

Company number SC387126

**NEW ARTICLES OF ASSOCIATION
OF
FOUNDATION OF HEARTS LIMITED**

**Adopted by special resolution passed on 17 December 2019 and becoming
effective on 30 August 2021, as subsequently amended by special resolution
passed on 16 December 2021**

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1. The Model Articles
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THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY GUARANTEE

NEW ARTICLES OF ASSOCIATION

OF

FOUNDATION OF HEARTS LIMITED (the “Company”)

(Adopted by special resolution passed on 17 December 2019 and becoming effective on 30 August 2021¹), as subsequently amended by special resolution passed on 16 December 2021

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless the context otherwise requires:

Act means the Companies Act 2006;

Articles means the Company's articles of association for the time being in force;

Affiliate Member means a person who has the membership rights specified in schedule 2 to these Articles;

Business Day means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which banks in Edinburgh are generally open for business;

Club means Heart of Midlothian Football Club, owned and operated by HoM plc;

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

Contributions means the cash obtained by the Company from monthly contributions from Members or by any other means from the Club's supporter base, including sums raised by fundraising activities and *ad hoc* donations received by the Company;

Eligible Director means a director who would be entitled to vote on the matter at a meeting of directors (but excluding, in relation to the authorisation of a Conflict

¹ Note: This is the date upon which the transfer of majority ownership of the Club to the Company was completed.

pursuant to Article 11, any director whose vote is not to be counted in respect of the particular matter);

HoM plc means Heart of Midlothian plc (company no. SC005863);

Member means a member of the Company (including any corporate or unincorporated body admitted to membership), but subject to paragraph 9 of schedule 2 to these Articles;

Model Articles means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (*SI 2008/3229*), as amended prior to the date of adoption of these Articles, and reference to a numbered "**Model Article**" is a reference to that article of the Model Articles;

Objects means the objects of the Company set out in article 2;

Rules means rules established by the directors under article 34 from time to time;

specialist expertise means (A) specialist skills, experience and professional qualifications in (i) finance and accounting, (ii) marketing, (iii) law and regulation, or (iv) information technology, or (B) ability (whether proven or developing) and knowledge in such other business or business-related activity as the directors may determine; and

voting date has the meaning specified in article 35.1(a).

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which, and unless the context otherwise requires, words and expressions which have particular meanings in the Act, as in force on the date when these Articles become binding on the Company, shall have the same meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "**article**" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - (a) any subordinate legislation from time to time made under it; and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

- 1.6 Words importing the masculine gender only shall include the feminine gender.
- 1.7 Any phrase introduced by the terms “**including**”, “**include**”, “**in particular**” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.8 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation. A copy of the Model Articles is set out in schedule 1 to these Articles.
- 1.9 Model Articles 2, 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(1), 21, 22(2) and (3), 30(4), 32(2) and (3), 35, 38 and 39 shall not apply to the Company.
- 1.10 Model Article 7 shall be amended by:
- (a) the insertion of the words “for the time being” at the end of article 7(2)(a);
and
 - (b) the insertion in article 7(2) of the words “(for so long as he remains the sole director)” after the words “and the director may”.
- 1.11 Model Article 20 shall be amended by the insertion of the words “and the secretary (if any)” before the words “properly incur”.
- 1.12 These Articles do not give rise to any rights under the Contract (Third Party Rights) (Scotland) Act 2017 for any third party to enforce or otherwise invoke any term of these Articles.

2. OBJECTS

The Company is established for the benefit of all of the supporters of the Club and the general body of the Club’s supporters, and shall have the following objects:

- (a) to promote the success, financial security and operational stability of the Club, and for that purpose to provide (whether directly or indirectly through a subsidiary) funding of every description for the Club, including loans and advances, and in particular funding for infrastructure projects to generate additional income or increase operational efficiency, and generally to provide assistance to the Club and support its activities;

- (b) to acquire and hold, either directly or through a subsidiary, all or any of the shares and securities of HoM plc or any other company owning or controlling the Club;
- (c) to strengthen the bonds between the Club and its supporters and the communities it serves, and to be the vehicle through which the Club is sustainably owned by its supporters and through which they have a representative and democratic voice in the Club's affairs;
- (d) to be a positive, inclusive and representative organisation, open and accessible to all supporters of the Club;
- (e) to acquire, maintain, manage and lease or otherwise make available land and/or buildings for use in sport, culture and education with or without associated sporting facilities;
- (f) to promote sport, culture and education generally, and in particular in relation to football in Edinburgh; and
- (g) to carry on any other activities which may seem incidental or conducive to the pursuit of the above objects and the exercise of the powers (whether express or implied) of the Company.

It is declared that objects (e) and (f) above are subsidiary to objects (a), (b) and (c) (the "main objects"), and may be pursued to the extent likely to further any of the main objects (but not otherwise).

3. POWERS

In pursuance of the Objects, the Company has the power to:

- (a) to buy, take on lease or in exchange, hire or otherwise acquire any property or rights (heritable or moveable, real or personal);
- (b) subject to these Articles, to sell, lease or otherwise dispose of all or any part of the property or rights belonging to the Company;
- (c) to engage in such activities as may be deemed appropriate, in accordance with relevant regulation for the purpose of raising funds for furtherance of the Objects;
- (d) to accept grants, donations, endowments, subscriptions, sponsorships and legacies of all kinds (and to accept any reasonable conditions attaching to them) and use them in furtherance of the Objects;
- (e) to acquire, provide and maintain buildings, sports grounds, playing fields and other facilities for games, sports and recreation all other premises necessary or convenient for the purposes of the providing facilities for sport and recreation for the benefit of the Club and the general public;
- (f) to establish and maintain websites and other electronic information sites, publications and guides, and write, compile, print, publish, buy and exploit electronic and other publications relating to, and/or for the benefit of, the

advancement of sport and education, and to facilitate the provision of sporting and educational activities and services;

