

INTRAGROUP AGREEMENT
BETWEEN
SOUTHSIDE HOUSING ASSOCIATION LIMITED
AND
SOUTHSIDE FACTORING AND RELATED SERVICES LIMITED

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THIS AGREEMENT

BETWEEN

- 1 Southside Housing Association Limited, a registered society registered under the Co-operative and Community Benefit Societies Act 2014, (Registered Number 1694R(S)), a registered charity (Scottish Charity Number SC036009) and having its registered office at Southside House, 135 Fifty Pitches Road, Glasgow G51 4EB (the "Parent").
- 2 Southside Factoring and Related Services Limited, incorporated under the Companies Acts, (Company Number SC297320) and having its registered office at Southside House, 135 Fifty Pitches Road, Glasgow G51 4EB (the "Subsidiary").

The purpose of this Agreement is to record the relationship between the Parent and the Subsidiary, the responsibility of the Parent for setting policies and strategies for the Group and controlling its operation, and the framework within which the Subsidiary is to operate. This framework is to include policies and standards in key areas, including equal opportunities and health and safety.

1 DEFINITIONS & INTERPRETATION

1.1 Definitions

In this Intragroup Agreement, unless the context otherwise requires:-

"Agreement" means this agreement;

"Budget" means the Subsidiary's budget from time to time determined in accordance with the provisions of clause 7;

"Business Plan" means the Subsidiary's financial plan from time to time determined in accordance with the provision of clause 7;

"Competent Authority" means, any body with a statutory regulatory authority over either Party;

"Group" means the Parties and any other entity which is a subsidiary of either Party;

"Group Business Plan" means the Group's business and financial plan from time to time set for the Group by the Parent;

"Group Chief Executive" means the most senior executive officer of the Group;

"Group Members" means those organisations that are part of the Group;

"Group Policies" means those policies adopted by the Parent and notified to all Group Members from time to time to apply to all Group Members;

"Group Standing Orders" means the Standing Orders (including Financial Regulations) adopted by the Parent to apply to all Group Members;

"Group Strategy" means the strategic objectives adopted by the Parent for the Group;

"Parent Committee" means the Committee of Management of the Parent;

"Party" means the Parent and the Subsidiary respectively;

“Regulator” means The Scottish Housing Regulator, having its head office at Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF, or any successor body carrying out the same or similar regulatory functions in respect of Registered Social Landlords;

“Services” means any services to be provided by one Party to another in terms of this Agreement and any relevant cost sharing service agreement;

“Subsidiary Board” means the board of management of the Subsidiary; and

“Subsidiary Constitution” means the articles of association of the Subsidiary in the form approved by the Parent as amended from time to time in accordance with the terms of this Agreement.

1.2 Words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa and words denoting persons shall include corporations.

1.3 Reference to any statutory provisions or instruments shall be deemed to include reference to any such provisions or instruments as from time to time amended, varied, replaced, extended or re-enacted and to any orders, regulations or other subordinate legislation under such provisions or instruments.

1.4 Reference to a clause or a schedule shall be deemed to be references to a clause or a schedule to this Agreement and references to a sub-clause shall be deemed to be references to a sub-clause of the clause in which the reference appears.

1.5 In this Agreement, clause headings are included for ease of reference only and shall not affect this Agreement or the interpretation hereof.

2. Group objectives

2.1 Each Party agrees and undertakes to carry on its business in accordance with the objectives set out from time to time in the Group Strategy.

3. Responsibilities of Parent and Subsidiary

3.1 The Parent is responsible for the following functions:

3.1.1 developing group strategy including the culture and values of the Group; Group business planning, monitoring performance and treasury management;

3.1.2 approval of the Group's overall budgets and capital programmes;

3.1.3 regular review of Group governance arrangements;

3.1.4 the setting and review of the Group Business Plan, Group Policies and Group Standing Orders;

3.1.5 providing central and corporate functions as determined by the Parent from time to time; and

3.1.6 monitoring the compliance by the Subsidiary with the provisions of this Agreement and in the event of non-compliance taking such action as is appropriate.

