

The Companies Act 1985

Private Company Limited by Guarantee and not Having a Share Capital
Articles of
of
Grand Vacation Club Limited

(as amended by Special Resolutions passed on the 21st of July 1994, on 18th of June 1999 and on 12th June 2003)

1. Preliminary

(a) No regulations set out in any statute, or in any statutory instrument made under any statute, concerning companies shall apply as regulations or articles of the Company.

2. Definitions

In these Articles unless the context otherwise requires:

"Accommodation Assets" means Whole Units, Club Suites, Common Facilities, Moveables, and Holiday Periods beneficially owned by the Company and Title to which is held by an Owning Company or Owning Companies from time to time;

"Accommodation Unit" means a Holiday Unit, Club Suite or a Whole Unit;

"Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

"Aggregate Management Costs" means all costs arising from the management and administration of the Company (including its whole property and undertaking wherever situated), the operation of the Points System and all reservation services associated therewith; and the maintenance and management of the Accommodation Assets (less all monies received by the Management Company, including the Club Suite Service Charge, other than the Management Charge) to be apportioned and recoverable as a Management Charge from Members pursuant to Article 13 and including (without prejudice to the generality of the foregoing) all costs and expenses attendant on the proper and continuing administration of the Company and the Owning Companies; the Management Company's costs including all overhead expenses and outlays and outgoings properly incurred by the Management Company in the performance of its duties under the Management Agreement by which it is appointed and the salaries of all relevant employees of the Management Company; the production of Members' newsletters and the distribution costs of the same; all taxes, maintenance fees and other outgoings of whatever nature payable in respect of the Accommodation Assets and operation of the Points System; the costs and remuneration of any Management Sub-contractors; the costs and remuneration of the Trustee; the fees of any of the auditors and legal advisers of the Company and the Management Company from time to time and the expenses of discharging any indemnity given by the Company to any party;



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"Applicant" means a person who has applied to purchase Points Rights in terms of a Purchase Agreement;

"Articles" means these Articles of Association and where appropriate, includes the Memorandum of Association, all as may be amended from time to time;

"Authorised Person" means such person or company, including the Management Company, as the party in question may delegate authority to;

"Board" means the Board of Directors of the Company as constituted from time to time;

"Bonus Points" means such Issuable Points as the Founder Member issues to a Member;

"Chairman" means the Chairman from time to time of the Board and, where appropriate, the Chairman of a committee as the case may be;

"Club Suite" means a unit of hotel suite accommodation which forms part of the Accommodation Assets from time to time together with the common rights, amenities, services, fixtures and fittings therein and thereon and any other Accommodation Assets the use and enjoyment of which is necessary for the use and enjoyment of the unit of accommodation;

"Club Suite Points Rights" means Points Rights which relate to Club Suites;

"Club Suite Service Charge" means the cost of maintaining and servicing all Club Suites (including all taxes, maintenance fees, service charges and other outgoings of whatever nature payable in respect thereof) to be apportioned and recoverable as a Management Charge from Members pursuant to Article 13;

"Common Facilities" means facilities and amenities (if any) relating to Whole Units or Club Suites and serving in common for the use by Members during Use Periods;

"Company" means Grand Vacation Club Limited;

"Final Year" means the calendar year 2054;

"the Founder Member" means Grand Vacation Company Limited, Pine Lake Resort, Carnforth, Near Lancaster, Lancashire, England, LA6 1JZ* or such other person or company as it shall transfer its Founder Membership to;

"the Founder Member Directors" means any Director appointed by the Founder Member pursuant to Article 20(b);

* Now of Citrus House, Caton Road, Lancaster, Lancashire, England, LA1 3UA.

"Holiday Period" means a right to use accommodation for intermittent periods which forms part of the Accommodation Assets from time to time together with all rights and obligations relating thereto;

"Holiday Unit" means a unit of accommodation to which a Holiday Period relates which unit may be specific or generic where the Holiday Period does not relate to specific accommodation;

"Home Resort" means in relation to specific Points Rights a particular priority Resort to which they relate;

"Issuable Points" means the Points allocated to the Founder Member pursuant to his Issuable Points Rights in terms of Article 9(a) plus Points forfeited to the Founder Member in terms of Articles 4(e)(ii) or 18(b)(vii) less any Bonus Points issued by the Founder Member;

"Issuable Points Rights" means Points Rights held by the Founder Member and capable of issue to Members;

"Management Charge" means the charge payable by the Members to meet the Aggregate Management Costs and the Club Suite Service Charge (plus any Remuneration Percentage) all as referred to in Article 13;

"Management Company" means Grand Vacations Management Limited, Westaway Chambers, 39 Don Street, St Helier, Jersey, Channel Islands or such other party as may be appointed by the Company from time to time to undertake the management of the affairs of the Company and the administration of the Points System and in the absence of any such appointment references in these Articles to the Management Company shall be read as references to the Company;

