

# WARNER ESTATE HOLDINGS PLC

*(Incorporated and registered in England and Wales with registered number 870816)*

## Notice of Annual General Meeting

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent adviser, duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, by another appropriately authorised independent adviser.**

If you sell or have sold or otherwise transferred all your Ordinary Shares in Warner Estate Holdings PLC (the “**Company**”), you should send this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document should be read as a whole. Your attention is nonetheless drawn to the letter from the Chairman of the Company which is set out on page 2 of this document and which recommends that you vote in favour of the resolutions to be proposed at the Annual General Meeting.

The Annual General Meeting will be held at the Hyatt Regency Churchill Hotel, 30 Portman Square, London W1H 7BH at 10.00 a.m. on 8 September 2010 and a notice convening the Annual General Meeting is set out on pages 3 to 5 of this document.

The accompanying Form of Proxy for use by Shareholders at the Annual General Meeting should be completed, signed and returned in accordance with the instructions printed on it so as to reach the Company’s Registrar, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 48 hours before the time of the Annual General Meeting. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. The completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Annual General Meeting should they wish to do so.

# WARNER ESTATE HOLDINGS PLC

(Incorporated and registered in England and Wales with registered number 870816)

## DIRECTORS:

P C T Warner (*Non-executive Chairman*)  
M W Keogh, BE, ACA, ATII, MIEI (*Group Managing Director*)  
R W Game, BSc, MRICS (*Group Managing Director, Property*)  
K A Holman, (*Non-executive Director*)  
J R Avery, LLB (*Non-executive Director*)  
G A Cooke, BSc, MRICS (*Non-executive Director*)  
R H Warner, ACA (*Non-executive Director*)

## REGISTERED OFFICE:

Nations House  
103 Wigmore Street  
London W1U 1AE

28 July 2010

To Shareholders and participants in the AESOP and, for information only, to participants in the Warner Estate Share Schemes

Dear Shareholder,

## ANNUAL GENERAL MEETING 2010

I am pleased to announce that the Company's Annual General Meeting will be held at the Hyatt Regency Churchill Hotel, 30 Portman Square, London W1H 7BH on Wednesday, 8 September 2010 at 10.00 am. Set out in this document is a notice convening the Annual General Meeting. Accompanying the Notice are explanatory notes on the business of the meeting. Your Board believes that all the proposals to be put to you at this year's Annual General Meeting are in the best interests of the Company and all shareholders. Details of how shareholders will be able to vote by proxy at the forthcoming Annual General Meeting are included in the notes to the notice of Annual General Meeting and on the Form of Proxy, which is enclosed with this document. Similarly, if you are a participant in the AESOP, a letter from Capita Trustees Limited and a Voting Direction Form are enclosed with this document.

## BOARD CHANGES

As previously announced on 24 May 2010, Mark Keogh, formerly Finance Director, became Group Managing Director and Robert Game, formerly Property Director, became Group Managing Director, Property with effect from 1 July 2010. On that same date I became Non-executive Chairman. I congratulate Mark and Rob on their promotions. During our recent refinancing they demonstrated considerable skill and expertise and I am confident in their ability to lead the management of the Company.

Also on 1 July 2010 Keith Holman joined the Board as a Non-executive Director and was appointed Senior Independent Director. Keith has extensive corporate experience and a strong knowledge of property, two important attributes which will be of great benefit to the Board. He is standing for election at the Annual General Meeting and his biographical details can be found in the explanatory notes to the Notice of the Annual General Meeting.

Bill Broderick, who joined the Board as a Non-executive Director in 1991, retired as a Director on 1 July 2010. Bill had been with us for nearly 20 years and his expertise has been a great help to the Board. We are sad to lose him and I thank him for his contribution over the years. Julian Avery replaces Bill as Chairman of the Remuneration Committee.

## ADOPTION OF NEW ARTICLES OF ASSOCIATION

Shareholders are being asked to adopt new articles of association which incorporate a number of amendments to our existing articles, predominantly to reflect those provisions of the Companies Act 2006 which came into effect in October 2009 and the implementation of the Shareholders' Rights Regulations in the UK. A summary of the principal changes proposed to the existing articles of association is set out on pages 9 to 11 of this document.

