

THE PRYORS LTD

c/o 4th Floor, 192-198 Vauxhall Bridge Road, London SW1V 1DX

REPORT OF THE BOARD: ANNUAL GENERAL MEETING 2023

Introduction

1. This year has, once again, been a busy year at The Pryors. Subject to dealing with identified snagging issues, we have now reached the conclusion of the Internal Refurbishment Project. It has been a very significant undertaking for everyone involved, and the internal areas are undoubtedly transformed. The planning and management of the project has resulted in completion without unnecessary delay, and on budget. The feedback we have received has been very positive. The Board expresses its gratitude to those involved in planning and carrying out the work, and also to the residents for their helpful observations and feedback during the project, and of course, for the considerable patience and understanding shown during the works, which inevitably resulted in a degree of disruption.
2. This year we have continued to be supported by a team of professionals, including our managing agent (D&G Block Management), surveyor (Andy Cossey of CB Swift), contractors (Woodgrove) as well as our gardener (José), auditors and solicitors. Specific projects have also required assistance from other professionals (for example Birch Freeman Design, our interior designer), to ensure that projects are conducted professionally and efficiently. Particular thanks go to our caretakers, Lee Mullan and Nuno Neves, and also to Georgia Solaja from D&G, who together oversee the day-to-day running of The Pryors. The Board is conscious that this busy time has put increased demands on their work too.
3. Aside from the team of professionals, The Pryors depends on residents volunteering for the various roles which exist. In particular, the Garden Group has kept the communal gardens in excellent condition this year (with a little help from the rain this summer), the New Lease Group has steered and monitored the considerable task of rolling out new 999-year leases. The Conservation Group has considered various issues of refurbishment and redecoration with particular attention being paid to our conservation policy. The work of all the volunteers at The Pryors is essential and greatly appreciated by the Board.
4. Looking forward to 2024, the Board recognises that recent years have involved significant works (both external and internal) and relatedly high expenditure. This has been onerous, but necessary. It is the Board's current view that the next substantial project on the horizon, the Hard Landscaping Project, should not be approached as a single exercise with all of the associated disruption and costs implications arriving in one go and so soon after the recent Major Works. Instead, the Board favours approaching the Hard Landscaping Project as something to be tackled in smaller tasks, but within an overarching and cohesive plan. The most significant task will obviously be the renovation of the car park, which compared to the now smart external appearance of both blocks, is in poor condition. As described in further detail below, the Board will be considering the most appropriate timing for, and approach to, this task over the next few months. Our current thinking is that the priorities must be the resurfacing, 'future proofing' by way of preparation for electric car recharging points (the

details of which have not yet been explored in any great detail), and the repair of deteriorated boundaries.

Governance and management

5. For those new to, or unfamiliar with, the way the Board of The Pryors Ltd. (the freeholder) is elected and functions, we thought it might be helpful to provide some basic background information. The Board is elected from and by the lessees. The election and functioning of the Board is primarily governed by the The Pryors Memorandum and Articles of Association (20 October 1983). For convenience, a copy is attached to this report.
6. Current members of the Board are: Ivan Clark (Block A), Alp Guler (Block A), Aaron Watkins (Block A), Julian Cole (Block B), Noshervan Vakil (Block B), and Horace Ho (Block B). In the early part of this year, the Board operated for a short period without a chairperson. The Board then unanimously elected Aaron Watkins to that position. Ivan Clark is the treasurer.
7. At the forthcoming autumn 2023 AGM, and upon Horace Ho now being due to rotate off the Board, a Block B member is set to be elected. Due to the period of Alp Guler's first elected term being one year shorter than usual, Alp has one year remaining before he is due to rotate off the Board.

The Pryors Handbook

8. The Pryors Handbook contains information about the management of The Pryors, and important aspects of living here. The current version of the handbook (updated 2019) is available here: <https://www.the-pryors.co.uk/handbook>. This edition is currently subject to review and updating in line with plans for a refreshed Pryors website, below.

Functioning of the board

9. The Board meets formally at regular (three month) intervals. Meetings are currently held by Zoom, and all Board members are expected to attend. Georgia Solaja (D&G) also attends.
10. At each Board meeting the directors are required to declare any conflicts of interest and then remove themselves from relevant discussions and decision-making (at the meeting and thereafter). That process has been adhered to consistently by the Board and is an important part of ensuring that the Board operates independently from any interests of its members.
11. A report of each formal Board meeting is circulated to the lessees. The Board recognises that the timing of the delivery of these reports has been too variable recently, and for the forthcoming year is working towards a 28-day turnaround to provide these so information is available promptly.
12. Aside from formal meetings, the Board is in frequent communication (as between its members and with the managing agent) when issues arise which require consideration and/or a decision to be made. As part of that process, and according to the issue at hand, advice and guidance are frequently taken from the Board's professional advisors.

Communication and consultation

13. Communication between residents continues to be greatly assisted by The Pryors WhatsApp group. The administrator of this group is Horace Ho. This group is not a platform to raise matters with the Board. Communication with the Board should primarily be through D&G Block Management. D&G will then engage the Board as necessary.
14. In relation to member consultation, the Board welcomes input from lessees. This naturally occurs informally; for example during the Internal Refurbishment Project. More formal consultation exercises have also been conducted in respect of significant projects, such as the New Lease Project. Feedback and input in either form is always valued. The Board recognises that lessees and residents possess considerable, valuable experience of which it is keen to have the benefit. Going forward, the Board sees a role for formal consultation with lessees in relation to significant projects in the future.