- (g) to borrow money and to charge the whole or any part of the property belonging to the Company as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation;
- (h) to co-operate with voluntary sector bodies, local authorities, UK and Scottish government departments and agencies, statutory authorities, supporters organisations and other bodies, and to exchange information and advice with them;
- (i) to promote companies and other entities whose activities may further one or more of the Objects, or may generate income to support the activities of the Company, to acquire and hold shares or take interests in such companies or entities, and carry out, in relation to any such company which is a subsidiary of the Company, all such functions as may be associated with a holding company;
- (j) to establish or support any charitable trusts, associations or institutions formed for any of the purposes included in the Objects;
- (k) to enter into any partnership or joint venture arrangement with any other body or bodies;
- (l) to engage or hire (and remunerate) persons, companies and other bodies to perform services or act on its behalf from time to time and engage and remunerate such consultants, experts and advisers as are considered appropriate from time to time;
- (m) to:
 - (i) deposit or invest funds; and
 - (ii) arrange for the investments or other property of the Company to be held in the name of a nominee;
- (n) to insure the Company's property and activities against the usual risks, and to provide indemnity insurance on the terms specified in article 36; and
- (o) to do all such other lawful things as are incidental or conducive to the pursuit or attainment of any of the Objects.

4. NOT FOR DISTRIBUTION

- 4.1 The income and property of the Company shall be applied solely in promoting the Objects.

4.2 No income or property of the Company may be paid or transferred or capital otherwise returned to any Member by way of dividend, bonus or otherwise by way of profits, provided that nothing in these Articles shall prevent any payment in good faith by the Company:

- (a) of reasonable and proper remuneration to any Member, officer or servant of the Company for any professional or other services (other than the services of acting as a director) rendered to the Company;
- (b) of any interest on money lent by any Member or any director at a reasonable and proper rate;
- (c) of payments to Members which are a condition of, in return for, or in repayment of, grants or other financial contributions (whether in money or in kind) to the Company, provided such payments were agreed in advance by the Company, including administration charges based on a reasonable estimate of cost to any associate or related party of any Member;
- (d) of reasonable and proper rent for premises demised or let by any Member or director;
- (e) of reasonable payment to Members for goods, facilities or services supplied or made available to the Company, provided such payments were agreed in advance by the Company;
- (f) of reasonable out-of-pocket expenses properly incurred by any director or officer; or
- (g) to provide an indemnity from the Company, or to purchase indemnity insurance, in the circumstances specified in article 36.

4.3 Subject to the Company and the directors complying with any applicable company law requirements, in pursuing the Object set out in article 2(a) (funding for the Club), the Company will (unless otherwise agreed with the Club) transfer to the Club on a monthly basis all Contributions received in the preceding month, but after making all necessary, reasonable and prudent deductions for administration, marketing and general running costs and expenses and for any other expenditure to achieve the Objects.

4.4 The directors shall report annually to Members on how funding provided to the Club in pursuit of the Objects has been applied.

5. WINDING UP, DISSOLUTION AND AMALGAMATION

5.1 Subject to articles 5.2 and 5.3, on the winding-up or dissolution of the Company, any assets or property that remains available to be distributed or paid to the Members (“net assets”) shall not be paid or distributed to such Members but shall be transferred to another body (charitable or otherwise) with objects similar to those of the

Company, such body to be determined by the Members at or before the time of winding up or dissolution.

- 5.2 The Members may, at any time before the time of winding up or dissolution of the Company, resolve that any net assets shall, on or before winding up or dissolution, be applied directly for the Objects.
- 5.3 If no resolution in accordance with article 5.1 or 5.2 is passed by the Members, the directors may at any time before the time of winding up or dissolution of the Company resolve that any net assets be transferred in accordance with article 5.1 or applied in accordance with article 5.2, and, for this purpose, references in those articles to the Members shall (unless the context otherwise requires) be deemed to be references to the directors.
- 5.4 The Members may at any time, by special resolution, resolve that any of the Company's property (after all liabilities have been satisfied) be transferred to, or the Company amalgamate with, some other body or bodies (whether incorporated or unincorporated and which may or may not be a Member of the Company) with objects which are the same as, or similar to, the Objects.

6. GUARANTEE

The liability of each Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a Member or within one year after he ceases to be a Member, for:

- (a) payment of the Company's debts and liabilities contracted before he ceases to be a Member;
- (b) payment of the costs, charges and expenses of the winding up; and
- (c) adjustment of the rights of the contributories among themselves.

DIRECTORS

7. UNANIMOUS DECISIONS

- 7.1 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 7.2 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.

7.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

8. CALLING A DIRECTORS' MEETING

8.1 Any director may call a directors' meeting by giving not less than seven Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the Company Secretary (if any) to give such notice.

8.2 A minimum of four directors' meetings must be held in each year.

9. QUORUM FOR DIRECTORS' MEETINGS

9.1 Subject to article 9.2, the quorum for the transaction of business at a meeting of directors is three Eligible Directors, or the number of Eligible Directors nearest to one-third of the total number of directors, whichever is the greater, or such larger number as may be decided by the directors from time to time.

9.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 11 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (defined in article 11.1), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

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

- (a) to appoint further directors; or
- (b) to call a general meeting so as to enable the Members to appoint further directors.

9.4 The directors may invite any person they consider appropriate to attend and speak (but not to vote) at any directors' meeting.

10. CASTING VOTE

10.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting has a casting vote.

10.2 Article 10.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with these Articles, the chairman or other director is not an Eligible Director for the purposes of that meeting (or part of a meeting).

11. DIRECTORS' CONFLICTS OF INTEREST

- 11.1 The directors may, in accordance with the requirements set out in this article, authorise any Conflict proposed to them by any director which would, if not authorised, involve a director (an “Interested Director”) breaching his duty under section 175 of the Act to avoid conflicts of interest.
- 11.2 Any authorisation under this article 11 shall be effective only if:
- (a) the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 11.3 Any authorisation of a Conflict under this article 11 may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
 - (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
 - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
 - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he shall not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
 - (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

- 11.4 Where the directors authorise a Conflict, the Interested Director shall be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 11.5 The directors may revoke or vary such authorisation at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 11.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 11.7 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act, and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
 - (b) unless otherwise decided by the directors, shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
 - (c) unless otherwise decided by the directors, shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
 - (d) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
 - (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
 - (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be

avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

In the case of a proposed transaction or arrangement between the Company and HoM plc, sub-paragraphs (b) and (c) above shall take effect, in relation to any director of the Company who is interested in the transaction or arrangement only by virtue of being a director of HoM plc, as if the words “unless otherwise decided by the directors,” were omitted therefrom.

12. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

13. NUMBER OF DIRECTORS AND METHODS OF APPOINTING

13.1 The number of directors shall be such number, not less than three and not more than seven, as the directors may from time to time determine, but the remaining directors shall have power to act notwithstanding any vacancies until the vacancies are filled.

13.2 Subject to these Articles, any person who is willing to act as a director, and is permitted by law to do so, may be elected or appointed as a director:

- (a) by an election as provided in article 14.2; or
- (b) by a decision of the directors as provided in article 16,

provided that the appointment does not cause the number of directors in office for the time being to exceed any maximum number fixed or otherwise determined in accordance with these Articles.

14. RETIREMENT OF DIRECTORS

14.1 At each annual general meeting, any directors:

- (a) whose periods of office expire at that meeting under article 16; or
- (b) who (not falling within the preceding sub-paragraph) were not appointed or reappointed at one of the preceding two annual general meetings,

must retire from office and shall be eligible for reappointment by the Members (subject to article 15.2).

By way of example (which is non-exhaustive and for illustrative purposes only), a director appointed at the annual general meeting in 2020 would be required to retire under paragraph (b) above at the annual general meeting in 2023.

A director retiring at an annual general meeting shall continue to hold office until the conclusion of the meeting.

- 14.2 An election or elections shall be held to fill any vacancies on the board of directors which arise, or are required to be filled, at an annual general meeting. Such election(s) shall be held in accordance with the provisions of article 15.

15. ELIGIBILITY AND ELECTION OF DIRECTORS

- 15.1 Only Members who are natural persons aged 16 years or more at the time their appointments take effect may be appointed directors.

- 15.2 No person shall be eligible for appointment as a director if he has served more than nine years as a director (but excluding any period prior to the first annual general meeting of the Company). No person shall be eligible for appointment as a director who:

- (a) is subject to a bankruptcy order or has in place a composition with his creditors;
- (b) is prohibited from being a director by law;
- (c) has, within five years before the day of nomination or appointment, been convicted in the United Kingdom of any offence and has had passed on him a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine;
- (d) is or may on the basis of medical evidence be suffering from mental disorder; or
- (e) (save in the case of a retiring director) would not satisfy any eligibility requirements set out in the rules of any regulatory authority to which the Company and/or the Club is subject.

- 15.3 No Member other than a director retiring at the meeting under article 14.1 (who shall be eligible for election without nomination) shall be eligible for appointment as a director at an annual general meeting unless nominated for election by notice in writing signed (or endorsed in such other manner as may be specified by the directors for the purpose) by not less than 25 Members (subject to article 15.18), each of whom (i) has been a Member throughout the period of six months ending with the date of nomination, (ii) is aged 16 years or more, and (iii) is duly qualified to attend and vote at the annual general meeting.

Any such notice must be delivered to the registered office of the Company, addressed to the Company, or sent to the Company by such other means as may be specified by the directors for the purpose, not less than 42 clear days before the date appointed for the meeting, and must be accompanied by a statement signed by the candidate stating (i) his willingness to be appointed, and (ii) the particulars which would, if he were

appointed, be required to be including in the Company's register of directors. The notice may consist of several documents in like form, each signed by one or more of the nominating Members. Any nomination received less than 42 clear days before the date appointed for the annual general meeting shall be ineffective, and shall not be carried forward as a nomination for the next election at the next annual general meeting.

15.4 Elections of directors as provided in article 14.2 shall be conducted either:

- (a) by means of resolution(s) at the annual general meeting; or
- (b) if the directors so determine, by postal ballot of the Members conducted in accordance with article 35 in that part of the Company's financial year which precedes the date of the annual general meeting, in which event the result shall be declared at the annual general meeting.

Subject to article 15.6(c), the vacancies shall be filled by those candidates obtaining the most votes in their favour. The Members entitled to vote in an election of directors conducted by postal ballot are those Members who, on the voting date, are entitled to vote on an ordinary resolution.

15.5 If, on the election of directors, there are more candidates than vacancies to be filled by the election, each Member entitled to vote in the election shall have one vote in respect of each vacancy, but cannot be required to cast all or any of his votes.

15.6 If, on the election of directors, there are not more candidates than vacancies to be filled by the election:

- (a) each Member entitled to vote in the election shall have one vote in respect of every candidate, but cannot be required to cast all or any of his votes;
- (b) each vote shall be capable of being cast either for or against the candidate concerned; and
- (c) a candidate shall be elected if, and only if, more votes are cast for him than against him.

15.7 The directors may establish Rules in respect of any election of directors to govern, or provide guidance in respect of, the conduct of campaigning by candidates.

15.8 Subject to the provisions of this article, if the condition set out below is satisfied, the directors may decide that the director elected at a general meeting to fill a vacancy should be a person who has a specialist expertise.

The condition is that, in the opinion of the directors, it would materially assist the board of directors in discharging its duties and responsibilities effectively if a new director who has that specialist expertise was appointed under this article 15.8 (a "specialist director").

If the directors decide to exercise their power under this article in relation to any vacancy, the following provisions shall apply:

- (a) only candidates (whether nominated under article 15.3 or retiring and seeking reappointment) who have the relevant specialist expertise shall be eligible for election to fill the vacancy;
- (b) the election to fill the vacancy from the eligible candidates shall be separate from the elections to fill any other vacancies, and the provisions of articles 15.5 and 15.6 shall apply accordingly;
- (c) nomination forms and other relevant election information sent to Members must set out clearly the specialist expertise which candidates must have, and each nomination submitted by a candidate under article 15.3 must be accompanied by particulars of that candidate's relevant skills, experience and professional qualifications;
- (d) in order to verify that those particulars are accurate, the directors may require the candidate to supply in writing, in such form as the directors may specify, further evidence of his skills, experience and professional qualifications;
- (e) if, in the reasonable opinion of the directors, a candidate does not have the specialist expertise, or if the particulars of the candidate's skills, experience and professional qualifications are inaccurate to a material extent, the directors may reject that candidate's nomination for election as a specialist director as invalid;
- (f) at all times, the majority of directors holding office must be directors who are not specialist directors; and
- (g) where a proposal at a meeting of directors falls to be decided by the chairman's casting vote pursuant to article 10, a director who is not a specialist director must chair that part of the meeting.

