

Company number 12576442
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
CHERRY TREES APARTMENTS SERVICE COMPANY LIMITED (the “Company”)
(Adopted by special resolution passed on 2nd July 2021)

Introduction

1. Interpretation

1.1 The following definitions and rules of interpretation apply in these Articles:

Act: the Companies Act 2006.

appointor: has the meaning given in article 18.1.

Articles: the Company's articles of association for the time being in force.

A Director: any director who is also a holder of an A Share or is appointed as proxy for a holder of an A Share.

A Share: an ordinary A share of £1.00 each in the capital of the Company.

A Unit: means an individual residential apartment within the apartment block known as Cherry Tree Apartments, 509 Coldhams Lane, Cambridge, in the course of being constructed on the Primary Estate and A Units shall be construed accordingly.

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.

B Director: any director who is also a holder of a B Share or is appointed as proxy for a holder of a B Share.

B Share: an ordinary B share of £1.00 each in the capital of the Company.

B Unit: means an individual residential apartment within a potential second apartment block, or an individual residential or commercial property, yet to be constructed on the Secondary Estate and B Units shall be construed accordingly.

Business Day: any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.

Change of Ownership: means in relation to any Unit, any change in the Unitholder by way of a sale and purchase of the relevant Unit or change of legal ownership of the relevant Unit.

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. The following are not to be regarded as giving rise to a Conflict:

- (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;
- (b) a subscription, or an agreement to subscribe, for securities of the Company or to underwrite, sub-underwrite or guarantee subscription for any such securities;
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Company which do not provide special benefits for directors or former directors;
- (d) in the case of a Developer's Director, his employment by, directorship of or other office with or having any interest in the Developer (or being the Developer); and
- (e) the director being a Unitholder.

Corporate Director: means a person nominated in writing from time to time by any member (other than the Developer) who is a corporate entity to act as director of the Company.

Developer: means Paddock St Holdings Ltd, a company registered in England with company registration number 02835532 whose registered office is at 11 Luard Road, Cambridge, England, CB2 8PJ being the registered proprietor for the time being of the Primary Estate and Secondary Estate.

Developer's Director: means a director of the Company who has been appointed by the Developer under article 14.1, and for the avoidance of doubt the Developer may be a Developer's Director.

director: means a director of the Company and includes any person occupying the position of director, by whatever name called.

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

eligible member: has the meaning given in section 289 of the Act.

Handover Date: means either:

- a) the date on which the Developer transfers to the Company the freehold interest in Secondary Estate; or

- b) in the event the Secondary Estate is not developed and therefore not transferred to the Company, such other date as the Developer's Directors in their sole discretion may determine,

and Handover shall be construed accordingly.

Managed Property: has the meaning given in article 2.1.

member: means a person who holds shares in the capital of the Company, and membership shall be construed accordingly.

Model Articles: the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.

Primary Estate: means the development site known as 509 – 511 Coldhams Lane, Cambridge and registered at HM Land Registry with title number CB251691 and including any other land, buildings or premises which the board of directors designate as forming part of the Primary Estate.

Secondary Estate: means the site known as land on the north-east side of 509 – 511 Coldhams Lane, Cambridge and registered at HM Land Registry with title number CB453420 and including any other land, buildings or premises which the board of directors designate as forming part of the Secondary Estate.

shares: any shares in the capital of the Company.

Unit: means either an A Unit or B Unit (as the case may be).

Unitholder: means the person or persons to whom a Unit Lease has been granted or assigned or the person or persons (other than the Company) who hold the freehold of a B Unit and so that whenever two or more persons are for the time being Unitholders of a Unit they shall for all purposes of these Articles be deemed to constitute one Unitholder.

Unit Lease: means a lease of a Unit granted for an original term of over 21 years by the Developer.

- 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 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 legislation or a legislative provision is a reference to it as amended, extended or re-enacted from time to time. A reference to legislation or a legislative provision shall include all subordinate legislation made from time to time under that legislation or legislative provision.
- 1.6 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.7 Articles 2, 3, 8, 9(1) and (3), 11(2) and (3), 12, 13, 14(1), (2), (3) and (4), 17, 18, 19, 20, 21, 22, 26(2), (3) and (5), 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 38, 39, 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company.
- 1.8 Article 7 of the Model Articles 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".
- 1.9 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.10 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.11 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".
- 1.12 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"
2. Objects
- 2.1 The Company's objects are:-
- (a) to acquire and hold the Primary Estate and, if applicable, the Secondary Estate including without limitation, all roads, access ways, footpaths, grassed or landscaped common areas, bin stores, forecourts, parking areas, drains, sewers, lighting, security and associated facilities and all other communal areas intended to be used in common by the Unitholders and others (where appropriate) and forming part of the Primary Estate and, if applicable, the

