

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

Company No. 02279323

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(Adopted by special resolution passed on 2018)

Introduction

1. Interpretation

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

Act: means the Companies Act 2006.

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

Berth: means a berth within the Mooring Areas.

Berth Holder: means any person or persons in whom from time to time a leasehold interest in a Berth vested (and references to a person owning a Berth shall be construed accordingly).

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

Conflict: has the meaning given in article 9.1.

Eligible Director: means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter).

Estate: means the residential housing estate at Port Solent, North Harbour, Portsmouth Hampshire.

Houses: means the houses from time to time erected on the Estate.

Marina: means the marina basin and associated land at Port Solent comprising (inter alia) water areas, pontoons, promenades, landscaped areas, bunds, revetments, marina walls, lock and lock gates and buildings and other facilities and the access channel to the Marina.

Model Articles: means 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.

Mooring Areas: means the residential mooring areas adjacent to the Estate.

Owner: means any person or persons in whom from time to time the freehold interest in any house is vested.

Port Solent Charge: means the amounts which the Company shall from time to time pay to Port Solent Limited (CRN: 01841283) or its successors in title or other the operators from time to time of the Marina towards (inter alia) the maintenance, cleaning, repair, renewal and insurance of the Marina pursuant to the Company's underlease or underleases (or any future replacements thereof) of the Mooring Areas.

"A" proportion means 1/423.

"B" proportion means 1/310

- 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 a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.6 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.

- 1.7 Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.9 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.
- 1.10 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 1.11 Article 7 of the Model Articles shall be amended by:
 - 1.12 the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - 1.13 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".
- 1.14 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".
- 1.15 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".

2. Objects

The objects for which the company is established are to act as the management, maintenance and service company for the Estate.

3. Powers

3.1 In pursuance of the objects set out in article 2, the company has the power to:

- (a) buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop, construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the company;

- (b) 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;
- (c) invest and deal with the funds of the company not immediately required for its operations in or on such investments, securities or property as may be thought fit;
- (d) subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world;
- (e) lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive money on deposit or loan on such terms as the company may approve and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary;
- (f) lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the directors, affect or advance the principal object in any way;
- (g) 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;
- (h) enter into contracts to provide services to or on behalf of other bodies;
- (i) provide and assist in the provision of money, materials or other help;
- (j) 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;
- (k) incorporate subsidiaries to carry on any trade; and

- (l) do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the objects set out in article 2.

Directors

4. Unanimous decisions

- 4.1 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.
- 4.2 Such a decision may take the form of a resolution in writing (which includes email), where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 4.3 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.

5. Calling a directors' meeting

- 5.1 Any director may call a directors' meeting by giving not less than 5 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.
- 5.2 Notice of a directors' meeting shall be given to each director in writing (which includes email).

6. Quorum for directors' meetings

- 6.1 Subject to article 6.2, the quorum for the transaction of business at a meeting of directors is any two eligible directors.
- 6.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 9 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.
- 6.3 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 shareholders to appoint further directors.

7. Casting vote

- 7.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting has a casting vote.
- 7.2 Article 7.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting).

8. Transactions or other arrangements with the company

- 8.1 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.

9. Directors' conflicts of interest

9.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).

9.2 Any authorisation under this article 9 will 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 or any other 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 and any other interested director's vote had not been counted.

9.3 Any authorisation of a Conflict under this article 9 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 the 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 upon 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 will 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.

9.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

9.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.

9.6 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 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.

10. 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.

11. Number of directors

Unless otherwise determined by ordinary resolution, the number of directors shall not be less than two and shall be no more than seven.

12. Appointment of directors

12.1 The qualification of a director shall be the holding of one A share in the company or the holding of one A share by a company which is associated or connected with such director or the family of such director.

12.2 In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in

writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

13. Rotation of Directors

At any general meeting one third of the Directors for the time being, or if their number is not three or a multiple of three then the number nearest one-third shall retire from office.

14. Powers and Duties of Directors

14.1 Unless and until otherwise directed by a special resolution of the company in general meeting, the directors shall endeavour to carry out the objects of the company without profit to the company, but they may in their absolute discretion in respect of any financial year of the company (as defined in the Act) commencing on or after 1 April 1996 make provisions for creating and setting aside a reasonable reserve fund or funds for any general or particular purpose or purposes.

14.2 The company shall not at any time declare any dividends or make any bonus issue upon any of its shares and if in any year the company shall not have expended all of its income in the management administration and maintenance of the Estate or the Mooring Areas the surplus shall either be transferred to a reserve account to meet future contingencies of the company or reimbursed to the owners of the Houses or Berths.

14.3 If at any time a resolution of the company shall be passed to wind up the company the company shall lay out in the management administration and maintenance of the Estate and the Mooring Areas all moneys held by the company over and above the amount of the paid up capital of the company to the intent that upon any liquidation of the company the shareholders in the company shall only receive the amount of the capital paid up or credited as paid up in respect of the shares held by them respectively.

14.4 No director of the company shall receive any remuneration for his or her services unless otherwise resolved by the company in general meeting but every director shall be repaid all expenses properly incurred by him or her in the execution of his or her duties as director.

15. Alternative Directors

A director who for any reason considers that he is unlikely to be able to attend meetings of the board of directors may by writing appoint any other director to be an alternate director in his place for a period not exceeding six months on any one occasion. The person so appointed shall be entitled to receive notices of and to attend and vote at meetings of the board and shall automatically vacate his office on the expiry of the term for or the happening of the event until which he is by the terms of his appointment to

hold office or if the appointor by notice in writing to the Company revokes for any reason the appointment to hold office as a director. An appointment of an alternate director under this article shall not prejudice the right of the appointor to receive notices of and to attend and vote at meetings of the board and the powers of the alternate director shall automatically be suspended during such time as the director appointing him is himself present, in person at a meeting of the board.