15.9 Unless otherwise determined by the directors, a candidate for election may not withdraw his nomination after the notice of the meeting at which the election is to be conducted or (as the case may be) the notice of postal ballot is sent out.

15.10 All candidates shall be entitled to furnish the Company, before the closing date for nomination of candidates, with an election address of not more than 500 words.

15.11 Subject to article 15.13, the Company shall send a copy of each address to each Member who is entitled to vote in the election.

15.12 Each Member's copy shall be sent in the same manner and, so far as practicable, at the same time as, the notice of the meeting at which the election is to be conducted or (as the case may be) the notice of postal ballot is sent out, or as soon as is practicable thereafter, but failure to do so shall not invalidate the election.

- 15.13 Article 15.11 does not require the Company to send copies of an address to Members in any case where the rights conferred by that article are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes, or where the address does not relate directly to the affairs of the Company.
- 15.14 The notice of any annual general meeting at which an election is to be conducted by poll shall specify the full name of each candidate for the office of director, subject to article 15.16(a).
- 15.15 A director elected to office by postal ballot in accordance with article 35 shall be deemed to have been elected at the annual general meeting at which the result of the ballot is announced.
- 15.16 If a vacancy arises on the board of directors after the last day for receipt of nominations for election at an annual general meeting under article 15.3 and before the conclusion of the annual general meeting for any reason, including the death, disqualification or resignation of any retiring director who was seeking re-election, the directors may either:
- (a) without giving notice under article 15.13, substitute in that director's place some other Member who has filled the vacancy under article 16 to take the place of such retiring director as a candidate for election and such Member shall be deemed to be a retiring director; or
 - (b) reduce the number of vacancies to be filled at the annual general meeting by one in respect of each such event and any remaining vacancy on the board of directors shall be and become a vacancy which the directors have power to fill under article 16.
- 15.17 References in this article 15 to the appointment or election of directors include (unless inconsistent with the subject or context) the reappointment or (as the case may be) re-election of directors.
- 15.18 in respect of all nominations (but not some only) submitted under article 15.3 or 15.8 (as the case may be) in relation to any vacancy, the directors may determine that article 15.3 shall have effect as if there was substituted for the figure 25 such lower number as they deem appropriate.

16. APPOINTMENT OF DIRECTORS BY DECISION OF THE DIRECTORS

The directors may at any time appoint any Member of the Company complying with the requirements of articles 15.1 and 15.2 as a director, either to fill a casual vacancy in the board of directors or as an additional director, provided that the appointment does not cause the number of directors in office for the time being to exceed any maximum number fixed or otherwise determined in accordance with these Articles.

Any director so appointed shall hold office until the annual general meeting next following such appointment but, if he is appointed less than 35 days before the date appointed for holding that annual general meeting, he shall (unless otherwise determined by the directors) not retire at that annual general meeting but shall hold office until the next annual general meeting.

17. VACATION OF OFFICE OF DIRECTOR

Article 18 of the Model Articles shall be amended by the addition of the following events upon the occurrence of which a person shall cease to be a director:

- (a) he ceases to be a Member;
- (b) all of the other directors resolve that he cease to be a director;
- (c) he is absent without the permission of the directors from directors' meetings for six consecutive months and the directors decide that his office be vacated.

17A DIRECTOR OF MEMBERS' AFFAIRS

The directors may appoint any director or former director (provided such former director is a member) to be the director of members' affairs and may at any time remove him from that role. Reporting to the board of directors, the director of members' affairs will hold the lead responsibility for engaging, enhancing the dialogue and building relationships with new and existing Members, and managing strategies to deliver membership recruitment and retention. Any person appointed as director of member' affairs shall not, by reason only of such appointment, be a director of the Company for any of the purposes of the Act or these Articles, nor shall he have, by reason only of such appointment, any of the powers or duties of a director except in so far as specific powers or duties may be vested in him by the directors as aforesaid. The directors may at any time change the designation or title of any person appointed under this article.

18. SECRETARY

The directors may appoint any person who is willing to act as the Company Secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

19. REMUNERATION OF DIRECTORS

The directors must not be paid any remuneration for undertaking any services for the Company, whether by way of employment or otherwise, unless:

- (a) it is authorised by article 4.2;

- (b) the amount or maximum amount of the remuneration is specified in a written agreement; and
- (c) a majority of the directors then in office are not in receipt of remuneration from the Company authorised under article 4.2(a).

MEMBERSHIP

20. APPLICATION FOR MEMBERSHIP

- 20.1 Subject to the provisions of these Articles, no person shall become a Member unless he has completed an application for membership in a form approved by the directors from time to time, or has otherwise agreed to become a Member in a way acceptable to the directors. A document shall be sent to each successful applicant confirming their membership of the Company, and the details of each successful applicant shall be entered into the Register of Members by the Company.
- 20.2 The directors may decline to accept any application for membership if, acting reasonably and properly, they consider it is in the best interests of the Company as a whole to decline to accept, and need not give reasons for doing so.
- 20.3 The directors may prescribe criteria for membership of the Company but shall not be obliged to accept persons fulfilling those criteria as Members. In particular, the prescribed criteria may make provision about the payment of amounts to the Company, whether by way of contributions, subscriptions, entrance fees or otherwise.

21. CLASSES OF MEMBERSHIP

- 21.1 The directors may establish different classes of Members and set out their respective rights and obligations.
- 21.2 A person under the age of 16 years may be a Member, but shall not be entitled to vote at any general meeting of the Company held before he reaches the age of 16.
- 21.3 Without prejudice to articles 20.3 and 21.1, the classes of Members shall include Affiliate Members. The criteria for this class of membership and the rights and obligations conferred on Affiliate Members are set out in schedule 2 to these Articles.