## ANNUAL REPORT AND ACCOUNTS

Please also accept this document as notification that the Company's Annual Report and Accounts for the year ended 31 March 2010 has now been published on the Company's website at [www.warnerestate.co.uk](http://www.warnerestate.co.uk) in the Investor Relations section. To access this document you will need to have Adobe Acrobat Reader installed.

If you have elected to receive a printed copy of the Company's Annual Report and Accounts or you became a shareholder after 16 November 2007, that document is enclosed with this document. If you became a shareholder after that date you will also find enclosed with this document a letter advising you of the electronic communications options available to you.

If you would like to receive general communications from the Company via e-mail rather than paper notifications, please visit the Investor Relations section of the Company's website and register your e-mail address. The Company will donate £5 to Trees For Cities for every shareholder that registers an e-mail address for electronic communications through the website. Trees For Cities is an independent charity set up in 1993 to work with local communities on tree planting projects.

Please note that you will still have the right to request (at no extra charge) printed copy versions of shareholder information sent to you by means of a website and should you subsequently wish to change your election or receive documents or information in printed copy form you can do so at any time by contacting the Company's Registrars. If you wish to receive a printed copy of the Annual Report and Accounts for the year ended 31 March 2010, please write to the Company Secretary.

## OTHER SHAREHOLDER SERVICES

Finally, I would like to take this opportunity to advise you of the other services that are available to shareholders via the Company's website. These include access to your shareholding and dividend history and the ability to amend your dividend mandate details and address online. Please visit the Company website at [www.warnerestate.co.uk](http://www.warnerestate.co.uk) and follow the link in the Investor Relations Section for further information on these services.

Yours faithfully,

**Philip Warner**

Chairman

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN that the Forty-fifth Annual General Meeting of Warner Estate Holdings PLC (the “Company”) will be held at the Hyatt Regency Churchill Hotel, 30 Portman Square, London W1H 7BH on 8 September 2010 at 10.00 am (the “Meeting”) for the following purposes:**

## ORDINARY BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:

- 1 That the Reports of the Directors and Auditors and the Accounts for the year ended 31 March 2010 be received.
- 2 That the Directors’ Remuneration Report for the year ended 31 March 2010 be approved.
- 3 That Mr P C T Warner be re-elected a Director of the Company.
- 4 That Mr J R Avery be re-elected a Director of the Company.
- 5 That Mr K A Holman be elected a Director of the Company.
- 6 That Mr G A Cooke be re-elected a Director of the Company.
- 7 That Mr R H Warner be re-elected a Director of the Company.
- 8 That PricewaterhouseCoopers LLP be re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and that the Directors be authorised to fix their remuneration.

## SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, of which Resolution 10 will be proposed as an Ordinary Resolution and Resolutions 9, 11, 12, 13 and 14 will be proposed as Special Resolutions:

- 9 That:
  - (I) the Company be and is hereby generally and unconditionally authorised to purchase on the London Stock Exchange (by way of market purchases as defined in section 693(4) of the Companies Act 2006) not more than 8,420,012 Ordinary shares of 5p each in the capital of the Company (representing 14.99% of the issued share capital of the Company), at a price not exceeding 5% above the average of the middle market quotations for an Ordinary share derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day of purchase nor less than 5p per share, for a period expiring (unless previously renewed, varied or revoked by the Company in General Meeting) on the close of business on the day that is six months following the Company’s next accounting reference date or at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution, whichever first occurs; and
  - (II) the Company may, before the expiry of this authority, make a contract to purchase Ordinary shares under this authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary shares in pursuance of any such contract.
- 10 That, in substitution for all existing authorities, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to:
  - (I) allot shares (as defined in section 540 of the Companies Act 2006) in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £936,181.05; and
  - (II) allot equity securities (as defined in section 560 of the Companies Act 2006) up to an aggregate nominal amount of £1,872,362.10 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (I) of this Resolution 10) in connection with an offer by way of a rights issue:
    - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (b) to holders of other equity securities (as defined in sections 560 of the Companies Act 2006) as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of the Company’s next Annual General Meeting after this Resolution is passed (or, if earlier, until the close of business on the day that is six months following the Company’s next accounting reference date) but, in each

case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired.