"Management Sub-contractors" means such persons or bodies corporate as the Management Company may appoint for the purpose of performing any duties delegated to them by the Management Company;

"Members" means the members from time to time of the Company including, where appropriate the Founder Member;

"Members Report" the annual report to be prepared by the Management Company and issued to the Members in terms of Article 12;

"Membership" means membership of the Company;

"Membership Certificate" means a certificate issued to a Member pursuant to Article 4(c);

"Moveables" means the furnishings, equipment, utensils and appurtenances located at Whole Units and Club Suites;

"Occupancy Rights" means the right to occupy and use Accommodation Units during Use Periods in accordance with the Points System;

"Office" means the registered office of the Company;

"Owning Companies" means the non-trading companies exclusively controlled by the Trustee which shall hold unencumbered Title to the various Accommodation Assets beneficially owned by the Company from time to time (and includes any entity being the nominee of the Trustee and being exclusively controlled by the Trustee);

"Points" means the units by which Use Periods are graded and which are issued to Members who can exchange them for Occupancy Rights;

"Points Certificate" means a certificate issued to a Member pursuant to Article 7(b)(ii) or 8(b)(ii);

"Points Grading" means the grading of Accommodation Units by means of Points which determines the distribution of the total number of annual Points relative to each Accommodation Unit between Use Periods in that Accommodation Unit as shown on the Points Tables;

"Points Holding" means the number of Points which a Member has to his credit at any one time;

"Points Rights" means the number of Points which a Member is annually entitled to be credited with on 1st January each year;

"Points System" means the system of acquiring Points Rights and the allocation of Points and their exchange for Occupancy Rights in the Accommodation Assets all as set forth in the Articles and in the Rules and Regulations;

"Points Tables" means the tables to be prepared by the Management Company pursuant to Article 12 and which shall contain the Points Grading and duration of each Use Period in each Accommodation Unit individually or generically all as determined by the Management Company in terms of Articles 6(d)(iii) and 6(i);

"Purchase Agreement" means an agreement in such form not inconsistent with the Articles as the Founder Member may from time to time specify pursuant to which a Member may apply to purchase Points Rights from the Founder Member or an Applicant may apply for Membership and to purchase Points Rights from the Founder Member conditional upon becoming a Member;

"Remuneration Percentage" means any additional percentage representing an agreed remuneration payable to the Management Company;

"Resort" means a holiday resort complex wheresoever situated in the world either comprising Accommodation Assets or of which Accommodation Assets form a part;

"Rules and Regulations" means such regulations not inconsistent with the Articles as may be made by the Board from time to time pursuant to Article 18(b)(ii);

"Standard Points Rights" means Points Rights other than Club Suite Points Rights;

"Title" means, subject to the provisions of the Trust Deed, the rights of any Owing Company in respect of Accommodation Assets being such rights and/or estates as shall under the law of the jurisdiction concerned procure the vesting in the Owing Company of unencumbered rights in respect of Whole Units, Club Suites and Holiday Periods which may be in the case of Whole Units and Club Suites an absolute freehold estate free of all encumbrances (or the equivalent of such an estate under the legal jurisdiction in which the Whole Unit is situated); and which may be in the case of Holiday Periods a right registered with the relevant holiday club; provided that the Trustee shall be satisfied that the net effect of such rights shall be to secure for the Owing Company the exclusive right to Holiday Periods and the exclusive occupation and enjoyment of Whole Units and Club Suites and in respect of Common Facilities and Moveables "Title" shall include such rights as shall enable reasonable enjoyment and use of the Common Facilities and Moveables;

"Transfer Agreement" means an agreement in such form not inconsistent with the Articles as the Management Company may from time to time specify pursuant to which Points Rights may be transferred by a Member (on condition that the transferee is or becomes a Member) and the transferee, if not already a Member, shall apply for Membership;

"Trust Deed" means a deed of trust substantially in the form appended hereto or any similar document for the time being in operation and may comprise various Trust Deeds and "Deed of Trust" shall be construed accordingly;

"Trustee" means any independent trustee referred to as such in a Trust Deed;

"Unissuable Points Rights" means Points Rights held by the Company for the purposes envisaged in the Articles and in the Rules and Regulations and which shall not attract any Management Charge;

"Use Period" means a period of consecutive days shown as such on a Points Table during which the Occupancy Rights of Members shall be exercisable;

"Use Year" means a calendar year from 1st January to 31st December (inclusive);

"Whole Unit" means a residential unit which forms part of the Accommodation Assets from time to time together with the common rights, amenities, services, fixtures and fittings therein and thereon and any other Accommodation Assets the use and enjoyment of which are necessary for the use and enjoyment of the residential unit.

3. Interpretation

References to a document being executed include references to its being executed under hand or under seal or by any other valid method.

References to writing include references to any method of representing or reproducing words in a legible and non-transitory form.