3.2 The Subsidiary is responsible for the following functions:

- 3.2.1 carrying out all acts necessary or desirable to ensure that its business is carried out in accordance with the Subsidiary Constitution, and the requirements of any Competent Authority, and ensuring that its business objectives are furthered in such manner as the Subsidiary Board considers most appropriate, subject always to the provisions of this Agreement;
 - 3.2.2 running all operational, management and day to day aspects of its business, within the context of the Group Strategy, Business Plan, Budget and Group Policies and Group Standing Orders;
 - 3.2.3 reporting to the Parent Committee as required in terms of this Agreement; and
 - 3.2.4 taking action on internal and external audit findings.
- 3.3 It is further agreed that the Subsidiary Board shall have the right to manage its business in accordance with the objects set out in the Subsidiary Constitution and in its best interests, subject always to acting in accordance with Group Policies, the provisions of this Agreement, the Business Plan and Budget, legal and regulatory requirements and the Group Strategy and Group Business Plan set in accordance with the terms of this Agreement.

4. Appointment of Board and Shareholders

- 4.1 Appointment of Board. No appointment to the Subsidiary Board shall be made by the Subsidiary without the written approval of the Parent. Except where the Parent exercises its control in terms of Clause 5, the Subsidiary Board will comprise of no less than five persons appointed directly to the Subsidiary Board by the Parent or appointed by the Subsidiary Board with the written approval of the Parent.
- 4.2 Quorum. The Subsidiary shall ensure at all times that the quorum for meetings of the Subsidiary Board shall be three Subsidiary Board Members or such other number as may be determined by the Parent in writing.
- 4.3 Dealing in Shares. The Subsidiary is prohibited from issuing, allotting or transferring or otherwise dealing in any way in its shares or share capital without the prior written approval of the Parent.

5. Parent undertakings

- 5.1 The Parent confirms that the Subsidiary shall have the right to manage the day to day operational business of the Subsidiary as provided for in this Agreement. The Parent will co-operate with and assist the Subsidiary as follows:
 - 5.1.1. by providing such advice as is required by the Subsidiary, including advice on performance expectations and good professional standards;
 - 5.1.2. by implementing and complying with any relevant Group Policies;
 - 5.1.3. by appointing internal and external auditors for the Group;
 - 5.1.4. by complying with all reasonable requests of the Regulator;
 - 5.1.5. by providing such advice and assistance as the Subsidiary may require in the preparation of its Business Plan, Budget, financial reports and cash flows within the terms of any cost sharing service agreement; and
 - 5.1.6. by operating in accordance with the Group Standing Orders.

5.2 Notwithstanding that the Parent has the absolute constitutional right to appoint or remove any person on the Subsidiary Board, the Parent confirms that it shall exercise that right where, having regard to the Group's interests, the Parent is satisfied that in the circumstances exercise of such right is required. Circumstances in which the Parent would consider exercising such step in rights would include, but are not limited to:

5.2.1 Where the Parent considers that the Subsidiary:

5.2.1.1 has failed in any material respect to operate within and adhere to the Subsidiary's approved Budget or Business Plan or to be in a position where the Subsidiary either is, or is likely to become, unable to meet its debts as they fall due; or

5.2.1.2 has failed to comply in any material respect with any Group Policy applicable to the Subsidiary or the terms of this Agreement and such failure has or would in the opinion of the Parent be likely to have a material adverse effect upon the business, assets, reputation and / or operations of the Group or any Group Member; or

5.2.1.3 has brought the Group or any Group Member into disrepute or has acted in a manner which is materially prejudicial to any part of the Group or any Group Member; or

5.2.1.4 has failed to comply in any material respect with its constitution or responsibilities as set out in this Agreement; or

5.2.1.5 is insolvent or any enforcement action is being taken against it, or has been threatened, by any third party; or

5.2.1.6 is likely to be unable to meet its contractual obligations as they fall due and/or the Parent has concerns as to its long term financial viability; or

5.2.1.7 has been the subject of an adverse (in the Parent's reasonable opinion) supervisory or regulatory report from a Competent Authority or where a Competent Authority has taken regulatory action against the Subsidiary or any member of the Subsidiary Board.