**11** That, in substitution for all existing powers and subject to the passing of Resolution 10, the Directors be generally empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority granted by Resolution 10 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006, in each case free of the restriction in section 561 of the Companies Act 2006, such power to be limited:

(I) to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted by paragraph (II) of Resolution 10, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only):

(a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(b) to holders of other equity securities (as defined in section 560(1) of the Companies Act 2006), as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(II) to the allotment of equity securities pursuant to the authority granted by paragraph (I) of Resolution 10 and/or an allotment which constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 (in each case otherwise than in the circumstances set out in paragraph (I) of this Resolution 11) up to a nominal amount of £140,427.15 calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, Ordinary shares (as defined in section 560(1) of the Companies Act 2006) by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights,

such power to apply until the end of the Company's next Annual General Meeting after this Resolution is passed (or, if earlier, until the close of business on the day that is six months following the Company's next accounting reference date) but, in each case, so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.

**12** That with effect from the end of the Meeting:

(I) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's articles of association; and

(II) the articles of association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

**13** That, subject to the passing of Resolution 12, the Directors be authorised to exercise the power contained in article 122 of the Company's articles of association (as from time to time varied) so that, to the extent and in the manner determined by the Directors as permitted by article 122, the holders of ordinary shares be permitted to elect to receive new Ordinary shares credited as fully paid instead of cash in respect of all or part of any future dividend (including any interim dividend), paid by the Directors or declared by the Company in general meeting (as the case may be), in respect of any financial period of the Company ending prior to the date of the annual general meeting of the Company to be held in 2015 to the extent that the Directors decide, at their discretion, to offer a scrip dividend alternative in respect of such dividend.

**14** That a general meeting of the Company, other than an Annual General Meeting of the Company, may be called on not less than 14 clear days' notice.

By Order of the Board

**D J Lanchester**

Secretary

**Nations House**

103 Wigmore Street

London W1U 1AE

28 July 2010

## NOTES

1. A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and speak and vote on their behalf at the Meeting. More than one proxy may only be appointed by a member in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by that member. A proxy need not be a member of the Company. Completion of a form of proxy does not prevent a member from attending and voting at the Meeting in person.
2. A form of proxy is enclosed. To be valid, forms of proxy, completed in accordance with the instructions printed on them, must be lodged with the Company's Registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.00am on Monday 6 September 2010. Alternatively, you may submit your proxy vote electronically using the share portal service at [www.capitashareportal.com](http://www.capitashareportal.com).
3. A person who is not a member of the Company, but has been nominated by a member of the Company (the "relevant member") under section 146 of the Companies Act 2006 to enjoy information rights (the "nominated person"), does not have the right to appoint any proxies under note 2 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights. It is important to remember that a nominated person's main contact in terms of their investment remains the relevant member (or perhaps the custodian or broker who administers the investment) and a nominated person should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and holding (including any administration thereof). The only exception to this is where the Company writes to a nominated person directly for a response. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 2 above does not apply to nominated persons. The rights in notes 1 and 2 can only be exercised by members of the Company.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment may do so for the Annual General Meeting to be held on 8 September 2010 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (RA10) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting (10.00am on Monday 6 September 2010). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 10.00am on Monday 6 September 2010 shall be entitled to attend and/or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 10.00am on Monday 6 September 2010 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
6. At 27 July 2010 (being the last business day prior to the publication of this notice) the issued share capital of the Company consists of 56,170,865 Ordinary shares, carrying one vote each. Of these, 250,000 Ordinary shares are held in treasury (representing 0.44% of the total Ordinary shares in issue excluding shares held in treasury). Therefore, the total voting rights in the Company as at 27 July 2010 are 55,920,865.
7. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
8. The following documents will be available for inspection at the Company's registered office at Nations House, 103 Wigmore Street, London W1U 1AE during normal business hours on any business day (excluding Saturdays and public holidays) from 28 July 2010 until the time of the Annual General Meeting, and also for a least 15 minutes prior to, and during, the Meeting:
  - (i) copies of the service contracts and letters of appointment of the Directors of the Company;
  - (ii) the register of interests of directors and their connected persons in the shares of the Company; and
  - (iii) a copy of the proposed new articles of association of the Company, and a copy of the existing articles of association marked to show the changes proposed to be made to the existing articles of association.
9. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the Meeting that the question be answered.
10. Pursuant to section 311A of the Companies Act 2006, a copy of this notice and further information is available on the Company's website at [www.warnerestate.co.uk](http://www.warnerestate.co.uk).

# EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The Directors believe that the proposed resolutions are in the best interests of the Company and its members and unanimously recommend members to vote in favour of the proposed resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

Resolutions 1 to 8 (inclusive) and resolution 10 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 9, 11, 12, 13 and 14 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

The following pages contain explanatory notes in respect of the proposed resolutions that the Board believe may require specific explanation.

## Resolution 2 – Directors’ Remuneration Report

Shareholders are given the opportunity by law to vote on whether or not they approve the Remuneration Report and this vote will be in respect of the content of the Remuneration Report and not specific to any Director’s level or terms of remuneration.

The Remuneration Report is contained in the Annual Report and Accounts 2010, printed copies of which have been sent to those who elected to receive them or who became shareholders after 16 November 2007 and are obtainable from the Company Secretary or from the Company’s website at [www.warnerestate.co.uk](http://www.warnerestate.co.uk).

## Resolutions 3 to 7 – Election and re-election of Directors

The Articles of Association of the Company require a certain number of Directors to retire each year by rotation and to stand for re-election. Messrs. P C T Warner and J R Avery are retiring by rotation this year and offer themselves for re-election. In addition, Messrs. G A Cooke and R H Warner, having served as Directors for more than nine years, are subjecting themselves to re-election at the Annual General Meeting in accordance with the provisions of the Combined Code. The Articles of Association also require that any Director appointed by the Board since the last Annual General Meeting must seek election at the Annual General Meeting if he wishes to remain a Director. Mr K A Holman, having been so appointed, is standing for election. Each re-appointment will be proposed as a separate resolution. Biographical details of the Directors standing for election and re-election are given below. The Board recommends their re-appointment at the Annual General Meeting.

### P C T Warner (Non-executive Chairman)

Age 59, joined the Board in May 1979 and was appointed Chairman in March 1993. Mr Warner is a barrister as well as being a director of several private companies. He is also Chairman of the Nomination Committee. Mr Warner has a three year non-executive appointment letter terminable by either party giving six months notice.

### J R Avery, LLB (Non-executive Director)

Age 64, joined the Board in July 2004. Chairman of Invesco Perpetual AiM VCT plc and a non-executive director of Charles Taylor Consulting plc. Former Chairman of Equity Insurance Group until January 2007 and previously Chief Executive of Wellington Underwriting plc, where he spent 11 years until his retirement in 2004. A former non-executive director of Aspen Insurance Holdings Ltd, IAG UK Holdings Ltd and East Surrey Holdings plc. Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. Mr Avery has an annual non-executive appointment letter terminable by either party giving six months notice.

### K A Holman (Non-executive Director)

Age 65, joined the Board on 1 July 2010. Mr Holman has extensive corporate and property expertise and is best known in the UK property sector for his work with Raglan Properties. This included the recapitalisation of that company, a 50:50 joint venture with a major Hong Kong property group and its acquisition of Letinvest. In 2000 he led the £50m privatisation of Raglan. In 2001 he became Deputy Chairman of the Kowloon Development Company, which is quoted on the Hong Kong Stock Exchange. His corporate banking experience has included HSBC, Lazard Brothers, Barclays Asia and East Asia Warburg. Mr Holman is the Senior Independent Director and a member of the Audit, Remuneration and Nomination Committees. He has a three year non-executive appointment letter terminable by either party giving six months notice.

## G A Cooke, BSc, MRICS (Non-executive Director)

Age 61, joined the Board in July 1993. Chairman of BNP Paribas Real Estate and a member of the British Council of Offices. Mr Cooke is a member of the Remuneration and Nomination Committees and has an annual non-executive appointment letter terminable by either party giving six months notice.