Where for any purpose an ordinary resolution of the Company is required under the provisions of the Articles, a special or extraordinary resolution shall also be effective and where an extraordinary resolution is so expressed to be required a special resolution shall also be effective.

Words or expressions not defined herein to which a particular meaning is given by the Act or any statutory modification thereof in force when the Articles or any part of the Articles are adopted bear the same meaning (if not inconsistent with the context) in the Articles or that part (as the case may be) save that the word "company" shall include any body corporate. References to a meeting shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

Words importing the singular number only include the plural and vice versa and words importing the masculine gender only include the feminine, words denoting natural persons shall include legal persons and vice versa.

To the extent that any rights or duties purportedly given to the Management Company under these Articles cannot be validly enforced by or against the Management Company because they have not been validly given to it, the said rights or duties shall be enforceable by or against the Company or the Management Company on behalf of the Company.

4. Members

(a) The subscriber to the memorandum of association and such other persons as are admitted to Membership in accordance with the Articles shall be Members of the Company. Grand Vacation Company Limited (or such person or persons as the Founder Membership may be transferred to pursuant to Article 5(d)) shall be known as the Founder Member and Founder Membership shall be a separate class of Membership from Ordinary Membership. All the Members apart from the Founder Member shall be Ordinary Members.

(b) The Board on behalf of the Company or an Authorised Person shall have power to admit persons to be Members and shall admit any person (except the Trustee) not being a minor, who has applied to be a Member and has agreed to acquire Points Rights subject only to his becoming a Member, all in terms of a validly executed Purchase Agreement or Transfer Agreement. On admission to Membership each Member's name shall immediately be entered in the register of Members of the Company.

(c) On admission to Membership a person shall immediately be entitled to have their name entered in the register of Members of the Company and to

receive a Membership Certificate executed by or on behalf of the Company or an Authorised Person which Membership Certificate shall be prima facie evidence of the Member's Membership of the Company.

(d) No person shall be admitted to Membership unless he shall have agreed to be bound by the Articles and the Rules and Regulations.

(e) (i) A Member shall cease to be a Member of the Company in any of the following circumstances:

(1) If by giving at least seven clear days' notice in writing lodged at the Office and accompanied by his Membership Certificate he resigns from Membership; or

(2) If his Membership is cancelled pursuant to Article 7(d) or Article 18(b)(vii); or

(3) If his Membership ceases pursuant to Article 8(c).

(ii) If a Member ceases to be a Member of the Company notwithstanding the termination of his Membership (and all rights attaching thereto) he (or his personal representatives, trustee in bankruptcy or liquidator) shall continue to own the Points Rights owned and shall remain responsible for all continuing liabilities in respect thereof (including Management Charges and any other appropriate charges) until such time as he (or his personal representatives, trustee in bankruptcy or liquidator) transfers the Points Rights pursuant to Article 8 or they are sold on his (or their) behalf pursuant to Article 4(e)(iii). However, his continuing to own such Points Rights shall not entitle him to exercise any rights or to receive any allocation of Points (which allocation of Points shall instead be forfeited to the Founder Member) in respect thereof except in the case of Article 4(e)(i)(3) where his personal representatives, trustee in bankruptcy or liquidator shall continue to be entitled to exercise the rights and receive Points allocations in respect thereof.

(iii) If an owner fails to complete the transfer of his Points Rights within one month of his ceasing to be a Member pursuant to Article 4(e)(i)(1) or (2) or his personal representatives, trustee in bankruptcy or liquidator fails to complete the transfer of his Points Rights within 6 months of his ceasing to be a Member pursuant to Article 4(e)(i)(3) then the Management Company may without further notice (but shall not be required to) sell any Points Rights belonging to the said owner. Any such sale shall be effected by the Management Company offering the Points Rights to all existing Members (including the Founder Member) and the Management Company shall be entitled to accept the highest valid offer. The manner in which the Points Rights are to be offered to existing Members and the sale is to be conducted and all other matters relating to the sale shall be at the sole discretion of the Management Company. On completion of the sale the Management Company shall be entitled to deduct from the proceeds of sale (a) the whole expenses of the sale (b) any legal expenses incurred in the sale or for any advice prior to the sale (c) a reasonable charge to cover the work of the

Management Company to the extent that this is not covered by any agent's commission or solicitors' fees (d) all sums due by the owner of the Points Rights to the Company and/or the Management Company (e) any outstanding monies due by the owner of the Points Rights to the Founder Member in terms of the relevant Purchase Agreement and (f) any outstanding loan (together with any interest and other charges) due by the owner in connection with the Points Rights and thereafter the Management Company will remit the deductions as appropriate and remit the net proceeds of sale to the owner. To the extent that the proceeds of sale are insufficient to meet all the deductions the owner shall remain liable there for. For the purposes of such a sale, the owner will surrender the Points Certificate to the Management Company when called upon to do so (and in the absence of surrender such Points Certificate shall be void), and the owner shall be deemed here by to have irrevocably appointed the Management Company as his attorney to carry through the sale and to grant all deeds or other documents in implement thereof. In the case of a joint ownership of Points Rights the Management Company shall have the right to demand from the first named owner or from any other owner it may choose any sums which are payable by the owner of those Points Rights.