Financial statements and Finances

15. Our auditor remains Charles Homan of UHY Hacker Young. Two sets of annual accounts have been prepared and distributed: The Pryors Ltd. company accounts and the Service Charge Accounts. Charles Homan will be available at the forthcoming AGM to answer any questions from the members.
16. The Pryors' financial year is the calendar year. Despite the expected price rises due to inflationary pressures, the budget was held at the same level as the prior year to avoid accumulating funds unnecessarily and as a target to achieve constraints. Our 'year to date' position for 2023 indicates a slight overspend of approximately £7,000 (4%) at this stage. There are certain items which constitute the bulk of this overspend, including electricity costs. To preserve our cash position, we are questioning a sudden spike, which is under investigation and will be contested if necessary. The new LED lighting should contribute to reducing our electricity spend in the future. The Board is not too concerned about the overspend because, save for the electricity issue, the reasons are clear. D&G are mindful of finding ways to recoup this over time. New health and safety regulations and the effects of continually increasing prices will, however, result in a moderate increase in our 2024 operating spend.
17. As for the last full financial year (2022) members have been provided with a breakdown of expenses in the Service Charge Accounts. Excluding Major Works, the regular running costs for 2022 (on budget) amounted to £297,030 (an approximate 7% increase from 2021 (£276,849)). As has been the case for a number of years, insurance and staff costs constituted the largest expenses.

2021- Block A Major Works – External

18. The final account for these Major Works recorded that they concluded on budget at approximately £1.3m.

2022 – Major Works – Internal Refurbishment Project

19. Although the account has not yet been finalised for this project, the costs for the Internal Refurbishment Project are expected to be close to budget, at approximately £850,000.

2024 – Hard Landscaping Project

20. Some time ago, an initial estimate was obtained for resurfacing the car park. The figure then provided (£134,000) is clearly well out of date and the nature of the project to be undertaken is now likely to be different. Once a detailed specification and costings have been drawn up for the Hard Landscaping Project, we will keep the members informed about costs implications. At present, there is no prospect of funds being raised for these works until 2024.

Insurance – unoccupied property

21. We have previously been requested by our insurance broker to issue the following warning in relation to unoccupied property. As stated last year, this requirement remains in place until further notice:

Inspection of empty property is a requirement of the current buildings insurance policy:

The insurance states that any property (flat) that is left unattended for a period of greater than 45 successive days must be inspected on the owner's behalf at least once per week, and the time/date of the visits be recorded. As evidence of inspection, log of inspection dates must be sent to the Managing Agent by email on a monthly basis, to be provided latest by 10th of the following month. It is a condition of the cover that mains services, including the water supply are disconnected. However, where the flat is protected by an Intruder Alarm, CCTV or Fire Detection System or sprinkler installation, You must provide sufficient power, heat or water supplies for their effective operation.

In the event that loss or damage is discovered, you should immediately inform the managing agent in writing, providing as much information as possible about the damage.

The managing agent will, if appropriate, provide information about any potential claim to Ramon, our insurance broker, who will instigate the claims reporting process as appropriate.

If you fail to comply with the terms of the insurance and a claim be refused due to non-compliance, you will have to personally bear the costs of repair to your flat and potentially to other flats affected, and The Pryors Limited reserves the right to take action against the property owner in order to recover loss.

Fire and safety

22. New and comprehensive fire and building safety regulations have required – and continue to require – considerable attention alongside the internal refurbishment works. It is fair to say that the practical requirements triggered by the new legal framework have not always been clear or consistent, and are relatively onerous. This process has already led to significant updating and modification of the The Pryors' fire safety arrangements. As residents will be aware, this has involved upgrading flat front doors to achieve necessary safety standards. The new safety requirements are also evident in

The Pryors' common areas by the presence of new fire safety red boxes near to the entrances of both blocks, and increased signage.

23. D&G continue to assess and advise on what steps and systems are required as the picture evolves, and to implement as necessary, with assistance from external professionals and assessors to ensure we achieve full compliance promptly (and within any required periods). In short, this work is proceeding effectively and more information will inevitably be forthcoming to members about its progress.
24. Separately, the fire alarm systems in both blocks have been replaced. This involved the commissioning of new detectors within individual flat hallways. It was the intention that the fire alarms should be linked to an external alarm monitoring company which, on the alarm triggering, would make contact with a number of trained volunteer individuals at The Pryors and, if necessary, call the fire brigade to attend. Unfortunately, the connectivity of the alarm in Block A is unreliable – it appears because of a weak signal which results in the alarm signal cutting out and triggering faulty notifications to the monitoring company. The fault is currently subject to investigation. At present, therefore, there is no automatic connection to an external monitor. Instead, the alarm sounds within the buildings for residents to hear, but does not automatically trigger any external response. If the signal issue is impossible or impractical to resolve, it may be that external monitoring of the alarm is abandoned permanently. Lessees and residents will be advised of the resolution of this issue as a priority.