6. Subsidiary undertakings

6.1 The Subsidiary hereby undertakes that:

6.1.1 it shall ensure that appointments to and the overall composition of the Subsidiary Board shall at all times be in accordance with the requirements set out in any Group Policies, or shall be as otherwise agreed in writing with the Parent;

6.1.2 it shall obtain the approval of the Parent Committee prior to appointing a Chair to the Subsidiary Board;

6.1.3 the Subsidiary Board shall not exercise any removal and appointment powers (set out in the Subsidiary Constitution) in respect of the Subsidiary Board members without the prior written consent of the Parent;

6.1.4 it shall comply with all requests of any Competent Authority;

6.1.5 it shall comply with all reasonable advice from the Parent in relation to probity and management;

- 6.1.6 it shall comply with Group Policies and Group Standing Orders;
- 6.1.7 it shall conduct its business and only enter into financial commitments in accordance with its Business Plan and Budget;
- 6.1.8 it shall attend liaison meetings with the Parent, as required, and providing such relevant information as may be requested by the Parent;
- 6.1.9 it shall report to the Parent in such form as the Parent shall from time to time require;
- 6.1.10 it shall provide the Parent with copy board reports and papers circulated to Subsidiary Board members (at the time of circulation to such board members) and minutes of meetings of the Subsidiary Board and of all sub-committees promptly following those meetings;
- 6.1.11 it shall permit the Group Chief Executive or his or her nominee to attend all Subsidiary Board and sub-committee meetings;
- 6.1.12 it shall appoint the Group's auditors as its auditors;
- 6.1.13 it shall respect confidentiality and only disclose any confidential information pertaining to the Group with the prior written agreement of the Parent (except where required to do so by any law or regulation or by any court of Competent Authority);
- 6.1.14 it shall provide copies to the Parent of all communications with any Competent Authority promptly;
- 6.1.15 it shall only contract as itself and shall not attempt to commit the Parent, or any other Group Member, as an agent or otherwise, in any contractual arrangement; and
- 6.1.16 it shall comply with the reasonable requests of the Parent to contribute to specific areas of the Group business at particular times.

7. Group Policies

- 7.1 The Parent shall have the right to designate which policies shall be applied as Group Policies and therefore be applicable to all Subsidiaries.
- 7.2 The Subsidiary shall have the right to set its own operational policies and amend these from time to time subject to such policies complying with legal and regulatory requirements the Subsidiary Constitution and the obligations of the Subsidiary in terms of this Agreement.

8. Business Plans

- 8.1 The Subsidiary remains responsible for the development, review and adoption of a draft Business Plan and draft Budget which must be consistent with the current Group Business Plan and Group Strategy. The Subsidiary's Business Plan and Budget requires to be approved by the Parent and the Parent will monitor the delivery of the Business Plan and Budget by way of reporting mechanisms to be determined by the Parent.
- 8.2 The Subsidiary shall provide to the Parent its draft Business Plan and Budget by a date set by the Parent each year and the Parent shall, as soon as reasonably practicable after receipt of the said drafts, confirm to the Subsidiary whether it has any issues of concern with such drafts. In the event of there being issues of concern, the Parent and the Subsidiary will use all reasonable endeavours to work together to agree a revised Business Plan and Budget as soon as reasonably practicable. Until approved by the Parent, the draft Business Plan and

Budget shall not become the Business Plan and Budget for the purposes of this Agreement, and the preceding year's business plan and budget shall continue to have effect unless and only to the extent that the Parties agree otherwise.