22. TRANSFER OF MEMBERSHIP

- 22.1 A Member may transfer his membership to another person, providing such person fulfils the membership criteria set out in these Articles or elsewhere, by signing an instrument of transfer in any usual form or in any form approved by the directors and depositing such document at the registered office of the Company.

- 22.2 Following deposit of the instrument of transfer at the registered office, the Company shall, as soon as reasonably practicable, register the transferee in the Register of Members of the Company and notify the transferee of the date he becomes a Member.
- 22.3 No fee shall be charged for registering the transferee in the Register of Members.
- 22.4 When a Member dies or becomes bankrupt (if an individual) or goes into receivership, administrative receivership, administration, liquidation or other arrangement for the winding up of a company (if a company), the membership shall automatically pass to the personal representatives, trustee in bankruptcy, supervisor, receiver, administrator or administrative receiver (as appropriate), who may transfer such membership rights in accordance with the procedure set out in article 22.1.
- 22.5 The directors may decline to register a transferee as a Member and, if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal.

23. TERMINATION OF MEMBERSHIP

- 23.1 The directors may establish Rules about when a person's membership terminates, including Rules about termination of membership if a particular payment is not made to the Company within a prescribed period.
- 23.2 The directors may terminate the membership of any Member without his consent by giving him written notice if, in the reasonable opinion of the directors:
- (a) he is guilty of conduct which has or is likely to have a serious adverse effect on the Company or bring the Company or any or all of the Members and directors into disrepute; or
 - (b) he has acted or has threatened to act in a manner which is contrary to the interests of the Company as a whole; or
 - (c) he has failed to observe the terms of these Articles and the Rules.

Following such termination, the Member shall be removed from the Register of Members by the Company.

- 23.3 The notice to the Member under article 23.2 must give the Member the opportunity to be heard in writing or in person as to why his membership should not be terminated. The directors must consider any representations made by the Member and inform the Member of their decision following such consideration. There shall be no right to appeal from a decision of the directors to terminate the membership of a Member.
- 23.4 A Member whose membership terminates pursuant to this article 23, and a Member who withdraws from membership under Article 22.1 of the Model Articles, shall not

be entitled to a refund of any contribution, subscription or entrance fee, and shall remain liable to pay to the Company any subscription or other sum owed by him.

MEETINGS OF MEMBERS

24. ANNUAL GENERAL MEETINGS

An annual general meeting shall be held in each period of nine months beginning with the day following the Company's accounting reference date, at such place, date and time as may be determined by the directors.

25. ARRANGEMENTS FOR GENERAL MEETINGS

25.1 A general meeting (including an annual general meeting) may only be validly called by notice of at least 14 days. The period of notice shall be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held.

25.2 The directors may make arrangements for Members and proxies who are entitled to attend and participate in a general meeting, but who cannot be seated in the main meeting room where the chairman will be, to attend and take part in a general meeting in an overflow room or rooms. Any overflow room must have appropriate links to the main room and must enable audio-visual communication between the meeting rooms throughout the meeting.

The directors will decide how to divide Members and proxies between the main room and the overflow room. If an overflow room is used, the meeting will be treated as being held and taking place in the main meeting room and the meeting will consist of all the Members and proxies who are attending both in the main meeting room and the overflow room.

Details of any arrangements for overflow rooms will be set out in the notice of the meeting, but failure to do so will not invalidate the meeting.

25.3 To facilitate the organisation and administration of any general meeting, the directors may decide that the meeting shall be held at two or more locations, in accordance with the following provisions:

- (a) for the purposes of these Articles, any general meeting of the Company taking place at two or more locations shall be treated as taking place where the chairman of the meeting presides (the "principal meeting place") and any other location where that meeting takes place is referred in these Articles as a "satellite meeting";
- (b) a Member present in person or by proxy at a satellite meeting may be counted in the quorum and may exercise all rights that they would have been able to exercise if they were present at the principal meeting place;

- (c) the directors may make and change from time to time such arrangements as they shall in their absolute discretion consider appropriate to:
 - (i) ensure that all Members and proxies for Members wishing to attend the meeting can do so;
 - (ii) ensure that all persons attending the meeting are able to participate in the business of the meeting and to see and hear anyone else addressing the meeting;
 - (iii) ensure the safety of persons attending the meeting and the orderly conduct of the meeting; and
 - (iv) restrict the numbers of Members and proxies at any one location to such number as can safely and conveniently be accommodated there;
- (d) the entitlement of any Member or proxy to attend a satellite meeting shall be subject to any such arrangements then in force and stated by the notice of the meeting or adjourned meeting to apply to the meeting;
- (e) if there is a failure of communication equipment or any other failure in the arrangements for participation in the meeting at more than one place, the chairman may adjourn the meeting in accordance with these Articles. Such adjournment will not affect the validity of such meeting, or any business conducted at such meeting up to the point of adjournment, or any action taken pursuant to such meeting; and
- (f) a person (“satellite chairman”) appointed by the directors shall preside at each satellite meeting. Every satellite chairman shall carry out all requests made of him by the chairman of the meeting, may take such action as he thinks necessary to maintain the proper and orderly conduct of the satellite meeting and shall have all powers necessary or desirable for such purposes.

25.4 The directors may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the directors consider appropriate, and may authorise one or more persons to refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or to otherwise comply with such security arrangements or restrictions.

26. PROCEDURE AT GENERAL MEETINGS

26.1 51 Members (or, if less, one tenth of the total number of Members at the time) present in person or by proxy and entitled to attend and to vote on the business to be transacted at a general meeting shall be a quorum for all purposes, subject to the proviso that if the general meeting is adjourned under article 27 of the Model Articles due to the absence of a quorum, two members present in person or by proxy and entitled to attend and vote shall be a quorum at the continuation of the adjourned meeting. Model Article 27(1) shall be amended by the insertion, after “adjourn it”, of

the words “, save in the case of a meeting convened on the requisition of members, where the meeting shall be dissolved.”.