Internal Refurbishment Project

25. Residents will appreciate that the latest round of internal refurbishment works was significant. It was a carefully planned and executed project, benefitting from the oversight of our interior designer, surveyor and The Pryors sub-committee. Given the scale of the refurbishment, the project encountered many issues (anticipated and unanticipated) to resolve along the way. Ultimately, it has resulted in the renovation and redecoration of the entirety of the communal parts of the blocks, including (in very brief overview) renovating and replacing wall and ceiling coverings as needed, re-plastering, repainting, re-polishing, electrical upgrades, new lighting and new carpeting.
26. The project required those involved in its planning and execution to have overall oversight of the project, combined with an alertness to many issues of small, but important detail concerning practicality and design. The Board is extremely grateful to the volunteer residents who took on the heavy responsibility of planning and monitoring the execution of this work. The Board is also grateful to our professional advisors who have assisted throughout the process, including the project designer, Andy Cossey and the Woodgrove team.
27. The Board naturally recognises that when tackling a major project such as internal decoration and design, there will be as many opinions and preferences as there are residents. The design and execution of the project has sought to prioritise consistency throughout the blocks, and to adhere as far as practicable to the conservation priority. Unsurprisingly there are a number of snags which are currently being addressed, and certain issues remain to be considered and finally resolved. Notwithstanding those final pieces of attention to the end result, feedback has been overwhelmingly positive, and the Board's view is that the project has resulted in a very significant upgrade to The Pryors' internal areas, which is tasteful and in keeping with the nature of the blocks.

28. So far as costs are concerned, as noted above, this was another successfully managed aspect of the project, with the entire exercise looking likely to complete essentially on budget.

Block A and B Lifts

29. The lifts in both blocks are important architectural features. They are also important day-to-day functional items, relied upon by residents, in particular those on the upper floors and those who have difficulty using the stairs. During the last year there have been occasional periods when the lifts have been out of service, and their repair has depended upon obtaining replacement parts. In such circumstances, the Board recognises that early communication to the residents of the best information available is necessary to assist with planning and dealing with the inconvenience caused.

30. The Board has again considered how to address the servicing and maintenance of the lifts, from the most radical option of complete replacement to the least radical option of regular maintenance. Having examined the options, including the issue of maintenance with an independent consultant, the board does not think that replacement or significant alteration of the lifts is desirable or necessary at this point. As well as the very significant expense involved and the negative effect on the conservation approach adopted by The Pryors, we do not think this type of radical intervention is necessary from a maintenance perspective.

31. The lifts have been the focus of maintenance and attention during the Internal Refurbishment Project and throughout the year. The costs of maintenance this year are not, to date, in excess of the budgeted amount. Separately, we are exploring whether 'stock piling' of key replacement parts which may be difficult or slow to obtain could be an efficient or cost effective measure to adopt.

Hard Landscaping Project

32. As noted above, the Hard Landscaping Project has been on the horizon for some time, and was put on hold due to the delayed start of the Internal Refurbishment Project. The current Board is grateful to the previous Board for its initial consideration of the project and scoping out of a range of, and approach to, tasks which might be tackled.

33. As set out above, the Board is very mindful of the level of disruption and expense caused by the recent cycle of works. It is therefore intended that the Hard Landscaping Project will be conducted in a more 'bite sized' way, but within an overall plan/concept.

34. The Board's current view is that the renovation of the car park is a priority within this project. Alongside that, it makes sense to deal with a number of other issues. The Board will consider the approach to managing the project in due course, but what is already clear is that it will require considerable 'front end' planning, involving a reasonable amount of technical consideration. Again, the approach of the board is to promote consistency and conservation where possible. By contrast, the physical renovation work should be comparatively limited in duration.

35. As noted, above, for planning purposes, the Board does not envisage raising funds for this project until 2024.

Parking

36. Some lessees may already be aware, whether because of the New Lease process, or in the course of seeking to sell their flats, that the question of parking rights and entitlements at The Pryors is not as straightforward as it could be. There are various reasons for that. The important point the Board wishes to make is that there is no intention to redesign or renovate the car park in a way which disrupts the number or location of parking spaces presently in existence. Our aim is to keep the *status quo* to the maximum extent possible.

37. For transparency, however, the Board, wishes to outline the complications which exist and which it has been managing concerning the car park. The essential problem is that the car park has been over-subscribed for some time; i.e. more permits have been issued than there are places to park. It is not clear how long ago or over what period this happened. At the moment, oversubscription does not pose a day-to-day problem because the car park is rarely full, but it is clearly not good estate management for this situation to be maintained, if avoidable.

38. Connected to this issue, during the New Lease process or when contemplating selling their flats, some lessees have had reason to examine the issue of their parking rights. It appears that there are a number of lessees who have been parking in the car park (either in a particular space or in the red 'pool'), with a permit issued by managing agents, and potentially for many years, but without the ability to point to a legal right to park having been granted (for example as a provision within their lease or by a variation to the lease). Equally some who do not have such a right in their lease (or a variation) are also unable to locate a formal permission to park in the form of a licence. The short point is that there is something of a patchwork as to whether, how and when rights or permissions came into existence. For many, indeed most, this is not an issue. Many lessees' parking provision is clearly stated within their lease or a variation. In this respect, the new leases simply reflect what is already provided in the current leases. Those lessees who have parking provision in their lease and/or in a formal licence are unaffected. Formal licences continue to have effect under their terms. However, lessees who have no legal documentation to support their position are self-evidently not in the same position. Where issues have arisen, the Board has (and will continue to) assist as much as possible by searching its own archived documentation to see if it has a copy of any papers which might assist a lessee. The central point, however, is that it will be for a lessee seeking to assert a right or permission to demonstrate that by reference to relevant documents. The Pryors is not proceeding on the basis that an inability to produce documents is somehow evidence that the documents existed at one stage and were at some point misplaced.

