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ARTICLES OF ASSOCIATION
of
THE EDINBURGH SCHOOLS PARTNERSHIP LIMITED



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THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION¹

of

THE EDINBURGH SCHOOLS PARTNERSHIP LIMITED²

INTERPRETATION

1.1 In these Articles:-

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

Authority means The City of Edinburgh Council and its statutory successors from time to time;

Business Day means a day, excluding Saturdays and Sundays, on which banks are generally open for business in London and Edinburgh;

Common Terms Agreement means an agreement, with the title, to be entered into between the Company, HoldCo, European Investment Bank and The Governor and Company of the Bank of Scotland (in its various capacities);

Deed of Pledge has the meaning given to the term "Holding Company Share Pledge" in the Common Terms Agreement;

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

Financing Documents has the meaning given to it in the Project Agreement;

Group Member has the meaning given to it in the Shareholders Agreement;

¹ Adopted by resolution dated 14 November 2001

² Incorporated as Macrocom (602) Limited on 8 May 2000. Name changed to The Edinburgh Schools Partnership Limited on 9 August 2000.

HoldCo means ESP (Holdings) Limited (no. 206929);

HoldCo Shares means the Ordinary shares of £1 each of HoldCo;

Project means the design, construction, operation, maintenance and financing of the Project Schools (as defined in the Project Agreement);

Project Agreement means an agreement, with that title, entered into on 8 November 2001 between the Company and the Authority relative to the Project, as amended and supplemented by the Supplemental Agreement or as otherwise amended from time to time;

QMPF means Quayle Munro PFI Fund Limited Partnership, a limited partnership established under the Limited Partnerships Act 1907, having its principal place of business at 8 Charlotte Square, Edinburgh, EH2 4DR, and registered in Scotland under number SL004122;

Qualifying Shareholder means any member holding 15% or more in nominal value of the issued share capital of HoldCo, provided, however, that in determining any percentage of Shares for the purpose of article 6 or whether a member is a Qualifying Shareholder for any purpose of these Articles, the holdings of Group Companies will be aggregated and the Group Member holding the majority in nominal value of Shares held by all such Group Companies, failing which the first such Group Member whose name appears in the register of members of HoldCo, shall be deemed to be the Qualifying Shareholder for these purposes save that for so long as each of Uberior and QMPF are Group Members of the other and are both Shareholders, Uberior will always be deemed to be the Qualifying Shareholder as between Uberior and QMPF, and for so long as each of Uberior and QMPF are Group Members of the other and are both Shareholders QMPF shall not be deemed to be a Qualifying Shareholder irrespective of its percentage shareholding;

Shareholders Agreement means an agreement, with that title, to be entered into between Amey Ventures Limited (No. 03560646), Uberior Infrastructure Investments Limited (No. SC186247), Miller Construction (UK) Limited (No. 209666), QMPF HoldCo and the company relative to their relationship as shareholders in the Company;

Shares means Ordinary Shares of £1 each of the Company;

Supplemental Agreement means the agreement with that title dated on or about today's date between the Company and the Authority;

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

Uberior means Uberior Infrastructure Investments Limited, a company incorporated in Scotland under the Companies Acts (No.SC186247) and having its registered office at 2nd Floor, New Uberior House, 11 Earl Grey Street, Edinburgh, EH3 9BN;

1.2 Unless the context otherwise requires, the singular shall include the plural and vice versa and reference to any gender shall include all genders.

1.3 Unless the context otherwise requires, expressions defined in the Act shall have the

same meanings where used in these Articles.