Secondary Estate (Managed Property) either on its own account or as trustee, nominee or agent of any other company or person;

- (b) to enter into the Unit Leases, exercise its powers and perform its obligations under the Unit Leases;
- (c) to administer and provide property management services in respect of the Managed Property;
- (d) to acquire and deal with and take options over any property, real or personal, including the Managed Property, and any rights or privileges of any kind over or in respect of any property, and to improve, develop, sell, lease, accept, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the Company;
- (e) to collect all rents, charges and other income and to pay any rates, taxes, charges, duties, levies, assessments or other outgoings of whatsoever nature charged, assessed, or imposed on or in respect of any Unit, the Managed Property and/or the Primary Estate or Secondary Estate or any part thereof;
- (f) to provide services of every description in relation to the Managed Property and to maintain, repair, renew, redecorate, repaint, clean, construct, alter and add to the Managed Property and to arrange for the supply to it of services and amenities and the maintenance of the same and the cultivation, maintenance, landscaping and planting of any land, gardens and grounds comprised in the Managed Property and to enter into contracts with builders, tenants, contractors and others and to employ appropriate staff and managing or other agents accordingly;
- (g) to insure the Managed Property or any other property of the Company or in which it has an interest against damage or destruction and such other risks as may be considered necessary, appropriate or desirable and to insure the Company against public liability and any other risks which it may consider prudent or desirable to insure against;
- (h) to establish and maintain capital reserves, management funds and any form of sinking fund in order to pay or contribute towards all fees, costs, and other expenses incurred in the implementation of the Company's objects and to require the members of the Company to contribute towards such reserves or funds at such times, in such amounts and in such manner as the Company may think fit and to invest and deal in and with such moneys not immediately required in such manner as may from time to time be determined;
- (i) to borrow and raise money in such manner as the directors shall think fit and secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien or other security on the Company's property and assets;

- (j) to pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company and to contract with any person, firm or company to pay the same;
- (k) to open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments; and
- (l) to do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the above objects.

3. Income and dividends

3.1 The income of the Company, from wherever derived, shall be applied solely in promoting the Company's objects and, save on a winding up of the Company, no dividend or other distribution shall be made to its members in cash or otherwise. Nothing in these Articles shall prevent any payment in good faith by the Company of:

- (a) reasonable and proper remuneration to any member, officer or servant of the Company for any services rendered to the Company;
- (b) any interest on money lent by any member or any director at a reasonable and proper rate;
- (c) reasonable and proper rent for premises demised or let by any member or director; or
- (d) reasonable out-of-pocket expenses properly incurred by any director.

4. Liability of members

4.1 The liability of the members is limited to the nominal value of the shares held by them and the amounts that the directors shall from time to time levy on the members to fund the management and maintenance of the Managed Property.

5. Rules

5.1 The directors may make such rules as they consider necessary or convenient for the proper conduct and management of the Company and for the purposes of prescribing the conditions of membership. In particular, and without prejudice to the generality of the foregoing, the directors may make rules regulating:-

- (a) the conduct of members of the Company in relation to one another, and to the Company's officers and employees;
- (b) the setting aside of the whole or any part or parts of the Company's premises at any particular time or times or for any particular purpose or purposes;