(iv) Article 4(e)(i)(2) shall not apply to the Founder Member.

5. Class rights

(a) The Ordinary Members shall be entitled to receive notice of and attend and speak at all general meetings of the Company but shall not have a right to vote at general meetings except in the following circumstances:

(i) where any resolution is proposed the passing of which will have the effect of amending, superseding, overriding or in any way changing any of the provisions of the Articles;

(ii) where any resolution to appoint or terminate or suspend the appointment of a Director other than a Founder Member Director is proposed;

(iii) where any resolution to wind up or dissolve the Company or the passing of which will cause the Company to cease to carry on the whole or a substantial part of its activities is proposed;

(iv) where a resolution of the sort referred to in Article 6(f) or 6(k) is proposed;

in which circumstances on a show of hands every Ordinary Member who (being an individual) is present in person or (being a firm or corporation) is present by a duly authorised representative, not being himself an Ordinary Member entitled to vote, shall have one vote and on a poll every Ordinary Member shall have one vote for each Points Right owned by him. However, the Ordinary Members shall only be entitled to vote against a resolution of the sort referred to in Article 5(a)(i) or (iii).

(b) The Founder Member shall be entitled to receive notice of and attend and speak at all general meetings of the Company and on a poll shall have one vote for each Issuable Points Right held by it. The Issuable Points Rights held by the Founder Member at the time of the meeting shall be certified by the Management Company whose decision shall be final.

(c) The special rights attached to the Ordinary Memberships and the Founder Membership may not be varied or abrogated either whilst the

Company is a going concern or during or in contemplation of a winding up, without the prior written consent of the relevant class of Membership.

(d) The Founder Member shall be entitled to transfer the Founder Membership on such terms and subject to such conditions not inconsistent with the Articles as it in its sole discretion shall deem appropriate and the Company and the Board shall be bound to register any such transfer and admit any such transferee to Membership of the Company (as Founder Member) forthwith and shall have no right to refuse to register such transfer on any grounds whatsoever.

6. The points system

The Points System shall be conducted in the following way

(a) Forthwith upon incorporation of the Company:

(i) The Company will appoint the Trustee and the Founder Member and the Company will enter into the Trust Deed with the Trustee;

(ii) The Company will enter into a Management Agreement with the Management Company.

(b) The Founder Member alone shall be entitled to transfer Accommodation Assets to the Company in the manner contemplated in Article 6(c).

(c) The Founder Member shall transfer Accommodation Assets to the Company by transferring or procuring the transfer of the Title to such assets to the Trustee or as the Trustee may direct to be held in Trust for the benefit of the Company in terms of the Trust Deed.

(d) The Management Company shall, upon the transfer of each Holiday Period, Club Suite or Whole Unit into the Company, subject to Article 6(d):

(i) in the case of Club Suites and Whole Units determine the total number of annual Points relative thereto and in the case of Holiday Periods the total number of Points relative thereto and, where there are no existing Holiday Periods in the Points System in respect of the relevant Holiday Unit, the total number of annual Points relative to the Holiday Unit;

(ii) determine in respect of the relevant Whole Unit, Club Suite or Holiday Period(s) and Holiday Unit (as appropriate) the total number of Issuable Points Rights and the total number of Unissuable Points Rights;

(iii) determine the Points Grading of the Use Periods pertaining to the relevant Accommodation Unit;

(e) The Management Company may from time to time redetermine the number of Issuable Points Rights and Unissuable Points Rights in respect of an Accommodation Unit or in respect of all the Holiday Periods (from time to time) which relate to a particular Holiday Unit or generic type of Holiday Unit but only so that the number of Issuable Points Rights added to the number of Unissuable Points Rights shall always be equal to the Accommodation Unit's number of annual Points or the Holiday Periods' number of Points.

(f) The total number of:

(i) annual Points relative to an Accommodation Unit; and

(ii) Points relative to all the Holiday Periods (from time to time) which relate to a particular Holiday Unit or generic type of Holiday Unit;

once determined pursuant to Article 6(d) shall never be changed except with the sanction of a resolution of the Ordinary Members of the Company in General Meeting.

(g) Unissuable Points Rights shall be held by the Company for the purposes of providing Use Periods for maintenance, repair and upkeep of Accommodation Assets and to reduce demand to provide greater flexibility for reservations.