## R H Warner, ACA (Non-executive Director)

Age 53, joined the Board in March 1994. Finance Director of Neptune Investment Management and a director of several private companies. From 1992 to 2002, Finance Director and Company Secretary of Aukett Group Plc. Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. Mr Warner has an annual non-executive appointment letter terminable by either party giving six months notice.

## Resolution 9 – Authority to purchase own shares

The Company is seeking to re-new its authority to purchase up to 14.99% of its Ordinary shares at, or between the minimum and maximum prices specified in this resolution. The Directors do not currently have any intention of exercising the authority granted by this resolution. Nevertheless, the Directors consider that purchases of Ordinary shares in the capital of the Company are in the Company's and shareholders' interests when the purchase of Ordinary shares at a price below the value of the net assets attributable to each share increases the value of the net assets attributable to the remaining Ordinary shares.

Under the Companies Act 2006 (the "2006 Act"), the Company is allowed to hold its own shares in treasury following a buyback, instead of cancelling them. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends, are suspended whilst they are held in treasury. If the Board exercises the authority conferred by Resolution 9, the Company will have the option of holding repurchased shares in treasury.

The total number of warrants and options to subscribe for Ordinary shares that were outstanding as at 27 July 2010 was 3,104,895 representing approximately 5.55% of the issued share capital at that date (excluding Ordinary shares held in treasury) and 6.53% of the issued share capital at that date (excluding Ordinary shares held in treasury) if the authority to purchase shares under this resolution is used in full.

The authority sought at the Annual General Meeting will expire at the conclusion of the next Annual General Meeting or six months after the Company's next accounting reference date, whichever is the earlier.

## Resolution 10 – Allotment of shares

Paragraph (I) of this resolution authorises the Directors to allot up to a maximum aggregate nominal amount of 18,723,621 Ordinary shares being equal to one-third of the issued share capital of the Company as at 27 July 2010. In November 2009, the ABI issued updated guidance on the approval of authorities to allot shares, in which it stated that, in addition to requests for authorisation to allot new shares in an amount up to one-third of the existing issued ordinary share capital of a company, it would regard as routine requests to authorise the allotment of a further one-third in connection with a rights issue. In light of this, paragraph (II) of this resolution proposes that a further authority be conferred on the Directors to allot shares or rights to subscribe for shares in connection with a rights issue in favour of holders of equity securities up to a further one-third of the issued ordinary share capital (such amount to be reduced by the nominal amount of Ordinary shares or rights to subscribe for Ordinary shares issued under the authority conferred by paragraph (I) of this resolution). This gives Directors authority to allot in total up to the equivalent of two-thirds of the issued ordinary share capital of the Company as at 27 July 2010. This authority would expire on the earlier of the date of the next Annual General Meeting or six months after the next accounting reference date. There is no present intention by the Board to exercise this power, but the Board considers that it is in the best interests of the shareholders as a whole to have such an authority in place and recommends that you vote in favour of Resolution 10.

## Resolution 11 – Disapplication of pre-emption rights

It is proposed to renew the authority given to the Directors to allot equity securities for cash without first being required to offer such securities to existing shareholders, but limited to £140,427.15 of nominal capital, being 5% of the issued ordinary share capital of the Company as at 27 July 2010, equal to 2,808,543 Ordinary shares. Additionally, paragraph (I) of this resolution allows Directors to make allotments on a non-pre-emptive basis to ordinary shareholders by way of a rights issue and to holders of other equity securities according to the rights attaching to those securities. This authority will expire on the earlier of the date of the next Annual General Meeting or six months after the next accounting reference date.

## Resolution 12 – New Articles of Association

It is proposed in this resolution to adopt new articles of association (the “New Articles”) in order to update the Company’s current articles of association (the “Current Articles”) primarily to take account of the coming into force of the Companies (Shareholders’ Rights) Regulations 2009 (the “Shareholders’ Rights Regulations”), the implementation of the last parts of the 2006 Act, amendments to the Uncertificated Securities Regulations 2001 and to replace the borrowing limits in the Current Articles that were suspended on 15 March 2010 with new borrowing limits.

The principal changes introduced in the New Articles are summarised on pages 9 to 11 of this document. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act, the Shareholders’ Rights Regulations or the Uncertificated Securities Regulations 2001 have not been set out in this document. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 5 of this document.