39. To be clear, this issue will simply not affect many lessees. For those it might affect, the Board emphasises three points:

- a. First, the Board is not looking to scrutinise this issue afresh, with a view to declining to reissue parking permits to those who have been in receipt of them, nor is the Board looking to reallocate spaces or to move lessees into different spaces (other than as already permitted and in the event it becomes necessary for good estate management reasons). As noted above, the Board wishes to maintain the *status quo* where possible;

- b. Second, the Board is committed to providing whatever assistance it can to help lessees understand their position, including by searching its own archives to assist lessees who have concerns;
 - c. Third, the issue is only likely to arise for any lessee upon either (a) seeking to sell their property with a parking space which they are unable to support an entitlement to. In all events, a lessee might reasonably expect a prospective purchaser's solicitor to identify this issue quite apart from The Pryors' stance on the matter, or (b) requesting the Board to 'upgrade' parking rights by including them within a lease variation or formal licence. Clearly that request would require the underlying paperwork to be produced.
40. In light of the above, the Board's approach is to seek to regularise the car parking arrangements naturally, over time so that we are not oversubscribed. That is consistent with good estate management. To that end, for the present, the Board is not granting new or improved parking rights or permissions. For practical, day-to-day purposes, however, the Board expects use of the car park to be 'business as usual'.

Block B roof

41. The condition of Block B's roof remains a focus of attention, in particular given a number of rainwater incursions into flats within the last year. The Board has requested an updated condition report and, once received, will consider the results and communicate further on the topic.

Work on individual flats and licences to alter

42. In the last year a number of lessees have conducted flat refurbishments under the licence to alter process in place. Broadly, the licence to alter approval process seems to work well. Plans submitted by lessees are assessed by the Board and advice is taken from the Board's professional advisors, prior to approval of any licence.
43. The aim of the Board is to enable lessees to improve their properties, but to balance that with considerations which affect the wider Pryors community. It is also important to promote consistency in decision making and to prioritise conservation. That does not mean that precedent is always decisive (though is frequently a good guide) in the Board's approach. Where alterations have been made in the past which departed from this approach, or where work may have been undertaken by lessees without the necessary permission, the Board's approach is to seek to correct the position organically, when making future decisions which could allow for more appropriate renovation. In these circumstances 'precedent' does not provide the right basis for a decision.
44. The one area in the LTA approval process we are alert to is delay. We appreciate that lessees often want rapid decisions and may be under pressure from contractors to confirm arrangements. However, it is in the community's wider interest that the process must be allowed the consideration it deserves. Complex, extensive refurbishment plans inevitably take longer to assess and, not unusually, involve a 'back-and-forth' between professional advisors for the lessee and The Pryors. The Board has, in recent years, sought to consider applications for LTAs promptly and has gone to considerable lengths to ensure licences are issued without avoidable delay. In a number of projects, last minute unforeseen delays in finalising licences have resulted in The Pryors granting limited

permission for basic 'strip out' works to be started by lessees (which would not of itself require a licence to alter), pending completion of the final licence. That type of flexible approach is designed to demonstrate a realistic, accommodating approach to lessees' projects, where acceptable. The flip side to this approach is that the Board requests that lessees recognise the need to give adequate information sufficiently early to allow the Board and its advisors the time needed to give attention to detailed works.

45. Aside from the LTA approval process, the board is conscious that the actual carrying out of works can cause sustained disruption to neighbouring residents. A degree of disruption is unavoidable during substantial building works, however the Board is keen to learn from recent experiences to understand what improvements can be made to the process for the benefit of all.
46. Relatively recent developments to reduce disruption to residents from traffic through the common parts, or damage to common parts, have included requiring contractors to use the carpark/underground access to the basement and for access/movement of materials to be effected from there via scaffolding in the relevant light well. In part, this has worked well by reducing the need for access through the blocks. It is not a perfect system, however. Access is sometimes still required through the common areas. Sometimes access via this route has been used when not actually required. Similar observations can be made about unnecessary or prohibited use of the lift by contractors.
47. This raises the issue of compliance with the rules which apply to contractors (as set out in The Pryors Handbook and expressly referenced in any licence to alter granted by The Pryors). Compliance is all too often patchy. This has variously included non-observance of contractor start and finish times, weekend and bank holiday working, parking within The Pryors without the consent of the Board or the caretakers, disruptive conduct by contractors (playing radios loudly with windows open), and creating and not promptly clearing up mess impacting the common areas etc. This type of conduct is problematic, and can rapidly reduce the goodwill between neighbours in what can be challenging and disruptive circumstances.
48. The Board's view is that, going forward, we need to review how this type of non-compliance can be managed most effectively. Whilst choice of contractor ultimately remains a decision for lessees, and The Pryors does not recommend any particular contractors, information can be given about contractors who have worked on projects at The Pryors with minimum problems. This might help lessees when choosing between contractors who have the right type of experience working effectively in blocks such as The Pryors, versus others.
49. Beyond that, we consider it necessary generally to strengthen enforcement of the rules which apply to building projects. This year, for the first time, the Board took the step of temporarily excluding contractors for repeated non-compliance with rules. Enforcement is often a difficult balance to strike, however. It is undoubtedly in The Pryors' and residents' best interests for rules to be followed and for projects to be completed safely and efficiently. It is also true, however, that action such as site exclusion can ultimately prolong works and disruption. Nevertheless, enforcement action of this nature, as a last resort before taking the draconian step of seeking court orders, is sometimes necessary.
50. Other proposals the Board is actively considering at present include:

- a. Scrutinising as part of the LTA approval process what (if any) arrangements have been made for effective project management;
- b. The inclusion within LTAs of a clause enabling The Pryors to require (before or during a project) the appointment of a project manager at the lessee's expense. Alternatively, making that a standing requirement within any LTA concerning a substantial renovation project. The purpose of such a power would be to promote the professional management of projects and increase on-site accountability;
- c. A requirement for notification by the lessee to the managing agent, caretakers and Board of (a) relevant site/contract individuals (such as a site manger or head contractor) so that direct contact is possible in the event of on-site concerns, and (b) a project timetable (updated regularly) approved by the head contractor/project manager;
- d. A requirement for notification by the lessee to immediate neighbours of the above (at (c)).
- e. A requirement that damage done to the communal areas by a lessee's contractors will be repaired by contractors appointed by The Pryors Ltd. (to ensure efficiency, quality and, consistency or repairs), the cost of which is to be deducted from the lessee's damage deposit/met by the lessee.

51. The above proposals are all intended to ensure that contractors are well managed, abide by the rules and therefore minimise disruption to residents. We would welcome any observations residents have about these (or other) practical measures which the Board should consider.

52. Finally, we also consider it necessary to underscore a zero-tolerance policy concerning inappropriate behaviour by external contractors towards our caretakers. Contractors must follow the directions they are given by our caretakers. There have been instances when our caretakers have been subject to verbal abuse and, on at least one occasion, threat of physical violence. The Board assumes it will be uncontroversial to state that such conduct is totally unacceptable and should result in the matter being reported to the police and immediate exclusion from site of the relevant contractor.

New Lease Group/999 Year lease

53. The New Lease Group has undertaken a complex, detailed task for many months of overseeing all of the new leases. These have been progressed at different speeds and have thrown up multiple issues for consideration and resolution. The progress made to date is very significant (of the 60 new leases, more than 40 have been substantively completed and are either registered or pending registration. The remainder is progressing). The Board again expresses its thanks to the members of this group.

Website

54. The Pryors' website has for some time been in need of a 'refresh'. A certain amount of the information on the website was out of date. Accordingly, we have started the process of improving the website and updating the content. This process is being led by Joan Noble and Horace Ho. The cost of this project is limited and we are helpfully assisted by the same website technician previously used by The Pryors. The end product is intended to provide a straightforward, functional and informative resource which is easy for lessees to access and manage.

Conclusion

55. This has been the latest in a sequence of busy years at The Pryors. The benefits from this work are clear. As well as major external and internal works completing, extensive work has been undertaken to roll out new leases, whilst planning for the management of future works. All of this has been achieved alongside the ordinary work involved in running The Pryors. The Board is extremely grateful to all who have assisted over the last year and we hope that those combined efforts are continuing to make The Pryors a place of which we can all be proud.

The Pryors Board (2022-2023): Aaron Watkins (Chair), Ivan Clark (Treasurer), Alp Guler, Julian Cole, Noshewan Vakil, Horace Ho.

The Companies Acts 1948 to 1981

Company Limited by Shares

MEMORANDUM OF ASSOCIATION of THE PRYORS LIMITED

(As amended by Special Resolution passed 20th October 1983)

1. The name of the Company is The Pryors Limited
2. The Registered Office of the Company will be situate in England
3. The objects for which the Company is established are:-
 - (A) To acquire, hold, manage, maintain, administer and deal with certain land and buildings and the common roads, pathways and gardens adjacent and belonging thereto (hereinafter called "the Estate") situate on East Heath Road, London NW3 1BS and 1BP, and known as "The Pryors", and to layout, provide for and maintain in good order the Estate and to provide such renewals and additions as may from time to time become necessary to maintain and improve the amenities of the Estate, including making contributions to communal garden areas placing and maintaining of policies of insurance in respect of all parts of the Estate against loss or damage by fire, storm or tempest or special perils normally included in the Property Owners Liability Policies and the placing and maintaining of policies of Insurance against all third Party Claims and all such other policies of insurance as shall be considered necessary or desirable or fit.
 - (B) To do all or any of the works or things following, that is to say, all works and things requisite necessary, convenient or desirable for providing lighting and heating facilities for and supplying electricity, gas, water and all other services and amenities to the Estate and for paying the rates and taxes including water rates (if any) and all other outgoings of whatsoever nature charged, assessed or payable thereon or in any part thereof and for engaging employees and remunerating any person, firm or company for services rendered or to be rendered to the Company.
 - (C) To enter into Leases, Deeds, Covenants and other instruments whereby the Company may or shall assume liabilities and responsibilities for carrying out obligations of all kinds of or in connection with the Estate and the Residents thereof. The action authorised under this Clause will include the variation of the terms of leases held by Members, such variations to be in return for proper consideration if the variations do not apply equally, mutatis mutandis, to all Members.
 - (D) To manage, administer and deal with land and buildings whether belonging to the Company or not and to collect rents and income and provide and supply to or for owners and occupiers of land or buildings, services and goods of all kinds.
 - (E) To purchase, take on lease or in exchange, hire or otherwise acquire any real or personal property which may be deemed necessary, convenient or desirable for any of the purposes of the Company, or to demolish any property.
 - (F) To construct, alter and maintain any buildings or works necessary or convenient or desirable for any of the purposes of the Company or for the use of or as an amenity for the Estate or the residents thereof.
 - (G) To take any gift or any real or personal property for any one or more of the objects of the Company whether or not subject to any special trust or condition.