(h) In exchange for introducing Accommodation Assets into the Company the Founder Member shall, subject to the terms of the Articles, be entitled to all Issuable Points Rights arising therefrom and any Issuable Points allocated pursuant to such Issuable Points Rights. The Resort at which the Accommodation Unit which gives rise to the Points Rights is located shall be the Home Resort in respect of such Points rights. The Founder Member shall alone have the right to issue such Points Rights and such Points to existing or potential Members (conditional upon their becoming Members) at such price and subject to such conditions (not inconsistent with the provisions of Article 7 or any other provisions of the Articles) as the Founder Member may determine in its sole discretion from time to time.

(i) The Points Grading of Accommodation Units shall, subject to the provisions of Article 6(f), be re-determined by the Management Company for the next following Year prior to 1st October each Year, so as to take account of seasonal changes and variations in demand. The Management Company shall inform the Board of such re-determination prior to 1st October each Year.

(j) Where new Accommodation Units or Holiday Periods in the same Resort are subsequently introduced into the Company then the total number of annual Points, Issuable Points Rights and Unissuable Points Rights relative to the relevant Accommodation Unit shall be determined so that they are the same as that of existing like Accommodation Units in that Resort. If there are no existing like Accommodation Units in that Resort then regard shall be had to the relative value of the additional Accommodation Units or Holiday Periods and the then current value of existing Accommodation Units and Holiday Periods.

(k) Title to the Accommodation Assets shall be held by the Trustee in such manner as the Trustee shall in its absolute discretion determine pursuant to the terms of the Trust Deed. The Founder Member shall be entitled to request the Trustee to return any Accommodation Assets to it but only if:

- (i) there are sufficient unissued Issuable Points Rights; and
- (ii) after the disposal there are sufficient Home Resort Accommodation Units to match Home Resort Points Rights in the relevant Resort; and
- (iii) after the disposal there remains at the Resort sufficient Accommodation Units to provide 50 weeks' accommodation in any Use Year or alternatively the Resort is being replaced with at least 50 weeks' accommodation in any Use Year at an alternative equivalent Resort.

Otherwise, neither the Founder Member nor the Board shall be entitled to request the Trustee to dispose of any interest or otherwise deal in any Accommodation Assets without the sanction of a Resolution of the Company in General Meeting. In the event that the Trustee returns any Accommodation Units or Holiday Periods to the Founder Member the same number of Issuable Points Rights as is equal to the total number of Issuable Points Rights determined in respect of such Accommodation Units or Holiday Periods shall be cancelled.

7. Issue of points and points rights

(a) The Founder Member or an Authorised Person shall be entitled to issue Points or Points Rights and shall only issue Points or Points Rights to the extent that there are Issuable Points or Issuable Points Rights available for issue in accordance with the Points System. Standard Points Rights relating to a Home Resort may only be issued to the extent that there are Issuable Standard Points Rights relating to that Home Resort available for issue. Club Suite Points Rights relating to a Home Resort may only be issued to the extent that there are Issuable Club Suite Points Rights relating to that Home Resort available for issue.

(b) The Founder Member or an Authorised Person may sell Points Rights in the following manner:

(i) it shall enter into a Purchase Agreement with the Member or Applicant to whom the Points Rights are to be issued which shall state whether or not the Points Rights relate to Club Suites, the Home Resort to which the Points Rights relate and the initial Use Year and which Purchase Agreement once duly executed shall be stamped (if necessary) and delivered to the Company together with a copy also to the Trustee;

(ii) within sixty days of receipt of a duly executed Purchase Agreement the Company shall procure that the Company's records are adjusted to reflect the issue of any Points Rights to the Applicant and that a Points Certificate is issued to him which Certificate shall state whether or not the Points Rights relate to Club Suites and the Home Resort to which the Points Rights relate and shall be prima facie evidence of his ownership of the Points Rights.

(c) The entity charged with maintaining the Company's records may charge the Applicant a reasonable fee for the registration of an issue of Points Rights which fee may be revised from time to time.

(d) In the event that any owner of Points Rights fails without good cause to pay on the due date any monies payable to the Founder Member in terms of a Purchase Agreement or otherwise or any monies payable to a lender in respect of a loan in connection with the Points Rights then the Founder Member shall at any time thereafter be entitled (without prejudice to any other rights or remedies available whether or not exercised) after giving to the owner of the Points Rights thirty days written notice of its intention to do so, to cancel his Membership by notice in writing to the Company and in that event the provisions of Article 4(e) shall apply.

8. Transfer of points and points rights

(a) A Member shall not be entitled to transfer any of the Points Rights or Points Holding to which he is entitled except in accordance with the following provisions of this Article 8.

(b) Any Member may sell or otherwise dispose of all of the Points Rights on a single Points Certificate in the following manner:

(i) He or his personal representatives as the case may be, shall deliver to the Management Company the following documents:

(1) A Transfer Agreement validly executed by the Member or his personal representatives as the case may be (and stamped if necessary) and by the proposed transferee;

(2) The relevant Points Certificate and such other documentation as the Management Company may reasonably require to evidence the Members good title to the Points Rights and the proposed transferee's Membership; and

(3) Any fee payable pursuant to Article 8(d) below.