2. The regulations contained in Table A, insofar as not excluded or varied by or inconsistent with these Articles, shall apply to the Company and be deemed to be incorporated herein.
3. Regulations 24, 41, 50, 57, 64, 73 to 77 inclusive, 79, 80, 89, 90, 94 to 97 inclusive and 101 of Table A shall not apply to the Company. The following regulations of Table A shall be modified:-
 - (a) regulation 1 by the deletion of the words “‘the seal’ means the common seal of the company”;
 - (b) regulation 6 by the deletion of the words “shall be sealed with the seal” and by the substitution therefor of the words “shall be signed by two Directors or by one Director and the Secretary”;
 - (c) regulation 18 by the addition of the words “and all expenses of the Company incurred by reason of such non-payment” at the end of the first sentence thereof;
 - (d) regulation 40 by the deletion of the second sentence thereof and the substitution therefor of the words “One member present in person or by proxy or being a duly authorised representative of a corporation shall be a quorum.”;
 - (e) regulation 46 by the deletion of:-
 - (i) the words “two members” where they appear in paragraph (b) and the substitution therefor of the words “one member”;
 - (ii) the word “or” at the end of paragraph (b); and
 - (iii) the whole of paragraphs (c) and (d);
 - (f) regulation 65 by the deletion of the words “approved by resolution of the directors and” where they appear in that regulation;
 - (g) regulation 72 by the deletion of the words “one or more directors” where they appear in the first sentence of that regulation and the insertion in their place of the words “at least one director who is also a director of HoldCo appointed by each Qualifying Shareholder”;
 - (h) regulation 78 by the deletion of the words “and may also determine the rotation in which any additional directors are to retire”; and
 - (i) regulation 88 by the deletion of the third, fourth and fifth sentences.

TRUSTS

4. The Company shall not be bound to recognise but shall be entitled to recognise, in such manner and to such extent as it may think fit, any trusts in respect of any Shares. Notwithstanding any such recognition, the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied or constructive, in respect of any Shares and shall be entitled to recognise

and give effect to the acts and deeds of the holders of such Shares as if they were the absolute owners thereof.

TRANSFER OF SHARES

- 5.1 This article 5 shall not apply to any transfer of Shares pursuant to the Deed of Pledge.
- 5.2 No transfer of any Share (nor any interest in any Shares) shall be registered unless the written consent of the Authority (if and to the extent required, by the Project Agreement) and each Qualifying Shareholder of HoldCo is obtained thereto and provided that any such transfer is permitted in terms of the Financing Documents.

DIRECTORS

- 6.1 The minimum number of Directors shall be two.
- 6.2 The Directors of the Company shall at all times be those individuals who are directors of HoldCo, so that:-
- (a) any person on becoming a director of HoldCo shall automatically become, and shall be appointed a Director of the Company; and
 - (b) any Director of the Company, on ceasing to be a director of HoldCo, shall cease to be and shall be removed from office as a Director of the Company.
- 6.2 Subject to article 6.3 and to the making of any disclosure, declaration or notification required by the Companies Act 1985, as amended, or by any other relevant and applicable legislation, a Director shall be entitled to vote in respect of any contract or arrangement in which he is interested and shall be taken into account in reckoning the quorum present at the meeting when such contract or arrangement is under consideration.
- 6.3 The quorum for the transaction of all business of the Directors (whether a decision of a full board or of a committee of the Directors) shall subject to Clause 7.6 of the Shareholders Agreement be one Director who is a director of HoldCo appointed by each Qualifying Shareholder. Subject to Clause 7.3 of the Shareholders Agreement if at any meeting of the Directors (or any committee of directors) a quorum is not present within 30 minutes (or such longer time as all Directors present choose to wait), the meeting shall be reconvened at such time and place as decided by those Directors present (but not less than 4 Business Days later unless such reconvened meeting is to consider a matter requiring urgent deliberation, in which case such meeting shall be reconvened not less than 1 Business Day later, subject to clause 7.4 of the Shareholders Agreement) and notice of the time and place of the reconvened meeting shall be sent to each of the Directors as soon as reasonably possible thereafter. At the reconvened meeting, the Directors present will form a quorum.
- 6.4 Without prejudice to article 6.3 and Clauses 6 and 8 of the Shareholders Agreement, all business of the meeting shall require the approval of a single majority of the directors present or by alternates present in person at the meeting, provided that in the event that more than one Qualifying Director appointed by a Qualifying Shareholder is present at the meeting only one of the Qualifying Directors appointed by that Qualifying Shareholder shall be entitled to cast a vote.