- (c) the procedure at general meetings and meetings of the directors and committees of the Company (in so far as such procedure is not governed by these Articles); and
 - (d) any and all other matters as are commonly the subject matter of company rules.
- 5.2 The directors must adopt such means as they consider sufficient to bring to the notice of members all rules made under this article.
- 5.3 Any rules made by the directors under this article will be valid and binding as against all members for so long as such rules are in force.
- 5.4 The Company in general meeting may alter or repeal any rules made by the directors in accordance with this article.
- 5.5 Nothing in this article permits the directors of the Company to make any rules which are inconsistent with or affect or repeal anything in these Articles or in any resolution passed by members of the Company or agreement to which Chapter 3 of Part 3 of the Companies Act 2006 applies.
- 5.6 The directors may, at their sole discretion and from time to time, levy charges to the members to reimburse and/or fund the running costs of the Company in connection with owning, managing, insuring and maintaining the Managed Property (including but not limited to the costs of employing managing agents to carry out the same). The directors shall provide written notice of the charges levied to each member, stating the date payment is required, and the levy shall be calculated, levied and raised in a manner which the directors consider to be fair, equitable and reasonable among all the members. The amount of charge so levied shall be a debt due from each member. If any member fails to pay such a charge when it falls due for payment, the directors may issue call notice following the procedure set out in articles 26 to 28 to the member stating the timeframe within which such outstanding sums should be paid. Should sums remain unpaid, the directors may take such action for the recovery of the outstanding sums as they, in their reasonable opinion, see fit.
- 5.7 The directors shall procure that separate books of account are maintained for each of the Primary Estate and the Secondary Estate and shall ensure that in levying any service charge or equivalent charges the members holding A Shares shall, subject to article 5.8, only be responsible for costs in connection with the Managed Property falling within the Primary Estate and the members holding B Shares shall, subject to article 5.8, only be responsible for costs in connection with the Managed Property falling within the Secondary Estate.
- 5.8 To the extent that any costs are incurred by the Company which relate to any part of the Managed Property which is shared by the Primary Estate and the Secondary Estate, the directors shall apportion such costs between the members holding A Shares and the members holding B Shares on a fair and reasonable basis, having regard to the relative usage of such Managed Property.

Directors

6. **Directors' general authority**

- 6.1 Subject to these Articles, the directors are responsible for the management of the Company's business in accordance with its objects, for which purpose they may exercise all the powers of the Company.

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 five 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 Notice of a directors' meeting shall be given to each director in writing.

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 any two eligible directors (providing that, if the Company has any B Shares in issue, one director present is an A Director and one director present is a B Director), unless there is only one director of the Company in which case, in accordance with the Model Articles, a quorum shall be one eligible director. Until the Handover Date, the quorum must include a Developer's Director participating in the meeting.
- 9.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 11 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), 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.

10. Chairing of directors' meetings

10.1 The directors may appoint a director to chair their meetings. Until the Handover Date, the person so appointed must be a Developer's Director. The person so appointed for the time being is known as the chairman of the board.

10.2 After the Handover Date:

- (a) the directors may, by a decision of the board, terminate the appointment of chairman of the board at any time; and
- (b) if the chairman of the board is not participating in a directors' meeting within ten minutes of the time it was to start, the participating directors must appoint one of themselves to chair it.

10.3 The Developer Director(s) (or any one of them nominated by the Developer) shall, for so long as they are appointed, in the case of an equality of votes at a meeting of directors, shall have a casting vote.

10.4 In all other cases, if the number of votes for and against a proposal at a meeting of directors are equal, the chairman of the board or other director chairing the meeting shall not have a casting vote.

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 to avoid conflicts of interest under section 175 of the Act.

11.2 Any authorisation under this article 11 shall be effective only if:

- (a) to the extent permitted by the Act, 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 from 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 on 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) 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) 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.

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

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than one.

14. Appointment of directors

- 14.1 Until the Handover Date, the Developer may by notice in writing to the Company appoint any person(s) to be a Developer's Director and may by like notice remove any Developer's Director and appoint another person in their place.
- 14.2 Without prejudice to article 14.1 but subject to articles 14.3 and 14.6, 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.
- 14.3 Until the Handover Date, no persons other than the Developer's Director(s) shall be appointed as a director of the Company without the written consent of the Developer.
- 14.4 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.
- 14.5 For the purpose of article 14.4, where two or more members die in circumstances rendering uncertain who was the last to die, a younger member is deemed to have survived an older member.
- 14.6 Subject to article 14.7, every director (other than a Developer's Director) must be a member.
- 14.7 Where a member (other than the Developer) is a corporate entity, such corporate entity can nominate a Corporate Director to act as a director of the Company.

15. Termination of director's appointment

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 Act 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) 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;

- (f) being a Developer's Director, Handover occurs;
- (g) not being a Developer's Director, he ceases to be a member; or
- (h) in relation to a Corporate Director, the corporate entity who nominated such Corporate Director in accordance with article 14.7 cease to be a member.

16. Directors' remuneration

Except with the consent of the Company in general meeting, the directors shall not be entitled to any remuneration. Any resolution giving such consent shall specify the amount of remuneration to be paid to the directors and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

17. Directors' expenses

The Company may pay any reasonable expenses which the directors (including alternate directors) and the secretary 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 any class of members or 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.