(ii) Within 60 days of receipt of all the items referred to in Article 8(b)(i) the Company or the Management Company shall:

(1) if the Member has transferred all of the Points Rights to which he is entitled, procure that the Member's Membership of the Company is terminated and that his name is deleted from the Register of Members; and

(2) procure that the Company's records are adjusted to reflect the transfer of the Points Rights and/or any unused Points deriving therefrom to the transferee and that a Points Certificate is issued to the transferee;

(iii) Whenever Points Rights are transferred any unused Points deriving therefrom shall automatically be transferred with them.

(c) In the event of the death or insolvency of any Member, or the winding up of a Member being a corporation, his Membership shall terminate. However, for a period of 6 months only from the date of death, insolvency or winding up his personal representatives, trustee in bankruptcy or liquidator as the case may be, may agree to sell the Points Rights of such Member to a third party or to vest same in a beneficiary and in either case the terms of Articles 8(b) and (d) shall apply to any resulting transfer.

(d) The entity charged with maintaining the Company's records may charge a reasonable fee for the registration of a transfer which fee may be revised from time to time.

(e) The Company or the Management Company may refuse to register or give effect to a transfer where the transferor has failed to pay any sums due by him to the Company or the Management Company or to the Trustee.

(f) No limitation or restriction as to the transfer of any Points Rights or Points Holding as contemplated herein, shall in any way apply to the Founder Member.

(g) No Member shall be entitled to transfer any Points Rights unless and until all monies payable to the Founder Member in relation to the purchase thereof and any outstanding loan (together with any interest and other charges) due by the owner in connection therewith have been paid in full. Any purported transfer contrary to this Article 8(g) shall be voidable at the instance of the Founder Member.

(h) Notwithstanding any other provision of this Article 8 all transfers of Points Rights made after 18th June 1999 shall be subject to the following:

(i) Except as provided in Article 8 (h) (ii) below, the Management Company shall only be obliged to effect a transfer of Points Rights if the Founder Member is the transferee. In consideration of any such transfer the Founder Member shall be obliged to deliver to the transferor a Holiday Period or Periods of equivalent Points value to the Points Rights being transferred. The transferor of the Points Rights shall have the right to select from at least three alternative Holiday Periods and the Founder Member shall be obliged to offer the transferor at least three such alternatives. The Founder Member shall deliver the Holiday Period or Periods into the name of the transferor of the Points Rights free and clear of all encumbrances and with any management fees paid up to date.

(ii) The Management Company shall effect a transfer of Points Rights to a transferee other than the Founder Member; (a) where the transferee is the spouse, sibling, child or parent of the transferor; or (b) where the transfer is consequent upon the death of the transferor and the transferee is entitled to

the Points Rights under the will of the transferor; or (c) at the discretion of the Management Company in exceptional circumstances.

(iii) The provisions of Article 8 (f) shall apply to this Article 8 (h).

9. Allocation of points

(a) The Company shall procure that:

(i) on 1st January each Year each Member is allocated with that number of Points to which he is entitled in terms of his Points Rights; and

(ii) on the date upon which an Accommodation Unit or Holiday Period is transferred into the Company in accordance with Article 6 the Founder Member is allocated with such number of Points as bears the same proportion to the total number of Issuable Points Rights determined in respect of that Accommodation Unit or Holiday Period as in the case of Accommodation Units the remainder of the current Use Year bears to a full Use Year and in the case of a Holiday Period the remainder of the Holiday Period in the current Use Year bears to the full Holiday Period any fractions of a Point being rounded down to the nearest whole Point;

(iii) on 1st January each Year the Founder Member is allocated with that number of Points to which it is entitled in terms of its Issuable Points Rights;

Points allocated pursuant to the foregoing Articles 9(a)(ii) and (iii) shall be known as Issuable Points.

(b) Following the allocation of Points pursuant to Article 9(a):

(i) The Founder Member shall be entitled to issue any Issuable Points to Members as Bonus Points as provided in the Articles or in such other manner as the Management Company may agree or to exchange any such Issuable Points for Occupancy Rights in accordance with the provisions of Article 10.

(ii) Where a Purchase Agreement specifies the current Use Year as the initial Use Year then the Founder Member shall be deemed to have issued the same number of Bonus Points to the Purchaser as the number of Points Rights sold and the Company's records shall be amended accordingly.

(iii) A Member shall be entitled to exchange any Points forming part of his Points Holding for Occupancy Rights in accordance with the provisions of Article 10.

(c) Save as provided in Article 10(b) all Points shall lapse at the end of the Use Year during which they were allocated and no Member shall be entitled to issue, or exchange for Occupancy Rights any Points which have lapsed. All Points which have lapsed shall immediately be deleted from the Company's records.

