless a quorum is so present.
- 48.2 A quorum shall consist of one third in number of the shareholders of the Company for the time being present by proxy or by representative.
- 48.3 If a quorum is not present within half an hour from the time appointed for a general meeting or if, during any general meeting, a quorum ceases to be present, the general meeting shall stand adjourned until such other day and at such other place as the chairman of the meeting may determine (or, if the chairman does not so determine any outstanding business to be discussed at the meeting shall be adjourned to the next general meeting) and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed for the same such adjourned general meeting, the general meeting shall be dissolved.

**VOTES OF SHAREHOLDERS**

49. **VOTING: GENERAL**

- 49.1 A resolution put to the vote of a general meeting must be decided on a show of hands. No resolution shall be decided on a poll.

50. **ERRORS AND DISPUTES**

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

51. **CONTENT OF PROXY NOTICES**

- 51.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

- 51.1.1 states the name and address of the shareholder appointing the proxy;
  - 51.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
  - 51.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - 51.1.4 is delivered to the Company in accordance with these Articles and any instructions contained in the notice of the general meeting to which they relate.
- 51.2 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 51.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 51.4 Unless a proxy notice indicates otherwise, it must be treated as:
- 51.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
  - 51.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

## 52. **DELIVERY OF PROXY NOTICES**

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

## 53. **AMENDMENTS TO RESOLUTIONS**

- 53.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 53.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
  - 53.1.2 the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 53.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 53.2.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - 53.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 53.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

#### 54. **WRITTEN RESOLUTIONS**

- 54.1 A written resolution, proposed in accordance with section 288(3) of the Companies Act 2006, will lapse if it is not passed before the end of the period of 40 days beginning with the circulation date.
- 54.2 For the purposes of this **Article 54** "circulation date" is the date on which copies of the written resolution are sent or submitted to shareholders or, if copies are sent or submitted on different dates, to the first of those dates.

#### 55. **NUMBER OF VOTES**

- 55.1 Subject to any rights or restrictions for the time being attached to any class or classes of Shares, on a written resolution every holder of A Shares has one vote in respect of each A Share held by him and on a show of hands at a general meeting every holder of A Shares entitled to vote and who is present by a representative has one vote.

### **ADMINISTRATIVE ARRANGEMENTS**

#### 56. **COMPANY COMMUNICATION PROVISIONS**

- 56.1 Where:-



56.1.1 a document or information is sent by post (whether in hard copy or electronic form) to an address in the United Kingdom and

56.1.2 the Company is able to show that it was properly addressed, prepaid and posted,

it is deemed to have been received by the intended recipient 48 hours after it was posted (unless the Company can demonstrate that such properly addressed (to an address in the United Kingdom) and posted document or information was prepaid by first class post in which case it shall be deemed to have been received by the intended recipient 24 hours after it was posted).

56.2 Where:-

56.2.1 a document or information is sent or supplied in electronic form, and

56.2.2 the Company is able to show that it was properly addressed,

it is deemed to have been received by the intended recipient immediately after it was sent.

56.3 Pursuant to section 1147(6) of the 2006 Act, subsections (2) (3) and (4) of that section shall be deemed modified by **Articles 56.1 and 56.2.**

56.4 Subject to any requirements of the 2006 Act, documents and notices may be sent to the Company in electronic form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

## 57. **COMPANY SEALS**

57.1 Any common seal may only be used by the authority of the directors.

57.2 The directors may decide by what means and in what form any common seal is to be used.

57.3 Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

57.4 For the purposes of this **Article 57**, an authorised person is:

57.4.1 any director of the Company;

57.4.2 the company secretary (if any); or

57.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

## 58. **NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS**

Except as provided by law or authorised by the directors or an ordinary resolution, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder.

## 59. **DIRECTORS' INDEMNITY AND INSURANCE**

59.1 Subject to, and so far as may be permitted by, the 2006 Act and the FCA Rules and without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every director, former director, alternate director, secretary or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, former director, alternate director, secretary or other officer of the Company or of any such associated company and against any such liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme as defined in section 235(b) of the 2006 Act.

59.2 Subject to the 2006 Act the directors may purchase and maintain at the cost of the Company insurance cover for or for the benefit of every director, former director, alternate director, secretary or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, former director, alternate director, secretary or other officer of the Company or associated company.