18. Appointment and removal of alternate directors

18.1 Any director (appointor) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

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

18.3 The notice must:

- (a) identify the proposed alternate; and

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

19. Rights and responsibilities of alternate directors

19.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

19.2 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

19.3 A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
- (b) may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and
- (c) shall not be counted as more than one director for the purposes of article 19.3(a) and article 19.3(b).

19.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

19.5 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as his appointor but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

20. Termination of alternate directorship

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- (c) on the death of the alternate's appointor; or
- (d) when the alternate's appointor's appointment as a director terminates.

Shares

21. Power to issue shares

- 21.1 Subject to these Articles, but without prejudice to the rights attached to any existing share, a share may only be issued to a person who the board is satisfied is a Unitholder in the proportion of one share for each Unit of which they are a Unitholder. As at the date of adoption of these Articles, only the Developer is entitled to hold shares in the Company.
- 21.2 Where two or more persons are Unitholders of a Unit they together constitute one member and shall hold their share jointly, and the person first named in the register of members may exercise all voting and other rights and powers vested in that member to the exclusion of the other Unitholders in respect of that Unit. All such Unitholders shall be subject jointly and severally to any liability imposed on that member under or pursuant to the Articles.
- 21.3 Subject to the remaining provisions of this article 21, the board are generally and unconditionally authorised, for the purposes of section 551 of the Act, at any time during the period of five years from the date of the adoption of these Articles (and at any time thereafter pursuant to any offer or agreement made by the Company during such period), to allot:
 - (a) A Shares up to a maximum aggregate nominal amount of £33.00.
 - (b) B Shares up to a maximum aggregate nominal amount of £33.00.
- 21.4 The board shall, on application by a person they are satisfied is entitled to have any share (or shares) issued to him pursuant to article 21.1 or 21.2, allot to such person the number of shares for which he is entitled and has subscribed for in accordance with these Articles. Following any issue of any share in accordance with this article, such share shall be deemed to have been allocated to and shall be referable to the relevant Unit.

- 21.5 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
22. Classes of share
- 22.1 The shares shall carry the respective rights as to voting provided in article 23, but in all other respects shall be identical and shall rank *pari passu*.
- 22.2 The rights attached to any class of shares shall not be modified or dealt with except in accordance with these articles or by a special resolution of the Company passed by the holders of the relevant class of shares in the Company in general meeting.
23. Allocation of shares
- 23.1 The Ordinary Share shall (whilst it is designated as an Ordinary Share and held by the Developer) confer upon the holder thereof 100% of votes on all resolutions of the Company and shall be the only share which shall:
- (a) confer any rights to vote at a general meeting of the Company; and
 - (b) confer on the holder thereof the right to vote on a written resolution of the members of the Company.
- 23.2 Whilst the Ordinary Share remains designated as an Ordinary Share no A Shares or B Shares shall confer on the holders thereof any right to vote at a general meeting of the Company or to vote on a written resolution of the members of the Company.
- 23.3 On the Ordinary Share ceasing to be an Ordinary Share in accordance with article 23.9, or being cancelled in accordance with article 23.10, and subject to article 23.4:
- (a) each A Share shall confer on the holder thereof at every general meeting one vote, however the holders of the A Shares shall not be entitled to vote on any matters relating to such part of the Managed Property relating exclusively to the Secondary Estate.
 - (b) each B Share shall confer on the holder thereof at every general meeting one vote, however the holders of the B Shares shall not be entitled to vote on any matters relating to such part of the Managed Property relating exclusively to the Primary Estate.
- 23.4 No voting rights attached to a share may be exercised either at a general meeting (or adjourned general meeting) or by voting on a written resolution of the members of the Company unless all monies currently due and payable by that member to the Company, including all and any charges referred to in article 5.6, have been paid.