10. Exchange of points for occupancy rights

(a) Each Member shall be entitled to exchange any Points forming part of his Points Holding or borrowed in terms of Article 10(b) at any time and from time to time for Occupancy Rights during specific Use Periods in Accommodation Units in accordance with the then current Points Tables but subject to the rules applicable to reservations as contained in the Rules and Regulations from time to time. The exchange of Points for Occupancy Rights in any Year by a Member is subject to such limitations on availability as may arise from time to time by reason of competing applications for such Occupancy Rights by other Members and the ranking of such competing applications shall be determined by the Management Company on the basis of the Rules and Regulations from time to time in force or in the absence of any such Rules and Regulations on such other basis as is fair and reasonable

but providing Members with preferential reservation rights for their Home Resorts.

(b) A Member shall not be entitled to carry Points forward to following Use Years or borrow Points from following Use Years for use in the current Use Year except as may be provided in the Rules and Regulations from time to time.

(c) Members, when exchanging Points for Occupancy Rights shall at all times adhere to the Rules and Regulations.

Once a Member has exchanged Points for Occupancy Rights he shall, subject to the terms of the Rules and Regulations, be entitled to use such Occupancy Rights in any manner he chooses and in particular he shall be entitled, subject to the Rules and Regulations, to allow third parties to utilise such Occupancy Rights and to use such Occupancy Rights for the purpose of participating in any exchange programmes of which the Member is a member from time to time.

(d) Notwithstanding anything contained in the Rules and Regulations the Founder Member and/or the Management Company shall be entitled, when exercising any rights available to them to use or occupy Accommodation Units to use such Accommodation Units for such commercial purposes as are consistent with the operation of the Points System and without prejudice to the generality such Accommodation Units may be used as sales offices, for general marketing purposes, as office space or storage space.

11. Company records

(a) The Company shall procure that the Trustee and the Management Company shall each maintain adequate records for the proper management of the Company and administration of the Points System and in particular the following records shall be maintained:

- (i) a register of Members;
- (ii) a register of Points Rights showing each Member's Points Rights and Home Resorts from time to time and identifying Club Suite Points Rights;
- (iii) a register of Points showing each Member's Points Holding from time to time;
- (iv) a record of all monies due by each Member to the Company and/or the Management Company from time to time;
- (v) a register of Issuable Points Rights;
- (vi) a register of Issuable Points;
- (vii) a register of Accommodation Assets.

The Trustee shall maintain the Company's statutory records which shall be prima facie evidence of the matters contained therein.

(b) Every Member shall be entitled to request in writing addressed to the Management Company an extract of the records showing the Points Rights and Points Holding of that Member and that Member's indebtedness to the Company and/or the Management Company as at the date of the extract. Each such request shall specify the desired date of the extract and shall be in such form as the Management Company or the Trustee shall from time to time prescribe and shall be accompanied by such reasonable fee as may from time to time be prescribed by the Management Company or the Trustee for providing the extract. The Management Company shall, as soon as practicable after receipt of such a request and fee, provide the required extract to the Member.

12. Members' reports

The Company shall procure that not later than 1st October each Year the Management Company shall prepare and issue to each Member a Member's Report which shall include the following information and such other information as the Management Company shall from time to time consider to be appropriate;

(a) the Points Tables for the following Year;

(b) details of the Accommodation Assets as shown in the Company records; and

(c) the Management Charge for the next following Year.

13. Management charge

(a) The Company shall procure that, prior to 1st August each year the Management Company shall prepare a budget showing the projected Aggregate Management Costs and the projected Club Suite Service Charge for the succeeding Use Year and the proposed Management Charge to be paid by the Members for that succeeding Use Year. Such budget shall be prepared in accordance with the provisions of the Management Agreement under which the Management Company was appointed.

(b) The projected Aggregate Management Costs and the projected Club Suite Service Charge and the proposed Management Charge contained in the budget shall not be binding until approved by the Board. In the event of the Board failing to approve the projected Aggregate Management Costs and the projected Club Suite Service Charge and proposed Management Charge prior to 1st September in any year the matter shall be referred to the Company's auditors who shall determine whether or not the budget has been prepared in accordance with the Management Agreement under which the Management Company was appointed and whether or not the costs itemised in the budget are reasonable and the Auditor's final determination of the budget shall be binding on the Board and the Management Company. Once approved Members shall be invoiced for the annual management charge by 1st October in each year.