16. Secretary

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

SHARES

17. Share Capital

- 17.1 The share capital of the company is £733 divided into 423 "A" Ordinary Shares of £1 each ("A Shares") and 310 "B" Ordinary Shares of £1 each ("B Shares"). The "A" Shares and the "B" Shares shall entitle the holders thereof to the respective rights and privileges and subject thereto the respective liabilities restrictions and provisions contained in these Articles.
- 17.2 The "A" Shares, and the "B" Shares for the time being in issue shall constitute separate classes of shares respectively for the purposes of these Articles and the Act and any alteration of the Articles shall be deemed to be an alteration to the rights attached to each separate class of the shares in the capital of the company but, save as otherwise provided by these Articles the A Shares and the B Shares shall rank pari passu in all respects.
- 17.3 The "B" Shares shall not entitle the holders thereof to attend or vote at any general meeting of the company by virtue or in respect of their holding such "B" Shares.

18. Transfer of Shares

- 18.1 Each of the "A" Shares in the capital of the Company shall be referable to a specific House.
- 18.2 Each of the "B" Shares in the capital of the Company shall be referable to a specific Berth.
- 18.3 No person who is not the Owner of a House shall be entitled to hold any share in the Company.
- 18.4 A Share shall be transferred and may only be transferred upon or immediately before a change in the ownership of the House or Berth to which it is referable, and in the case of any such transfer the Directors, upon production to them of satisfactory evidence that the transfer is in favour of an Owner or Berth Holder under the terms hereof, shall pass and register such transfer.
- 18.5 The price to be paid upon the transfer of a Share shall in default of agreement between the transferor and the transferee be the nominal value thereof.
- 18.6 If at any time the holder of a Share shall not be the owner of the House or Berth to which such share is referable the directors may authorise in writing one of their number to execute on behalf of and as attorney for such holder a transfer of the Share held by him to the Owner of the House or Berth to which such Share is referable, and the company may receive the purchase money and shall thereupon cause the name of the transferee to be entered in the Register of Members as the holder by transfer of the said share, and shall hold the purchase money in trust for the previous holder. Each of the members of the company shall be deemed (by virtue of and upon becoming a Shareholder) to have

irrevocably appointed any person who is a director of the company from time to time as his attorney for the purposes of transferring the share held by him in the aforesaid circumstances. The receipt of the company for the purchase money shall be a good discharge to the transferee who shall not be bound to see the application thereof and after the name or names of the transferee is or has been entered in the Register of Members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

18.7 If more than one person is jointly the owner of a House or Berth such persons shall jointly hold the share in the company referable to such House or Berth but shall have only one vote in right of such share which shall be cast by the holder whose name first appears in the Register of Members.

19. Contributions

19.1 Each member of the company being a holder of "A" Shares shall from time to time and whenever called upon so to do by the company pay to the company the "A" proportion (or such other proportion as the company in general meeting may from time to time determine) of the net amount (which shall be determined by the directors of the company) of all costs charges and expenses incurred by the company in relation to the management and running of the company or (without prejudice to the generality of the foregoing) in complying with its obligations to owners of Houses on the Estate (including liability for 73% of the Port Solent Charge) or otherwise in relation to the Estate or the services amenities or facilities thereof or in relation to the company PROVIDED ALWAYS that each such shareholder shall be entitled (but so long as he is the owner of the House to which his "A" Share is allocated) to take credit against his obligations under this regulation for any sums paid to the company by him pursuant to any covenant relating to his House whereby he or any predecessor in title of his is expressed to be under obligation to contribute to any such costs charges and expenses or be liable to indemnify the company against any part thereof.

19.2 Each member of the Company being a holder of "B" Shares shall from time to time and whenever called upon so to do by the company pay to the company the "B" proportion (or such other proportion as the company in general meeting may from time to time determine) of the net amount (which shall be determined by the directors of the company) of any reserve funds or funds created by the directors and of all costs charges and expense incurred by the company in relation to the Mooring Areas (including liability for 27% of the Port Solent Charge) PROVIDED ALWAYS that each such member of the company shall be entitled (but so long only as he is the owner of the Berth to which his "B" Share is allocated) to take credit against his obligations under this regulation for any sums paid to the company by him pursuant to any covenant relating to his Berth whereby he or any predecessor in title of his is expressed to be under obligation to contribute to any such costs charges and expenses or be liable to indemnify the company against any part thereof.

Decision making by shareholders

20. Poll votes

- 20.1 A poll may be demanded at any general meeting by any 5 qualifying persons (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 20.2 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.

21. Proxies

- 21.1 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".
- 21.2 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.

Administrative arrangements

22. Means of communication to be used

- 22.1 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 fax, at the time of transmission; or
 - (c) 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
 - (d) 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

- (e) 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
- (f) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
- (g) 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
- (h) if deemed receipt under the previous paragraphs of this article 22 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.

22.2 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 fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- (c) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- (d) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

23. Indemnity

23.1 Subject to article 23, but without prejudice to any indemnity to which a relevant officer is otherwise entitled 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 and/or discharge of his duties, or in relation to them; and including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence,

default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs.

23.2 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 23.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

23.3 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

23.4 In this article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), 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).

24. Insurance

24.1 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.

24.2 In this article:

(a) a "relevant officer" means any director or other officer or former director or other officer of the company or an associated 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);

(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 or employees' share scheme of the company or associated company; and

(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.