- 6.5 All or any of the Directors may participate in a meeting of the Directors by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear and speak to each other simultaneously or by any other means of communication agreed by all of the members from time to time. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is at the time of the meeting.
- 6.6 The chairman of the Directors shall be the chairman of each meeting. If there is no such chairman, or if he shall not be present within 30 minutes of the start of the meeting the Directors present shall choose one of their number to be chairman for that meeting. The chairman shall not have a casting vote.

BORROWING POWERS

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

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MEMORANDUM OF ASSOCIATION

of

THE EDINBURGH SCHOOLS PARTNERSHIP LIMITED

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THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION¹
of
THE EDINBURGH SCHOOLS PARTNERSHIP LIMITED²

- I. The Company's name is THE EDINBURGH SCHOOLS PARTNERSHIP LIMITED.
- II. The Company's registered office is to be situated in Scotland.
- III. The objects for which the Company is established are:-
 - (1) to enter into and perform an Agreement ("the Project Agreement") with City of Edinburgh Council ("the Authority") in connection with a project to be awarded by the Authority for the design, construction, financing, operation and provision of services, including maintenance of schools and to enter into and perform the agreements and documents ("the Related Documents") which are referred to in the Project Agreement and to which the Company is expressed to be a party and to enter into such other documentation and do all things as may be required or desirable in connection with the Project Agreement or the Related Documents;
 - (2) to carry on any other businesses which can be advantageously or conveniently carried on by the Company by way of extension of or in connection with the above or calculated directly or indirectly to benefit the Company or to enhance the value of or render profitable any of the Company's property or rights;
 - (3) to purchase, feu, construct, acquire, maintain, improve, take in exchange or on lease or hire, and use for any purpose of the Company any lands and buildings, machinery, plant, stock-in-trade, apparatus, concessions and other property, rights, privileges, servitudes, easements and interests, goodwill and other rights of whatever kind, heritable and moveable, real and personal which may be deemed necessary or convenient for such purposes, of any of them, and to hold, exercise, develop, improve and promote the uses of the same;
 - (4) to acquire, erect, construct, lay down, enlarge, alter, maintain, improve and from time to time renew any buildings, machinery, plant, roads, sewers and other works and to acquire either outright or by way of lease or other interest any property or assets, which in each case the

I Amended by resolution dated 14 November 2001

2 Incorporated as Macrocorn (602) Limited ESP Limited on 8 May 2000. Name changed to The Edinburgh Schools Partnership Limited on 9 August 2000.

Company shall consider to be necessary or convenient for carrying on said businesses and the purposes of the Company generally;

- (5) to apply for, purchase or otherwise acquire and protect and renew in any part of the world any patents, patent applications, copyrights, design rights, trade marks, trade names, brands, privileges, concessions, licences, secret processes and the like which may seem capable of being used for any of the purposes of the Company, and to use, exercise, develop, prolong and grant licences of the same;
- (6) to apply for or concur with others in applying for any Provisional Order, Act of Parliament or other authority for enabling the Company to carry out all or any of its objects or for any other purpose which may seem expedient, to subscribe to the expense of obtaining the same, and to oppose or subscribe to the expense of opposing any Provisional Order, Bill or any proceedings in Parliament or elsewhere which may seem directly or indirectly to affect prejudicially the Company's interests;
- (7) to purchase or otherwise acquire the whole or any part of the undertaking, property or assets of any company or person carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company or possessed of property suitable for the purposes of the Company, and as part of the consideration for such acquisition to undertake all or any part of the liabilities of such company or person;
- (8) to pay for any property or rights acquired by the Company in cash, by instalments, or in shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of the Company, or partly in one mode and partly in another and generally on such terms as may be agreed upon;
- (9) to amalgamate or enter into partnership, or into any arrangement for sharing profits, co-operation, union of interest, reciprocal concession, joint adventure, mutual interest, or assistance or otherwise with any company or person carrying on any business or having any objects similar to or kindred with any of the businesses or objects of the Company and that in such manner and on such terms and conditions as may be found expedient;
- (10) to subscribe for, take, or otherwise acquire and hold shares, stock, debentures, debenture stock or other securities of, or other interests in, any company;
- (11) (a) to promote the interests of any company which is for the time being a subsidiary, or holding company of the Company or a subsidiary of any holding company of the Company or any undertaking which is for the time being a subsidiary undertaking of the Company or of any holding company of the Company in any manner whatever and, in particular, by paying or discharging or assuming (by way of novation or otherwise)