- 26.2 The chairman of a general meeting shall take such action as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting, and the chairman's decision, taken in good faith, on matters of procedure or arising incidentally from the business of the meeting shall be final, as shall be his determination as to whether any matter is of such a nature.
- 26.3 The chairman may invite any person to attend and speak at any general meeting of the Company whom the chairman considers to be equipped with knowledge or experience of the Company's activities to assist in the deliberations of the meeting.

27. VOTES OF MEMBERS

Subject to the Act and article 21.2, on a resolution put to a vote at any general meeting, every Member who is present in person (or by proxy) and entitled to vote on the resolution shall on a show of hands have one vote and every Member present in person (or by proxy) shall on a poll (subject to articles 15.5 and 15.6) have one vote. The directors may determine the right to vote at a general meeting by reference to the register of members as at a time (determined by the directors) that is not more than 72 hours before the time for the holding of the meeting.

28. DEMANDING A POLL

- 28.1 Article 30(2)(c) of the Model Articles shall be amended by substituting the word “five” for the word “two”.
- 28.2 Article 30(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.
- 28.3 A poll may not be demanded on the election of a person to chair a meeting or on a question of adjournment.

29. PROCEDURE ON POLL

- 29.1 Polls at general meetings must be taken when, where and in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting directs.
- 29.2 The chairman of the meeting may appoint scrutineers (who need not be Members) and decide how and when the result of the poll is to be declared.

- 29.3 The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.
- 29.4 A poll must be taken within 30 days of the date of the meeting at which the poll was demanded.
- 29.5 A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.
- 29.6 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least 7 days' notice must be given specifying the time and place at which the poll is to be taken.

30. PROXIES

- 30.1 Article 31(1) of the Model Articles shall be amended by the insertion of the words “and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting” as a new paragraph at the end of that Article.
- 30.2 Article 31(3) of the Model Articles shall be amended by the substitution, for the words “on one or more resolutions”, of the words “at the meeting”.
- 30.3 Any notice of a general meeting must specify the address or addresses (“proxy notification address”) at which the Company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.
- 30.4 Subject to articles 30.5 and 30.6, a proxy notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.
- 30.5 In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.
- 30.6 In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the proxy notice must be delivered:
- (a) in accordance with article 30.4; or
 - (b) at the meeting at which the poll was demanded to the chairman, secretary (if any) or any director.

- 30.7 An appointment under a proxy notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.
- 30.8 A notice revoking a proxy appointment only takes effect if it is delivered before:
- (a) the start of the meeting or adjourned meeting to which it relates; or
 - (b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.
- 30.9 The directors may at their discretion determine that, in calculating the periods mentioned in this article 30, no account shall be taken of any part of a day that is not a working day.

31. CORPORATE REPRESENTATIVES

- 31.1 A corporation (whether or not a company within the meaning of the Act) which is a Member may nominate any individual as its representative at any meeting of the Company.
- 31.2 The representative shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member.
- 31.3 The corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if its representative is present at it, and all references to attendance and voting in person shall be construed accordingly.
- 31.4 A director or the Company Secretary (if any) may require the representative to produce evidence of his authority reasonably satisfactory to them before permitting him to exercise his powers.

31A. VOTING IN ADVANCE OF THE MEETING

- 31A.1 Where a vote on a resolution at a General Meeting is carried out on a poll, the votes cast may, if the Directors so decide, include votes cast in advance of the Meeting by post or electronic mail.
- 31A.2 If voting in advance is allowed on any resolution, it shall be conducted in accordance with the requirements and detailed procedures set out in Rules. Such Rules shall include arrangements to ensure that the voting process is fair, accurate and secure, and may impose conditions as to the time for casting votes.

32. MATTERS REFERRED TO MEMBERS FOR DECISION

- 32.1 The following matters shall require the prior approval of Members by special resolution:
- (a) altering the name of the Company;
 - (b) changing the nature of the Company's activities in any material way; and
 - (c) any alteration to these Articles.
- 32.2 Subject to article 32.3, the Company shall not dispose of any shares in HoM plc acquired from Bidco, or any interest in such shares, except with the prior sanction of a resolution of the Members that is passed by a Specified Majority.
- 32.3 Article 32.2 shall not apply if, immediately following the disposal, the Company will be the holder of shares in HoM plc carrying the right to cast more than 75% of the votes capable of being cast on any resolution at any general meeting of HoM plc.
- 32.4 In this article 32, a "Specified Majority" means a majority of not less than 75% of the votes cast by those entitled to vote.
- 32.5 No amendment, removal or alteration of the effect of articles 32.2, 32.3, 32.4 or this article 32.5 may be made except with the prior sanction of a resolution of the Members that is passed by a majority of not less than 90% of the votes cast by those entitled to vote, but this restriction shall not apply to an amendment to increase the sanction required under article 32.2 to a percentage not greater than 90%.
- 32.6 Prior to casting the Company's votes on a reserved matter at a general meeting of HoM plc, the directors shall, so far as reasonably practicable, ascertain the wishes of Members who would be entitled under these articles to vote on any resolution proposed to consider the reserved matter.
- 32.7 In this article, "reserved matter" means a matter which, under the articles of association of HoM plc or any agreement between HoM plc and the Company, is reserved for approval by shareholders in HoM plc or by the Company in its capacity as a shareholder.

ADMINISTRATIVE ARRANGEMENTS

33. MEANS OF COMMUNICATION TO BE USED

- 33.1 Any notice, document or other information shall be deemed served on or delivered to a Member by the Company:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 24 hours after it was posted;
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
 - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
 - (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the Member receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a Business Day.

- 33.2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.
- 33.3 A Member who, for the purposes of the Register of Members, registers only a postal address that is not within the United Kingdom shall not be entitled to receive any notice, document or other information from the Company.
- 33.4 A Member present in person or by proxy at any general meeting of the Company shall be deemed to have received notice of the meeting and of the purposes for which it was called.

34. RULES

- 34.1 The directors may from time to time establish, alter and repeal such rules as they may deem necessary or expedient for the proper conduct and management of the Company. If there is a conflict between the terms of these Articles and any rules established under this article, the terms of these Articles shall prevail.