## Resolution 13 – Authority to offer shareholders scrip dividends

At the Company’s annual general meeting in 2008 the Company obtained the authority, required under its articles of association, to be able to offer shareholders the choice of receiving dividends in shares instead of cash. If Resolution 12 is passed at the Annual General Meeting, and so the Company adopts New Articles, the 2008 authority will become outdated. The Board is therefore proposing to renew the authority so that it is able to offer shareholders scrip dividends in the form of fully paid ordinary shares in the Company as an alternative to receiving dividends in cash. As was the case in 2008, no decision has been taken to offer shareholders a scrip dividend scheme, but the Board would like to have the flexibility to do so, should this be in the Company’s best interests. If this authority is granted, then the earliest time any such scrip dividend scheme would be introduced would be in relation to the Company’s interim dividend, should one be announced later this year. If a scrip dividend scheme was to be introduced, then the Board would write to all shareholders in advance setting out further details of the scrip dividend scheme and its implications.

## Resolution 14 – Notice of General Meetings

Changes made to the 2006 Act by the Shareholders’ Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Resolution 14 proposes that the notice period be reduced to not less than 14 clear days. If passed, the notice period will be effective until the Company’s next annual general meeting, when it is intended that a similar resolution will be proposed. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. Annual general meetings will continue to be held on at least 21 clear days’ notice.

# PRINCIPAL CHANGES TO THE COMPANY'S MEMORANDUM AND ARTICLES OF ASSOCIATION

## 1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 12 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

## 2. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the 2006 Act are in the main to be removed in the New Articles and, where it is appropriate to retain certain provisions in the New Articles, these have been amended to bring them into line with the 2006 Act.

## 3. Authorised share capital and unissued shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

## 4. Allotment authority of the Board

The allotment authority and the power to disapply pre-emption rights in respect of such allotments have been deleted from the New Articles and the Company will therefore in future propose separate, standalone resolutions annually in order to empower the Directors to allot new shares and to disapply pre-emption rights in respect of such allotments. This will also allow the Company to take account of the prevailing current investor protection committee guidance.

## 5. Redeemable shares

Under the Companies Act 1985 (the "1985 Act"), if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

## 6. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the 1985 Act, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act a company will only require shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

## 7. Provision for employees on cessation of business

The 2006 Act provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking

of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles retain this power and reflect the 2006 Act by excluding such provision for directors, former directors and shadow directors.

## 8. Use of seals

Under the 1985 Act, a company required authority in its articles to have an official seal for use abroad. Under the 2006 Act, such authority is no longer required. Accordingly, the relevant authorisation has been removed in the New Articles.

## 9. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

## 10. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes.

## 11. Validity of proxy votes

Following the implementation of the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. The New Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

## 12. Voting by corporate representatives

The Shareholders' Rights Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

## 13. Chairman's casting vote

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the 2006 Act.

## 14. Notice of general meetings

The Shareholders' Rights Regulations amend the 2006 Act to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

## 15. Voting record date

Under the 2006 Act as amended by the Shareholders' Rights Regulations the company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The Current Articles have been amended to reflect this requirement.

## 16. Directors indemnity

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles reflect the wider indemnity provisions of the 2006 Act.

## 17. Directors remuneration

The New Articles increase the maximum fees that can be paid to an individual director to £100,000 in order to remain consistent with market practice. This limit does not include executive remuneration or fees for additional services.

## 18. Borrowing limits

At the extraordinary general meeting of the Company held on 15 March 2010 a resolution was passed by the shareholders approving the suspension of the borrowing limits contained in the Current Articles. As set out in the circular dated 19 February 2010 in respect of the suspension of borrowing limits contained in the Current Articles, it was stated that new articles of association with appropriate borrowing restrictions would be proposed for adoption at the annual general meeting of the Company in 2010. The New Articles contain this new borrowing restriction which authorises the directors to borrow up to the higher of (i) £300,000,000, and (ii) five times the aggregate of the amount paid up on the share capital of the Company and the amounts standing to the credit of the consolidated reserves of the Company as calculated in accordance with the terms of the New Articles.

## 19. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.