- 23.5 An A Share may only be held and transferred to a person who is a Unitholder of an A Unit in the proportion of one A Share for each A Unit of which he or they are the Unitholder.
- 23.6 A B Share may only be held and transferred to a person who is a Unitholder of a B Unit in the proportion of one B Share for each B Unit of which he or they are the Unitholder.
- 23.7 Where a Unit is purchased by more than two persons the A Share or B Share (as relevant) to be transferred in respect of that Unit shall be held jointly by the purchasers and (subject to article 23.1 above) shall only have one vote in respect of each A Share or B Share (as relevant). Such vote shall be cast or given by the holder whose name first appears on the register of members. Shares held jointly shall, in the absence of anything express to the contrary, be deemed held in trust for all the joint holders.
- 23.8 The board shall be bound, on application by a person entitled to hold any A Share or B Share (as relevant) issued or transferred to them and on payment of the nominal value of such A Share or B Share (as relevant), to allot or transfer to such person the number of shares for which they are entitled to hold and for which they have made payment. Following any issue of any A Share or B Share in accordance with this article, such share shall be deemed to have been allocated to and shall be referable to the relevant A Unit or B Unit.
- 23.9 Subject to article 23.10, the Ordinary Share shall be re-designated as and shall become a B Share and shall be transferred to the person or persons registered as the Unitholder of the last B Unit to be transferred by the Developer. Such re-designation and transfer shall occur on the later of:
- (a) the date on which the last B Unit is transferred by the Developer; and
 - (b) the Handover Date, and
- upon such transfer, there shall not be permitted to be any Ordinary Shares in the capital of the Company.
- 23.10 In the event the Secondary Estate is not developed and there are therefore no B Units, on the Handover Date the Company shall arrange for the cancellation of the Ordinary Share in accordance with the Act, either by way of own share purchase or by reduction of capital and the consideration payable to the holder of such Ordinary Share shall be its nominal value.

24. **Company's lien over shares**

- 24.1 The Company has a lien (the **Company's lien**) over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the share or one of several joint

holders, for all monies payable by him (either alone or jointly with any other person(s)) to the Company, whether payable immediately or at some time in the future.

24.2 The Company's lien over a share:

- (a) takes priority over any third party's interest in that share; and
- (b) extends to any money payable by the Company in respect of that share and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share.

24.3 The directors may at any time decide that a share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part.

25. Enforcement of the Company's lien

25.1 Subject to the provisions of this article 25, if:

- (a) a lien enforcement notice has been given in respect of a share; and
- (b) the person to whom the notice was given has failed to comply with it,

the Company may sell or transfer that share in such manner as the directors decide.

25.2 A lien enforcement notice:

- (a) may only be given in respect of a share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;
- (b) must specify the share concerned;
- (c) must require payment of the sum payable within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- (d) must be addressed either to the holder of the share or to a transmittee of that holder; and
- (e) must state the Company's intention to sell the share if the notice is not complied with.

25.3 Where shares are sold or transferred under this article 25:

- (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and
- (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

- 25.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:
- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice;
 - (b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the Company's lien for any money payable (whether payable immediately or at some time in the future) as existed upon the shares before the sale in respect of all shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the lien enforcement notice.
- 25.5 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the Company's lien on a specified date:
- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
 - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.
26. Call notices
- 26.1 Subject to these Articles and the terms on which shares are allotted, the directors may send a notice (a call notice) to a member requiring the member to pay the Company a specified sum of money (a call) which is payable to the Company at the date when the directors decide to send the call notice. Monies subject to a call can include unpaid charges levied pursuant to article 5.6.
- 26.2 A call notice:
- (a) may not require a member to pay a call which exceeds the total amount of his indebtedness or liability to the Company;
 - (b) must state when and how any call to which it relates it is to be paid; and
 - (c) may permit or require the call to be paid by instalments.
- 26.3 A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.

26.4 Before the Company has received any call due under a call notice the directors may:

- (a) revoke it wholly or in part; or
- (b) specify a later time for payment than is specified in the notice,

by a further notice in writing to the member in respect of whose shares the call is made.

27. Liability to pay calls

27.1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

27.2 Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

27.3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:

- (a) to pay calls which are not the same; or
- (b) to pay calls at different times.

28. When call notice need not be issued

28.1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share:

- (a) on allotment;
- (b) on the occurrence of a particular event; or
- (c) on a date fixed by or in accordance with the terms of issue.

28.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and further enforcement action.

29. Share transfers

29.1 Subject to article 29.4, every share shall be transferred, and may only be transferred, simultaneously with a Change of Ownership of the Unit in respect of which such share was issued and to the person or persons who shall upon the Change of Ownership become the Unitholder of such Unit. Subject to article 29.4 below, the board shall be bound on application by any person who shall upon the Change of Ownership become the Unitholder of such Unit to register the transfer of the said share referable to such Unit.