34.2 Without prejudice to any other provision of these Articles, Rules may make provision for the following matters, but are not restricted to them:

- (a) the admission of Members (including the admission of corporate or unincorporated bodies to membership), and in particular the admission criteria for Members;
- (b) classes of Members and the rights and privileges of such Members;
- (c) the entrance fees, subscriptions, contributions and other fees or payments to be made by Members;
- (d) the conduct of election campaigning (article 15.7); and
- (e) the procedure at general meetings, in so far as such procedure is not regulated by the Act or these Articles, and arrangements for facilitating the organisation and administration of any general meeting.

34.3 The directors shall adopt such means as they deem sufficient to bring to the notice of Members all Rules, alterations and repeals, and the Rules, so long as they are in force, shall be binding upon all Members.

35. POSTAL BALLOTS (AND ELECTRONIC BALLOTS) TO ELECT DIRECTORS

35.1 Where the directors determine under article 15.4(b) that the voting in an election of directors shall be conducted by postal ballot, the postal ballot shall be conducted in accordance with such arrangements and procedure as the directors shall determine, subject to the following principles:

- (a) notice of the ballot shall be given, in the same way as notice of a general meeting is to be given (which may be in hard copy form or electronic form, or by means of a website), to every Member who would be entitled to vote in the election if the voting date fell on the date of the notice of postal ballot (the “voting date” for this purpose meaning the date specified for the receipt of the completed voting form). Notice must also be given to any person who becomes a Member after the date of the notice of the postal ballot and before the voting date and who would be eligible to vote in the election if he remained a Member until the voting date;
- (b) the voting date, and the address to which completed voting forms must be returned, must be clearly specified in the notice, and the period between the date of the notice and the voting date must be at least 14 days (exclusive of the date on which the notice is given and the voting date);
- (c) the notice must be accompanied by or incorporate a voting form and such explanatory notes as the directors may decide;
- (d) the Company must meet the postage costs of returning voting papers by post;

- (e) the votes cast must be fairly and accurately counted (subject to articles 35.3 and 35.6), and the count shall be overseen by an independent person;
- (f) a voting form shall be void if a Member votes for more candidates than there are vacancies to be filled; and
- (g) the announcement of election results at an annual general meeting pursuant to article 15.4(b) shall include the number of votes cast for each candidate.

35.2 An address specified under article 35.1(b) may be an electronic address to which completed voting forms can be returned by electronic means.

35.3 In any case where a postal ballot is conducted, the directors may make such arrangements and provision as they think fit to permit some of the voting to be conducted by way of an electronic ballot (being a ballot in which Members have access on a website to a facility for registering their votes throughout the period beginning with the date of the notice of ballot and ending with the voting date). The arrangements and provision made by the directors may include (but need not be limited to) regulations prescribing:

- (a) the manner in which the votes of Members who vote electronically may be registered;
- (b) the manner in which the authenticity and integrity of the votes of Members who vote electronically is to be established; and
- (c) the consequences of any irregularities occurring in the course of the electronic ballot, including the validity of multiple votes cast by a Member in the same election.

35.4 Where access to the voting facility in an electronic ballot is available for a part but not all of the period beginning with the date of the notice of ballot and ending with the voting date, and the failure to make it available throughout the period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid, such failure shall not invalidate the ballot.

35.5 The accidental omission to give notice of a postal ballot or electronic ballot, or to send a voting form, to any person entitled to receive it, or non-receipt of such a notice or voting form by such a person, shall not invalidate the ballot.

35.6 If, on a postal ballot or electronic ballot:

- (a) any votes are counted that ought not to have been counted; or
- (b) any votes are not counted that ought to have been counted,

the error shall not vitiate the decision arrived at unless it has been in the opinion of the independent person referred to in article 35.1(e), of sufficient magnitude so to do.

36. INDEMNITY AND INSURANCE

36.1 Subject to article 36.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them, including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company or any subsidiary of the Company; and
- (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in sub-paragraph (a) above and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

36.2 This article does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.

36.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

36.4 In this article:

- (a) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any subsidiary of the Company; and
- (b) a “relevant officer” means any director or Company Secretary, or former director or Company Secretary, of the Company or any subsidiary of the Company.

SCHEDULE 1

THE MODEL ARTICLES

Schedule 2 of the Companies (Model Articles) Regulations 2008

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PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise:

“articles” means the company’s articles of association;

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

“chairman” has the meaning given in article 12;

“chairman of the meeting” has the meaning given in article 25;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

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

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

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“member” has the meaning given in section 112 of the Companies Act 2006;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“participate”, in relation to a directors’ meeting, has the meaning given in article 10;

“proxy notice” has the meaning given in article 31;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006; and

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

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

Liability of members

2. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for:

- (a) payment of the company's debts and liabilities contracted before he ceases to be a member,
- (b) payment of the costs, charges and expenses of winding up, and
- (c) adjustment of the rights of the contributories among themselves.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

Directors' general authority

3. Subject to the 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.

Members' reserve power

4.-(1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Directors may delegate

5.-(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and

(e) on such terms and conditions;

as they think fit.

(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.

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

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 the articles which govern the taking of decisions by directors.

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

DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

7.–(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

(2) If–

(a) the company only has one director, and

(b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

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

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article 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.

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

Calling a directors' meeting

9.-(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the Company Secretary (if any) to give such notice.

(2) Notice of any directors' meeting must indicate:

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

(3) Notice of a directors' meeting must be given to each director, but need not be in writing.

(4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company 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.

Participation in directors' meetings

10.-(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:

- (a) the meeting has been called and takes place in accordance with the articles, and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(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.

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.

(2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.

(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:

- (a) to appoint further directors, or
- (b) to call a general meeting so as to enable the members to appoint further directors.

Chairing of directors' meetings

12.—(1) The directors may appoint a director to chair their meetings.

(2) The person so appointed for the time being is known as the chairman.

(3) The directors may terminate the chairman's appointment at any time.

(4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

Casting vote

13.—(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

Conflicts of interest

14.—(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when:

- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;

(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes:

(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such securities; and

(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (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 chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

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

Records of decisions to be kept

15. 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.