all or any of the liabilities thereof or giving any undertaking to do so, by giving any indemnity or guarantee in respect of such liabilities and by giving any security or charge for any such indemnity and guarantee or for the payment of money or performance of obligations by any such company or undertaking as aforesaid, either with or without consideration and whether or not the Company derives any benefit other than the promotion of such interests as aforesaid to the intent that the promotion of the interests of any such company or undertaking as aforesaid shall be an object and not a power of the Company; and

- (b) whether with or without the Company receiving any consideration or benefit to guarantee and give security for the payment of any principal moneys, premiums, interest and other moneys secured by or payable under securities or obligations of any company which is for the time being the Company's holding company or a subsidiary of the Company's holding company or any other company which may be promoted or established by the Company either alone or in conjunction with others or which may purchase or take over the whole or any part of the undertaking of the Company and to guarantee and give security for the payment of dividends and premiums on, and the repayment of the capital of, stocks and shares of all kinds and descriptions;
- (12) to lend and advance money or give credit to any company or person on such terms as may be thought fit and to guarantee and give security for the payment of any moneys or the performance of any contracts, liabilities or obligations of any company or person and to become liable or responsible for money and undertake obligations of every kind and description all upon such terms as may from time to time be considered desirable in the interests of the Company;
- (13) to borrow or raise money in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the undertaking, property or assets of the Company or any part thereof, including its uncalled capital, and also by a similar mortgage, charge or lien to secure any debt, liability or obligation of any holding or subsidiary company of the Company or of any other company or of any person;
- (14) to receive money on deposit or temporary loan upon such terms as may be thought fit;
- (15) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, warrants, debentures, charter parties, bills of lading, and other negotiable or transferable documents;
- (16) to invest or deal with moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined;

- (17) to procure the Company to be registered or recognised in any part of the world outside the United Kingdom;
- (18) to establish or promote or concur in establishing or promoting any other company for the purpose of acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem calculated to advance directly or indirectly the objects or interests of the Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire shares, stock, debentures, debenture stock or other securities of any such company;
- (19) to give or award pensions, annuities, gratuities, superannuation or other allowances or benefits, to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is the holding company of, or a subsidiary company of, or allied or associated with, the Company or any such holding company or subsidiary company, and to the wives, widows, children and other relatives and dependants of any such persons; to set up, establish, support and maintain pension, superannuation and other funds or schemes (whether contributory or non-contributory) and to make payments towards insurance or other payments (either in connection with any such fund or scheme or otherwise) for the benefit of such persons or any of them or any class of them; to support or subscribe to any charitable funds or institutions the support of which may, in the opinion of the Directors, be calculated directly or indirectly to benefit the Company or its officers or employees, and to institute and maintain any club or other establishment or profit-sharing scheme calculated to advance the interests of the Company or its officers or employees; and to subscribe or guarantee money for any exhibition or for any public, general or useful object;
- (20) to sell, feu, lease, exchange, mortgage or otherwise deal with or dispose of the whole or any part of the undertaking, property or assets of the Company, or any right over or interest in the same, for such consideration, and in such manner and upon such terms and subject to such conditions, as the Company may think fit, and in particular for shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of any other company;
- (21) to distribute any of the property of the Company among the Members in specie or kind;
- (22) to remunerate any company or person for services rendered or to be rendered in placing or procuring the subscription of, or otherwise assisting in the issue of, any shares, stock, debentures, debenture stock or other securities of the Company or of any company promoted by the Company;
- (23) to do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise; and

- (24) to do all such other things as are incidental or conducive to the attainment of the aforesaid objects or any of them.

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

IV. The liability of the Members is limited.

*V. The Company's share capital is £100 divided into 100 shares of £1 each.

* The authorised share capital of the Company was increased from £100 to £100,000 by written resolution of the Company dated 14 November 2001.