- 29.2 The price to be paid upon such transfer of a share or shares shall in default of agreement between the transferor and the transferee be its or their nominal value.
- 29.3 If the holder of a share refuses or neglects to transfer such share in accordance with the foregoing provisions of these articles one of the directors of the Company duly nominated for that purpose by a resolution of the board shall be and is hereby irrevocably appointed as the attorney of that holder of that share or shares with full power in the holder's name and on his behalf to execute complete and deliver a transfer of that share or shares to the person to whom it or they should be transferred in accordance with the foregoing provisions hereof and the Company may receive and give a good discharge for the purchase money and enter the name of the transferee in the register of members as the holder of such share or shares.
- 29.4 Nothing in this article 29 shall prohibit a transfer by a subscriber or other nominee of the Developer to the Developer or a transfer by the Developer to any nominee of the Developer made at a time prior to the Handover Date.
- 29.5 The directors may decline to register the transfer of any share in the Company unless and until there shall have been produced to them such evidence as they may require in order to satisfy themselves beyond doubt that the provisions of these Articles have been complied with.
- 29.6 The directors may, in their absolute discretion, decline to register any transfer of a share on which the Company has a lien.
- 29.7 If the directors refuse to register a transfer of a share they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal, together with the reasons for such refusal.
- 29.8 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.
- 29.9 If a member dies or is adjudged bankrupt, his personal representatives or the trustee in bankruptcy shall be entitled to be registered as a member provided that they shall for the time being be a Unitholder. Otherwise, the personal representatives or trustee in bankruptcy shall be required to relinquish any shares held by such deceased or bankrupt member and the Company shall be permitted to buy back such shares in accordance with Part 18 of the Act for nominal value.

General meetings

30. Quorum for general meetings

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

30.2 Pending the Handover Date, one qualifying person (as defined in section 318(3) of the Act) shall be a quorum, who must be:

- (a) the Developer;
- (b) a nominee of the Developer;
- (c) a person appointed as the proxy of the Developer or a nominee of the Developer in relation to the meeting; or
- (d) where the Developer or a nominee of the Developer is a corporation, a person authorised under section 323 of the Act to act as its representative in relation to the meeting.

30.3 With effect from the Handover Date, the quorum shall be the greater of:

- (a) 20% of the members of the Company entitled to vote on the business to be transacted; or
- (b) two members of the Company so entitled present in person or by proxy,

of whom, and subject to there being B Shares in issue, at least one shall be a holder of A Shares or a duly authorised representative of such holder and at least one shall be a holder of B Shares or a duly authorised representative of such holder.

31. Chairing general meetings

31.1 If the directors have appointed a chairman of the board, the chairman of the board shall chair general meetings if present and willing to do so.

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

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

must, until the Handover Date, appoint a Developer's Director (if present and willing to do so) to chair the meeting and must, on or after the Handover Date, appoint a director or member to chair the meeting.

31.3 The appointment of the chairman of the general meeting must be the first business of the meeting.

31.4 The person chairing a meeting in accordance with this article is referred to as the chairman of the general meeting.

32. Poll votes

- 32.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 32.2 Article 44(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.

33. Proxies

- 33.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 33.2 Article 45(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.

Company secretary

34. Secretary

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and on 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.

Administrative arrangements

35. Means of communication to be used

- 35.1 Subject to article 35.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - (b) if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or

- (c) if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
- (d) if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- (e) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
- (f) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
- (g) if deemed receipt under the previous paragraphs of this article 35.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

35.2 To prove service, it is sufficient to prove that:

- (a) if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
- (b) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- (c) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

36. Inspection and copying of accounts and other records

36.1 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. However, this article 36.1 shall apply only until the Handover Date.

36.2 After the Handover Date, the following shall apply in place of article 36.1:

- (a) In addition to, and without derogation from, any right conferred by statute, a member shall have the right, on reasonable notice, at reasonable times and at such place as shall be convenient to the Company, to inspect, and to be provided with a copy of, any book, minute, document or accounting record of the Company, on payment of any reasonable charge for copying.
- (b) Such right shall be subject:

- (i) to any resolution of the Company in general meeting; and
- (ii) in the case of any book, minute, document or accounting record which the directors reasonably consider contains confidential material the disclosure of which would be contrary to the interests of the Company, to the exclusion or excision of such confidential material (the fact of such exclusion or excision being disclosed to the member) and to any other reasonable conditions that the directors may impose.

37. Indemnity and insurance

37.1 Subject to article 37.2, 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 or discharge of his duties, or in relation to them; 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 article 37.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

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

37.2 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.

37.3 In this article 37:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
- (b) 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, any associated company or any pension fund of the Company or associated company; and
- (c) a relevant officer means any director or other officer or former director or other officer of the Company, but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).