(H) To borrow and secure the payment of money in such manner as the Company may think fit, including the power to mortgage or otherwise charge the whole or any part of the Company's undertaking, property and assets whether present or future.

(I) To undertake and execute any trust or agency business (whether gratuitously or otherwise) the undertaking whereof may seem desirable whether as being convenient for or conducive to any of the objects of the Company or as being a convenience of amenity for the Estate or for the residents thereof.

(J) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.

(K) To carry on all or any of the following businesses, namely, builders and contractors, carpenters, decorators, gardeners, engineers, (including electrical and electronic) plumbers, merchants of and dealers in stone, sand, lime, bricks, timbers iron, steel hardware, paint and other building or decorating requisites, electrical heating refrigerating and sanitary equipment house and estate agents, insurance agents and computer bureaux.

(L) To sell, let, dispose of or otherwise deal with all or any of the property of the Company.

(M) To enter into and make and be party to and accept such covenants and agreements in relation to or in connection with the Estate or any other land or personal property as the Company may think fit.

(N) To carry on any other trade or business or undertake any obligations, duties and responsibilities whatsoever which can in the opinion of the Company be advantageously carried on or undertaken by the Company in connection with or ancillary to any of the above objects

(O) To do all such things as are incidental to or conducive to the attainment of the above objects or any of them.

(P) To do all or any of the things hereinbefore authorised either alone or in conjunction with or as trustee or agent for others or by or through trustees or managing agents and either with or without the intention or object of profit and whether gratuitously or otherwise

PROVIDED ALWAYS that the objects set forth in any Sub-Clause of this Clause shall not, except when the context expressly so requires be in anywise limited or restricted by reference to or inference from the terms of any Sub-Clause or by the name of the Company. None of such sub-Clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary to the objects mentioned in the first Sub-Clause but the Company shall have full power to exercise all or any of the powers conferred by any parts of this Clause notwithstanding that the business undertaking, property or acts proposed to be transacted acquired dealt with or performed do not fall within the objects of the first Sub-Clause of this Clause.

4. The liability of the Members is limited.

5. The income and profits of the Company whencesoever derived shall be applied solely for the benefit of the members provided that nothing herein shall prevent the payment in good faith of reasonable to any Director or servant of the Company, or to any contractor or to any member of the Company, in return for any services actually rendered to the Company, provided further that nothing herein shall prevent the Company from offering to Members discounts from their service charges whether for

the purpose of differentiating between those lease holders who are Members and those who are not or for any other purpose deemed proper by the Company.

6. The Share Capital of the Company shall consist of £100 divided into 100 Ordinary Shares of £1 each.

7. No person shall be admitted to membership of the Company other than the subscribers thereto and lessees of the flats comprised in the Estate holding leases derived immediately out of the freehold interest therein. Any person so admitted shall accept as a condition of Membership that he will resign his Membership immediately and unconditionally on ceasing to be a headleaseholder of a flat comprised in the Estate. In the event of the death of a Member his rights may be exercised by his Personal Representative until such time as the deceased Member's interest in the headlease has been disposed of. It shall be a condition of selling or otherwise alienating the ownership of the headlease of a flat that the new owner shall be obliged to take whatever steps may be necessary to become a Member on whatever terms and conditions may then apply.

8. The terms of Clause 7 shall be incapable of alteration and Section 23 of the Companies Act 1948 shall not apply.

9. The shares shall be divided into A and B shares. A shares will represent the shares of headleaseholders in Block A, and B shares will represent the shares of headleaseholders in Block B. A and B shares will carry equal voting rights.

10. Three Directors will be appointed by the A shareholders with the same number appointed by the B shareholders. The chairman will have a casting vote in the event of a deadlock situation between the Directors.

11. Additionally to any other provisions made for the calling of meetings, an Extraordinary General meeting may be requisitioned by not less than 10 A shareholders or by not less than 10 B shareholders. Shareholders so requisitioning a meeting may further requisition that at the meeting so called no resolution may be passed unless it is supported by a majority of the A and B shareholders voting separately. Notice of any resolution proposed for discussion and voting in the manner described in this Clause will have the effect of suspending until the time of such a meeting action on any other resolution of a contradictory or conflicting character passed at a meeting held during the seven days preceding the date of the requisition for a meeting put forward in accordance with this Clause.