Directors' discretion to make further rules

16. Subject to the 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.

APPOINTMENT OF DIRECTORS

Methods of appointing directors

17.–(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

- (a) by ordinary resolution, or
- (b) by a decision of the directors.

(2) In any case where, as a result of death, the company has no members and no directors, the personal representatives of the last member to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

Termination of director's appointment

18. A person ceases to be a director as soon as:

- (a) 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;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) 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;
- (e) *[paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]*
- (f) 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.

Directors' remuneration

19.–(1) Directors may undertake any services for the company that the directors decide.

(2) Directors are entitled to such remuneration as the directors determine:

- (a) for their services to the company as directors, and

(b) for any other service which they undertake for the company.

(3) Subject to the articles, a director's remuneration may:

(a) take any form, and

(b) 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.

(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.

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

Directors' expenses

20. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:

(a) meetings of directors or committees of directors,

(b) general meetings, or

(c) separate meetings of the holders of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

PART 3

MEMBERS

BECOMING AND CEASING TO BE A MEMBER

Applications for membership

21. No person shall become a member of the company unless:

(a) that person has completed an application for membership in a form approved by the directors, and

(b) the directors have approved the application.

Termination of membership

22.–(1) A member may withdraw from membership of the company by giving 7 days' notice to the company in writing.

(2) Membership is not transferable.

(3) A person's membership terminates when that person dies or ceases to exist.

ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

23.–(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.

(2) A person is able to exercise the right to vote at a general meeting when:

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) 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.

(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.

(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.

(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.

Quorum for general meetings

24. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

Chairing general meetings

25.–(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

- (a) the directors present, or
- (b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

Attendance and speaking by directors and non-members

26.–(1) Directors may attend and speak at general meetings, whether or not they are members.

(2) The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

Adjournment

27.–(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

- (a) the meeting consents to an adjournment, or
- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must:

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

- (a) to the same persons to whom notice of the company's general meetings is required to be given, and
- (b) containing the same information which such notice is required to contain.

(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

Voting: general

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

Errors and disputes

29.—(1) No objection may be raised to the expertise 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.

(2) Any such objection must be referred to the chairman of the meeting whose decision is final.

Poll votes

30.—(1) A poll on a resolution may be demanded:

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by:

- (a) the chairman of the meeting;
- (b) the directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

(3) A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal.

(4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

Content of proxy notices

31.—(1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which:

- (a) states the name and address of the member appointing the proxy;
- (b) identifies the person appointed to be that member’s proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

(2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

(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.

(4) Unless a proxy notice indicates otherwise, it must be treated as:

- (a) 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
- (b) 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.

Delivery of proxy notices

32.—(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(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.

(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.

(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.

Amendments to resolutions

33.—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) 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
- (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
- (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(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.

PART 4

ADMINISTRATIVE ARRANGEMENTS

Means of communication to be used

34.—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the

means by which that director has asked to be sent or supplied with such notices or documents for the time being.

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

Company seals

35.—(1) Any common seal may only be used by the authority of the directors.

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

(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.

(4) For the purposes of this article, an authorised person is:

- (a) any director of the company;
- (b) the Company Secretary (if any); or
- (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

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

Provision for employees on cessation of business

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

DIRECTORS' INDEMNITY AND INSURANCE

INDEMNITY

38.–(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against:

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant director" means any director or former director of the company or an associated company.

Insurance

39.–(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article:

- (a) a "relevant director" means any director or former director of the company or an associated company,
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

SCHEDULE 2

AFFILIATE MEMBERSHIP

Eligibility for membership

1. A person shall be eligible to be an Affiliate Member if:
 - (a) he was a Member during all or any part of the Eligibility Period;
 - (b) as such Member, he donated a minimum of £120 to the Company in any continuous period of 12 months (or less) falling wholly within the Eligibility Period; and
 - (c) he has terminated the foregoing membership (whether during or after the Eligibility Period).

The “Eligibility Period” is the period commencing on 1 September 2013 and ending on 30 August 2021.

Commencement and cessation of membership

2. A person who fulfils the eligibility criteria will automatically become an Affiliate Member with effect from:
 - (a) 30 August 2021; or
 - (b) the date membership ceased under paragraph 1(c),whichever is the later, provided that the directors may decline to admit any person to Affiliate membership if, acting reasonably and properly, they consider it is in the best interests of the Company as a whole to decline to admit, and need not give reasons for doing so.
3. An Affiliate Member may withdraw from membership by giving notice to the Company in writing.
4. A person’s Affiliate membership terminates when that person dies or when he becomes a Member falling within a different class of membership. The provisions of article 23 (Termination of Membership) apply to Affiliate membership.
5. Affiliate membership is not transferable other than with the prior written consent of the directors.

Voting right

6. Subject to paragraph 7, an Affiliate Member shall be entitled to receive notice of, attend, speak and vote at a general meeting of the Company if the business of the meeting includes the consideration of a resolution (a “relevant resolution”) to:
 - (a) sanction a disposal of shares in accordance with article 32.2;

(b) consider a proposal by the Club to change the name of the football team, the design of the Club badge or the Club colours, or to sell the Club's stadium at Tynecastle Park; or

(c) vary or abrogate any of the rights of Affiliate Members,

and at such general meeting the Affiliate Member shall only be entitled to speak and vote in respect of the relevant resolution or resolutions.

7. An Affiliate Member shall not be entitled to receive notice of, attend, speak and vote at a general meeting if:

(a) the meeting is held more than two years after the start of his Affiliate membership; and

(b) he has not supplied a postal or e-mail address to the Company in writing as his address for notices within the period of 18 months prior to the date of the notice convening the meeting (or such longer period as the directors may determine).

Other rights and obligations

9. Unless otherwise determined by the directors, no further rights (whether in regard to voting, eligibility for appointment as a director or otherwise) shall be conferred by Affiliate membership, and the words "Member" and "membership" in these Articles shall be construed accordingly.

10. In relation to each Affiliate Member, article 6 (Guarantee) shall take effect as if for the figure of "£1" there was substituted the figure "£0.10".