## 60. **REGISTERED OFFICE**

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

## 61. **LIMITED LIABILITY**

The liability of the members is limited.

**Company No: 09136445**

**COMPANY LIMITED BY SHARES**

**WRITTEN RESOLUTIONS**

**of**

**LONDON LGPS CIV LIMITED**

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the following resolutions are passed as a special resolution and an ordinary resolution as detailed below.

**RESOLUTIONS**

**As a special resolution:**

1. THAT the Articles of Association set out in the document appended to these written resolutions and signed by a director of the Company for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association of the Company.

**As an ordinary resolution:**

2. THAT, subject to and conditional on the passing of the resolution numbered 1 in the written resolutions of the Company circulated on 11 September 2015, every issued ordinary share of £1 each in the capital of the Company be and is hereby reclassified as an A ordinary share of £1 having the rights and being subject to the restrictions set out in the Articles of Association adopted pursuant to resolution numbered 1 in the written resolutions of the Company circulated on 11 September 2015.

Dated: 11 September 2015

**AGREEMENT**

Please read the notes at the end of this document before signifying your agreement to the resolutions.

We, the undersigned, being persons entitled to vote on the above resolutions, irrevocably agree to such resolutions:

<b>Name of Shareholder</b>	<b>Signature</b>	<b>Date of Signature</b>
City of London Corporation	.....	.....
London Borough of Barnet	.....	.....
London Borough of Barking and Dagenham	.....	.....
London Borough of Bexley	.....	.....
London Borough of Brent	.....	.....
London Borough of Camden	.....	.....
London Borough of Croydon	.....	.....
London Borough of Ealing	.....	.....

London Borough of Enfield	.....	.....
London Borough of Hackney	.....	.....
London Borough of Haringey	.....	.....
London Borough of Harrow	.....	.....
London Borough of Hammersmith and Fulham	.....	.....
London Borough of Hounslow	.....	.....
London Borough of Islington	.....	.....
London Borough of Lambeth	.....	.....
London Borough of Lewisham	.....	.....
London Borough of Merton	.....	.....
London Borough of Newham	.....	.....
London Borough of Redbridge	.....	.....
London Borough of Southwark	.....	.....
London Borough of Sutton	.....	.....
London Borough of Tower Hamlets	.....	.....
London Borough of Waltham Forest	.....	.....
London Borough of Richmond upon Thames	.....	.....
London Borough of Greenwich	.....	.....
London Borough of Kensington and Chelsea	.....	.....
London Borough of Kingston upon Thames	.....	.....
Wandsworth London Borough Council	.....	.....
Westminster City Council	.....	.....

*Attachments:* Draft new articles of association

Copy: Auditors

**NOTES**

1. Shareholders who wish to agree to such resolutions should signify their agreement in one of the following ways:
  - Sign and return this document to London CIV, 59½ Southwark Street, London SE1 0AL, marked for the attention of Hugh Grover; or

- E-mail the company at [hugh.grover@londonciv.org.uk](mailto:hugh.grover@londonciv.org.uk) attaching a scanned copy of the signed document to an email containing the subject "Written resolutions dated 11 September 2015".

If you do not agree to the resolutions, you do not need to do anything; you will not be deemed to agree if you fail to reply.

2. If sufficient agreement is not received by 9 October 2015 then these resolutions will lapse and shareholders will not be able to indicate agreement after that date. If you agree to the resolutions, please ensure your agreement reaches us before that date.
3. Once you have indicated your agreement to the resolutions, you may not revoke your agreement.
4. In the case of joint holders of shares, only the vote of the senior holder who votes will be counted by the Company. Seniority is determined by the order in which the names of the joint holders appear in the register of members.
5. If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document.



**THIS DEED OF ADHERENCE** is made on

2015

**BETWEEN**

- (1) LONDON LGPS CIV (registered number 09136445) whose registered office is at Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES ("**the Company**");
- (2) The persons whose names are set out in the Schedule to this Deed ("**the Existing Shareholders**"); and
- (3) London Borough of Havering ("**the New Shareholder**").

**BACKGROUND**

- (A) This Deed is supplemental to a shareholders' agreement dated 2015 ("**the Shareholder Agreement**") made between the Existing Shareholders and the Company.
- (B) The Company has agreed to allot to the New Shareholder one A Share and 150,000 B Shares in accordance with the Articles of Association of the Company and the Shareholder Agreement.