WE, the several persons whose names, addresses and descriptions Are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, addresses and descriptions of Subscribers	Number of Shares taken by each Subscriber
Michael Ridgway	One (1)
52 The Pryors East Heath Road London NW3 1BP Oil Executive	B
Michael Blum	One (1)

15 The Pryors
East Heath Road
London NW3 1BS
Company Director

A

Dated the 15th day of July 1983

Witness to the above Signatures: -

Brian Cooke
50 The Pryors
East Heath Road
London NW3 1BP
Civil Servant

The Companies Acts 1948 to 1981
 Company Limited by Shares
 1745996

ARTICLES OF ASSOCIATION OF THE PRYORS LIMITED

(As amended by Special Resolution passed 20th October 1983)

GENERAL

1. The Regulations contained in Table A to the Companies Act 1948 shall apply to the company, except where inconsistent with these Regulations.

2. In these Articles:-

"the 1948 Act" means the Companies Act 1948.

"the 1980 Act" means the Companies Act 1980.

"the Statutes" means all those acts which by virtue of Section 119(2) of the Companies Act 1981 may together be cited as the Companies Act 1981.

"the Seal" means the Common Seal of the Company.

"the Secretary" means any person appointed to perform the duties of the Secretary of the Company.

"the Property" means the two blocks of flats together as 1-58 The Pryors, London NW3.

"the Flat-owners" means the lessees for the time being of the flats comprised in the Property holding leases derived immediately out of the freehold interest therein or permitted under leases derived from the long leasehold interest.

Expressions referring to writing shall, unless a contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in visible form.

Unless the context otherwise requires, words or expressions used shall bear the same meanings as in the Statutes.

Reference to any enactment are references to that enactment as re-enacted or modified for the time being.

3. The Company is established for the purposes expressed in the Memorandum of Association.

4. The Company is a Private Company and accordingly:-

(a) No shares in or debentures of the company shall be offered to the public (whether for cash or otherwise); and

(b) No shares in or debentures of the Company shall be allotted, nor shall any agreement to allot such shares or debentures be made, (whether for cash or otherwise), with a view to all or any of such shares or debentures being offered for sale to the public, and Sections 45(2) and 55 of the 1948 Act shall apply for the purposes of this Article as they apply for the purposes of the 1948 Act.

MEMBERSHIP

5. (a) the Directors are authorised for the purposes of Section 14 of the 1980 Act to exercise the power of the Company to allot shares to the amount of the authorised but unissued share capital of the Company for the time being provided always that:
- (i) Save as provided in sub-paragraph (ii) of the Article the authority given in this Article to the Directors to exercise the power of the Company to allot shares shall expire five years after the incorporation of the Company.
 - (ii) The Members in General Meeting may by Ordinary Resolution :
 - (a) renew the said authority (whether or not it has been previously renewed) for a period not exceeding five years; but such resolution must state (or restate) the amount of shares which may be allotted under such authority or as the case may be, the amount remaining to be allotted thereunder, and must specify the date on which the renewed authority will expire:
 - (b) revoke or vary any such authority (or renewed authority).
- (b) In accordance with Sub-Section (9) of Section 17 of the 1980 Act Sub-Section (1) (6) and (7) of Section 17 of the 1980 Act are excluded from applying to the Company.
6. All the Flat-owners who apply in writing for membership shall be entitled to become members of the Company immediately on making the appropriate payment. Payment of the full current value of their share shall accompany such applications. The full current value of a share at the time of application shall be such amount as the Directors reasonably determine.
7. (a) Where two or more persons jointly are the owners of one of the said Flats they shall, together, constitute one member and the person whose names appears first in the register of members shall exercise the voting and other powers vested in such member.
- (b) Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any financial part of a share or any other rights in respect of any share except an absolute to the entirety thereof in the registered holder.
- (c) Every person whose name is entered as a Member in the register shall be entitled without payment to receive within two months after allotment or lodgement of transfer one certificate in respect of his ownership of the headlease of one flat. If any Member owns the headlease of more than one flat he shall be similarly entitled to receive further certificates, one in respect of each flat.
- (d) In case of the death of a Member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a shareholder, shall be the only person recognised by the Company as having any right to his interest in the shares, but without prejudice to Article 9 hereof.
8. (a) A member shall cease to be a member if and when he ceases to be a Headleaseholder of a flat comprised in the Estate. In that event he or in the event of his death, his legal personal representative shall transfer his share in the Company to the person or persons becoming Headleaseholder of the said flat in his place.

(b) The price to be paid on the transfer of every share under this Article shall 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.

9. A Trustee in Bankruptcy of any bankrupt member or the personal representative of any deceased member shall be entitled to become a member if but only if at the time of his application for membership he is a Flat-owner.

GENERAL MEETINGS

10. The Company shall in each year, hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between two general meetings of the Company. Provided that so long as the Company holds its first annual general meeting within 18 months of its incorporation it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Directors shall appoint, provided that all such meetings shall take place within 5 miles of the Property and at reasonable hours not being hours before 6 pm on any normal working day.

11. All general meetings other than annual general meetings shall be called extraordinary general meetings.

12. The Directors may, whenever they think fit, convene an extraordinary general meeting and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by Section 132 of the 1948 Act.

13. An annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 days' notice in writing at the least, and any other meeting shall be called by 14 days' notice in writing at the least. The notice shall be exclusive of the day on which it is served, or deemed to be served, and of the day for which it is given, and shall specify the place, the day and the hour of the meeting, and in the case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned, or in such other manner, if any, as the Company may in general meeting prescribe, to such persons as are under the Articles entitled to receive such notices.

