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The Companies Act 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF THE PELHAMS (MERTON) NO.2 RESIDENTS COMPANY LIMITED

TUESDAY  
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Amended \_\_\_\_\_ to delete article 16 and insert amended article 16.

#### PRELIMINARY

1. The regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 (such Table being hereinafter referred to as "Table A") shall apply to the Company save insofar as they are excluded or varied hereby that is to say Clauses 2 to 4 inclusive, 9 to 22 Inclusive, 24, 64, 71, 102 to 108 Inclusive and 110 in Table A shall not apply to the Company and in addition to the remaining Clauses in Table A as varied hereby the following shall be the Regulations of the Company.

#### MEMBERSHIP

2. In this and the following Articles:-

"Dwelling" means a flat comprised in the property intended to be managed by the Company and forming part of the Development described as Pelham High School Merton and mentioned in sub-clause (a) of Clause 3 of the Memorandum of Association and "Dwellings" shall be construed accordingly.

"Dwellingholder" means the person or persons to whom a lease of a Dwelling has been granted for a period of not less than 21 years or to whom the freehold interest in a Dwelling has been transferred; and so that whenever two or more persons are for the time being joint Dwellingholders of any one Dwelling they shall for all the purposes of these Articles be deemed to constitute one Dwellingholder.

3. The Subscribers to the Memorandum of Association of the Company shall be duly registered as Members of the Company in respect of the Shares for which they have signed such Memorandum. The Subscribers' shares may be transferred to and held by a Director or Directors of the Company other than a Dwellingholder or Dwellingholders until such time as there are Dwellingholders in respect of all Dwellings (or such lesser number as the directors shall in their absolute discretion determine) comprised in the property referred to in Article 2 hereof under the sub heading "Dwelling". Save as aforesaid no Shares shall be allotted or transferred to any person who is not a Dwellingholder and no more than one Share shall be allotted or transferred in respect of any one Dwelling.
4. Clause 8 in Table A shall be read and construed as if the words "(not being a fully paid Share)" were omitted.
5. In Clause 23 in Table A, the words from "and, unless" to the end shall be omitted.
6. (a) If any Dwellingholder parts with his interest in the Dwelling held by him or if his interest therein for any reason ceases and determines he or in the event of his death his legal personal representatives shall transfer his Share in the Company to the person or persons becoming Dwellingholder of the said Dwelling in his place.

- (b) The price to be paid on the transfer of every Share under this Article shall unless the transferor and transferee otherwise agree be its nominal value.
- (c) If the holder of a Share (or his legal personal representative) refuses or neglects to transfer it in accordance with this Article one of the Directors duly nominated for that purpose by a resolution of the Board shall be the Attorney of such holder with full power on his behalf and in his name to execute complete and deliver a transfer of his Share to the person or persons to whom the same ought to be transferred hereunder and the Company may give a good discharge for the purchase money and enter the name of the transferee of the said Share in the Register of Members as the holder thereof.
7. If a Member shall die or be adjudged bankrupt his legal personal representative or representatives or the trustee in his bankruptcy shall be entitled to be registered as a Member of the Company provided he or they shall for the time being be the Dwellingholder of the Dwelling formerly held by such deceased or bankrupt Member.
8. The Directors may refuse to register any transfer of a Share or Shares on which the Company has a lien and shall so refuse in the case of any transfer made in contravention of the foregoing provisions.

#### **PROCEEDINGS AT GENERAL MEETINGS**

9. Clause 40 in Table A shall be read and construed as if at the end thereof there were added the words "Subject to the provisions of the Act a resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at General Meetings shall be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held".

#### **VOTES OF MEMBERS**

10. Clause 54 in Table A shall be read and construed as if at the end thereof there were added the words "PROVIDED THAT until such time as there are Dwellingholders in respect of all the Dwellings or such lesser number as the Directors in their absolute discretion determine the provisions of this Clause shall apply only to the subscribers to the Memorandum of Association of the Company and the transferees of their Shares.
11. In regulation 59 of Table A the second sentence shall be omitted.

#### **DIRECTORS**

12. Unless and until the Company in General Meeting shall otherwise determine, the number of Directors shall not be more than seven but need not exceed one. If and so long as there is a sole Director he may exercise all the powers and authorities vested in the Directors by these Articles or Table A.
13. The first Director or Directors of the Company shall be the person or persons named in the Statement delivered under Section 10 of the Act.
14. A Director may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising there out and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or

arrangement is under consideration. This Article shall have effect in substitution for Regulations 94 to 98 inclusive of Table A, which Regulations shall not apply to the Company.

15. Subject to the provisions of Table A and Section 303 (2) of the Act, the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director. In regulation 38 of Table A the words "or a resolution appointing a person as a Director" shall be omitted.

## **DIVIDENDS AND RESERVES**

### **16.1 Procedure for declaring dividends**

- (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **16.2 Payment of dividends and other distributions**

- (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
  - (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or

(d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

(2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—

(a) the holder of the share; or

(b) if the share has two or more joint holders, whichever of them is named first in the register of members; or

(c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

#### **16.3 No interest on distributions**

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

(a) the terms on which the share was issued, or

(b) the provisions of another agreement between the holder of that share and the company.

#### **16.4 Unclaimed distributions**

**All dividends or other sums which are—**

(a) payable in respect of shares, and

(b) unclaimed after having been declared or become payable,  
may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

(3) If—

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and

(b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

#### **16.5 Non-cash distributions**

(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

(2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

(a) fixing the value of any assets;

(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

(c) vesting any assets in trustees.

#### **16.6 Waiver of distributions**

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

17. The Directors may set aside out of any moneys of the Company not immediately required for the purposes of its business such sums as they think proper as a reserve or reserves. All money set aside and standing to revenue or general or special reserve accounts or capital reserve account and all other moneys of the Company not immediately applicable for any payment to be made by the Company may subject to the provisions of the Act with respect to the purchase by the Company of its own shares or loans upon the security thereof) be invested by the Board in such manner as the Board from time to time think proper with power to employ the same and the assets constituting, the same or any part thereof in the business of the Company and without its being necessary to keep separate or distinguish between the investments of the reserve accounts and investments of other moneys of the Company between investments of the revenue or general or special reserve accounts and investments of the capital reserve account. All moneys so set aside as aforesaid shall at the discretion of the Directors be applicable for any purpose to which the moneys of the Company may be properly applied.

#### **EXPENSES**

18. The Members shall from time to time and whenever called upon by the Company so to do contribute equally or in such proportions as the Directors may determine to all expenses and losses which the Company shall properly incur on their behalf and in respect of which they are not otherwise bound to contribute in their capacity as Members.