- 8.3 The Subsidiary agrees and undertakes to carry on its business and only to enter into commitments as envisaged by the Business Plan and Budget.

9. Group services

- 9.1 Where Services are to be provided by the Parent in accordance with the Group Business Plan, Group Strategy and the Business Plan, the Parties shall enter into a cost sharing service agreement recording the agreed services to be provided and other relevant provisions in connection therewith.

10. Staffing

- 10.1 All staff recruitment, management and remuneration by the Subsidiary shall be carried out in accordance with relevant Group Policies, Business Plan and Budget and with the approval of the Group Chief Executive.
- 10.2 The Subsidiary agrees that the Group Chief Executive will act as senior officer for the Group and will be entitled at any time to investigate any acts, omissions or conduct on the part of any member of the Subsidiary's staff in accordance with its Group Policies.

11. Variations

- 11.1 The Parties shall review the operation of this Agreement from time to time as determined by the Parent.
- 11.2 In the event of a variation of this Agreement being agreed, the same shall be recorded in a supplemental agreement between the Parties.

12. Resolution of disputes

- 12.1 It is the intention of the Parties that all disputes should be resolved by discussion between the Parties and that each agrees to act in good faith and use its reasonable endeavours to apply the terms of this Agreement without the necessity for implementing the dispute resolution procedures of this clause 12.
- 12.2 In the event that the implementation of this dispute resolution procedure becomes necessary, each Party agrees that its Chair and another member of its management committee/board shall meet with a view to resolving any issues of concern and that those persons present at such meeting shall use their best reasonable endeavours to resolve the dispute.
- 12.3 In the event that no resolution can be reached following the process described above, the Parent shall reserve the right to rule on the dispute which ruling shall be binding on the Subsidiary.

13. Governing law

- 13.1 This Agreement shall be governed by and construed in accordance with Scottish Law.

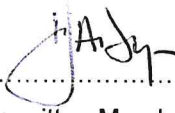



14 Notices

Every notice, request or other communication shall:-

- 14.1 be in writing delivered personally or by prepaid first class letter or by fax or by electronic mail;
- 14.2 be deemed to have been received, in the case of a letter when delivered personally or 48 hours after it has been sent by first class post or in the case of a fax or electronic mail on receipt of a legible copy by the recipient provided that any letter or message by electronic mail which arrives after business hours or on a day which is not a Business Day shall be deemed to have been served at the opening of business on the next Business Day; and
- 14.3 be sent;
- (a) to the Parent at its address stated above marked for the attention of its Chair;
- (b) to the Subsidiary at the address stated above and marked for the attention of its Chair;

or (in each case) to such other address or fax number or electronic mail address and/or marked for the attention of such other person in Scotland, as may be notified in writing by the relevant party to the other party by not less than 15 days' notice.

IN WITNESS WHEREOF:-

<p>Signed for and on behalf of Southside Housing Association Limited</p> <p></p> <p>.....</p> <p>Committee Member/Authorised Signatory Name... Iain Dyce</p> <p>Date... 29 March 1918</p> <p>Place of signing.....</p>	<p>In the presence of:-</p> <p></p> <p>.....</p> <p>Name... AILEEN RAOFORD</p> <p>Address... SOUTHSIDE HOUSE</p> <p>135 FIFTY PITCHES ROAD</p> <p>GLASGOW G51 4EB</p>
<p>Signed for and on behalf of Southside Factoring and Related Services Limited</p> <p></p> <p>.....</p> <p>Director/Authorised Signatory Name... ALAN B. FERGUSON</p> <p>Date... 14/03/18</p> <p>Place of signing... Glasgow</p>	<p>In the presence of:-</p> <p></p> <p>.....</p> <p>Name... MEL TAIT</p> <p>Address... SOUTHSIDE HOUSE</p> <p>135 FIFTY PITCHES ROAD</p> <p>CARDONALD, G51 4EB</p>