Provided that a meeting of the Company shall, although called by a shorter notice than that specified in this Article be deemed to have been duly called if it is so agreed, provided that it is signed by at least 50% of the A and B members who are entitled to attend meetings and vote.

14. The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

15. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting except the

consideration of the accounts, balance sheets and the reports of the Directors and Auditor, the election of Directors in place of those retiring and the appointment of, and the fixing of the remuneration of, the Auditor.

16. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, ten members present in person or by proxy shall be a quorum, with a minimum of 3 A members and 3 B members.

17. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time (within 30 days) and place as the Directors may determine. At any such adjourned meeting the members present in person or by proxy shall be a quorum.

18. The Chairman of the Company shall preside as Chairman at every general meeting, or if there is no such Chairman for the time being, or if he shall not be present within 15 minutes after the time appointed for the meetings, or is unwilling to act, the members present shall elect some other Director to be Chairman of the meeting, if at any meeting no Director is willing to act as Chairman, or if no Director is present within 15 minutes after the time appointed for the meeting, the members present shall choose one of their number to be Chairman.

19. The Chairman may with the consent of any meeting at which a quorum is present (and shall, if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting, other than that left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of the business to be transacted at any adjourned meeting.

20. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by at least two members in present or by proxy. No resolution shall be passed unless a majority of those Members present in person or by proxy (being a quorum) vote in favour. In the event of a tied vote the Chairman may exercise a second or casting vote.

Unless a poll be so demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried, or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

21. Except as provided in Article 22 if a poll is duly demanded, it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

22. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

23. Subject to the provisions of the Statutes, a resolution in writing signed by at least two-thirds of A members and at least two-thirds of B members 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 passed at a general meeting of the company duly convened and held. Any such resolution in writing may consist of two or more documents in like form each signed by one or more members.

VOTES OF MEMBERS

24. Subject as hereinafter provided, every member present in person or by proxy shall have one vote.

25. On a show of hands or on a poll, votes may be given either personally or by proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

26. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy need not be a member of the Company.

27. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of the principal or revocation of the proxy provided that no intimation in writing of such death or revocation shall have been received by the Company at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

(a) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show hands takes place or at which the poll is demanded shall be entitled to a second casting vote.

(b) In the event of a poll a member who owns the Head Lease of more than one Flat may cast as many votes as he has Flats, subject to a maximum of 5 votes.

(c) No member shall be entitled to vote at any General Meeting unless all monies presently payable by him to the Company have been paid.

(d) Members must declare an interest in a subject under discussion or vote. Having declared the interest a member may nevertheless cast a vote.

MEMBERS IN ARREARS OF SERVICE CHARGE OR GROUND RENT OR COMPANY EXPENSES

(e) Such members are not entitled to vote and shall not be counted for the purpose of determining percentages and proportions of members in articles such as Article 23.

DIRECTORS

(f) Directors shall be members or spouses of members or other persons aged 25 or more who are normally resident with members. There shall be no upper age limit.

(g) The limit of the number of Directors is contained in the Memorandum hereinbefore mentioned.

(h) At the first annual general meeting of the company all the directors shall retire from office and at the annual general meeting in every subsequent year one-third of the directors for the time being shall retire from the office. The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who become directors on the same day those to retire shall, unless they otherwise agree among themselves, be determined by lot. A director shall not hold office for more than two consecutive terms of three years, but thereafter shall be eligible for re-appointment after the expiry of one year.

(i) The Directors will appoint a Chairman at every General Meeting of the Company

from among their number. In the absence of the Chairman, the Directors may freely choose another to act on his behalf at that meeting.

(j) The rules of procedure for the Board of Directors will be determined by the Directors.

(k) Directors may exercise all powers of the Company except the power to borrow sums of money in excess of £10,000 or the power to mortgage or charge its property or any part thereof, or the power to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company except insofar as those named powers may have been specifically or generally authorised by a Meeting of the Company.

SECRETARY

28. The Secretary shall be appointed by the Directors for such term at such remuneration (if any) and upon such conditions as they may think fit, and any Secretary so appointed may be removed by the Directors.

THE SEAL

29. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Directors, and every instrument to which the Seal shall be affixed shall be signed by a Director, and countersigned by the Secretary or by a Second Director, or by some other person appointed by the Directors for that purpose.

ACCOUNTS

30. The Directors shall cause proper accounting records to be kept, sufficient to give a true and fair view of the state of the affairs of the company.

AUDITORS

31. Auditors shall be appointed and their duties regulated in accordance with the Statutes.

NOTICES

32. A notice may be given by the Company to any member either personally or by sending it by post to him or to his registered address or (if he has no registered address within the United Kingdom) to the address, within the United Kingdom supplied by him to the Company for the giving of notice to him. Where a notice is given by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of twenty-four hours after the letter containing the same is posted, and in any case at the time at which the letter would be delivered in the ordinary course of post.

EXPENSES

33. Whenever called upon by the Company, the members shall 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 flat-owners.

Names, addresses and descriptions of Subscribers

Michael Ridgway
52 The Pryors
East Heath Road

London NW3 1BP
Oil Executive

Michael Blum
15 The Pryors
East Heath Road
London NW3 1BS
Company Director

Dated the 15th day of July 1983

Witness to the above Signatures: -

Brian Cooke
50 The Pryors
East Heath Road
London NW3 1BP
Civil Servant