**OPERATIVE PROVISIONS:**

1. The definitions contained in the Shareholder Agreement will have the same meanings in this Deed save where the context otherwise requires.
2. The New Shareholder confirms that it has been given and has read a copy of the Shareholder Agreement and covenants with the Company and each Existing Shareholder to perform and be bound with effect from the date on which the New Shareholder is registered as a member of the Company ("**the Commencement Date**") by all the terms of the Shareholder Agreement which are capable of applying to the New Shareholder, as if the New Shareholder were named in the Shareholder Agreement as a party to it. It is agreed that the New Shareholder shall be entitled to the benefit of the provisions of the Shareholder Agreement as if it was with effect from the Commencement Date a party to the Shareholder Agreement and named in the Shareholder Agreement as a party to it.
3. This Deed will be governed by and construed in accordance with the laws of England.
4. This Deed may be executed in any number of counterparts, each of which when executed will be an original but together will constitute one and the same agreement.

**THIS DOCUMENT** is executed as a deed and is delivered on the date stated at the beginning of this Deed.

**SCHEDULE**

**Existing Shareholders**

1. City of London Corporation
2. London Borough of Barnet
3. London Borough of Barking and Dagenham
4. London Borough of Bexley
5. London Borough of Brent
6. London Borough of Camden
7. London Borough of Croydon
8. London Borough of Ealing
9. London Borough of Enfield
10. London Borough of Hackney
11. London Borough of Haringey
12. London Borough of Harrow
13. London Borough of Hammersmith and Fulham
14. London Borough of Hounslow
15. London Borough of Islington
16. London Borough of Lambeth
17. London Borough of Lewisham
18. London Borough of Merton
19. London Borough of Newham
20. London Borough of Redbridge
21. London Borough of Southwark
22. London Borough of Sutton
23. London Borough of Tower Hamlets
24. London Borough of Waltham Forest
25. London Borough of Richmond Upon Thames
26. Royal Borough of Greenwich
27. Royal Borough of Kensington and Chelsea
28. Royal Borough of Kingston Upon Thames
29. Wandsworth London Borough Council
30. Westminster City Council



Executed as a deed by  
**LONDON LGPS CIV LIMITED**  
acting by one director

Signature of director

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HAVERING** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**CITY OF LONDON CORPORATION** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BARNET** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BARKING AND DAGENHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BEXLEY** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF BRENT** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF CAMDEN** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF CROYDON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF EALING** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF ENFIELD** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HACKNEY** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HARINGEY** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HARROW** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HAMMERSMITH AND FULHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF HOUNSLOW** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF ISLINGTON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF LAMBETH** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF LEWISHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF MERTON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF NEWHAM** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF REDBRIDGE** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF SOUTHWARK** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF SUTTON** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:



Executed as a deed when the seal of  
**LONDON BOROUGH OF TOWER HAMLETS** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF WALTHAM FOREST** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**LONDON BOROUGH OF RICHMOND UPON THAMES** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**ROYAL BOROUGH OF GREENWICH** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**ROYAL BOROUGH OF KENSINGTON AND CHELSEA** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**ROYAL BOROUGH OF KINGSTON UPON THAMES** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**WANDSWORTH LONDON BOROUGH COUNCIL** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a deed when the seal of  
**WESTMINSTER CITY COUNCIL** was affixed

in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

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The Directors  
**London LGPS CIV LIMITED**

**Dear Sirs,**

**London LGPS CIV Limited ("the Company")**

Subject to the execution of the shareholders' agreement in respect of the Company (which was sent to us in final draft form on 28 August 2015) by each of the parties thereto (the Articles of Association sent to us on the same day (the "**Articles**") having been adopted by the shareholders of the Company on 9 October 2015), we, the undersigned, hereby irrevocably and unconditionally apply for the allotment to us, subject to the Articles, of 150,000 B non-voting redeemable shares of £1 each in the capital of the Company at par and we shall transfer forthwith our subscription monies of £150,000 to the Company by way of an electronic funds transfer to the following account of the Company at Barclays Bank:

Sort code 20 77 67  
Account Number 03384454

Dated:

SIGNED: .....

Full name: .....

On behalf of:.....

Address: .....

.....

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