(c) The Company shall procure that as soon as practicable after 1st January each year the amount of the Aggregate Management Costs and Club Suite Service Charge for the preceding Use Year shall be ascertained. The difference between the Management Charge already paid (or payable) by Members in respect of Standard Points Rights for that preceding year and the Aggregate Management Costs (plus any Remuneration Percentage) for that preceding year shall be added to or deducted from (as appropriate) the Management Charge payable by Members in respect of Standard Points Rights for the next following Use Year. The difference between the Management Charge already paid (or payable) by Members in respect of Club Suite Points Rights for that preceding year and the Club Suite Service Charge (plus any Remuneration Percentage) for that preceding year shall be added to or deducted from (as appropriate) the Management Charge payable by Members in respect of Club Suite Points Rights for the next following Use Year. If the Aggregate Management Costs and/or the Club Suite Service Charge for the preceding Use Year have not been ascertained prior to the issue of the Members Report pursuant to Article 12 then the Management Company shall use its best estimate of the Aggregate Management Costs and/or the Club Suite Service Charge for the preceding year for the purpose

of calculating the Management Charge for the next following Use Year and any discrepancy between such estimate and the ascertained amount shall be taken into account when calculating the Aggregate Management Costs and/or the Club Suite Service Charge for the current Use Year.

(d) The Management Charge shall be payable by the Members and shall be a debt due to the Management Company payable (except in the case of the Founder Member) within 60 days of the Member's receipt of his Member's Report which shall constitute a demand for payment unless otherwise provided in the Rules and Regulations. In the case of the Founder Member the Management Charge shall be payable on demand but the Management Company shall not be entitled to demand payment until it is reasonably necessary for it to do so.

(e) The Management Charge payable by each Member in respect of Standard Points Rights shall be a proportion of the Aggregate Management Costs (plus any Remuneration Percentage) determined first on the basis of an equal fixed sum payable by each Member owning Standard Points Rights as determined by the Board from time to time with any balance then being determined on the basis of the Standard Points Rights of such Member expressed as a fraction of the total number of Standard Points Rights in the Points System from time to time including Issuable Points Rights but excluding Unissuable Points Rights.

The Management Charge payable by each Member in respect of Club Suite Points Rights shall be a proportion of the Club Suite Service Charge (plus any Remuneration Percentage) determined on the basis of the Club Suite Points Rights of such Member expressed as a fraction of the total number of Club Suite Points Rights in the Points System from time to time including Issuable Points Rights but excluding Unissuable Points Rights.

(f) In addition to the Management Charge, each Member shall pay to the Management Company such additional charges (including, without prejudice to the generality, default charges for non or late payment of the Management Charge) as may be levied on him by the Management Company pursuant to and in accordance with the Rules and Regulations.

(g) A certificate at any time executed for and on behalf of the Management Company certifying any amount payable by a Member in terms of the Articles and the Rules and Regulations shall constitute prima facie proof of any amount so due by the Member.

14. Notice of general meetings

(a) All general meetings other than annual general meetings shall be called extraordinary general meetings.

(b) The Directors may call general meetings and, on the written request of the Founder Member or the written request of the Members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition.

(c) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a Director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:

(i) in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and

(ii) in the case of any other meeting by a majority in number of the Members having a right to attend and vote being a majority together holding not less than ninety-five per cent of the total voting rights at the meeting of all the Members.

The notice shall specify the time and place of the meeting and in the case of special business only the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

The notice shall be given to all the Members including the Founder Member and Management Company and to the Directors and auditors and Trustee.

(d) The Trustee shall have the right to be notified of and attend all general meetings and to speak thereat in all respects as if a full Member provided that the Trustee shall not be entitled to hold any proxy nor to vote in any proceedings.

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

(f) Every notice convening a general meeting shall comply with any applicable provisions of the Act relating to giving information to Members in regard to their right to appoint proxies.

15. Proceedings at general meetings

(a) No business shall be transacted at any general meeting unless a quorum is present. Two persons, each being a Member or a proxy for a Member or a duly authorised representative of a corporation, at least one of whom shall be entitled to vote upon the business to be transacted, shall be a quorum.

(b) If such a quorum is not present within thirty minutes from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or such other day and at such other time and place as the Chairman of the meeting may determine, and if at the adjourned meeting a quorum is not present within thirty minutes from the time appointed therefor the Members present shall be a quorum.

(c) The Chairman, if any, of the board of Directors or in his absence some other Director nominated by the Directors shall preside as Chairman of the meeting, but if neither the Chairman nor such other Director (if any) be present within ten minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman.

(d) If no Director is willing to act as Chairman, or if no Director is present within ten minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of their number to be Chairman.

(e) The Chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn business from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been

transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

(f) A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:

(i) by the Chairman; or

(ii) by the Founder Member; or

(iii) by at least two Members having the right to vote at the meeting;

and a demand by a person as proxy for a Member shall be the same as a demand by the Member.

(g) Unless a poll is duly demanded a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(h) The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

(i) A poll shall be taken as the Chairman directs and he may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

(j) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a casting vote in addition to any other vote he may have.

(k) 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 either forthwith or at such time and place as the Chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

(l) No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

(m) A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more Members.

16. Votes of members

(a) Each Member shall have the voting rights set out in Article 5.

(b) A Member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, 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 default the right to vote shall not be exercisable.

(c) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.

(d) An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

"Grand Vacation Club Limited"

I/We, of being a member/members of the above-named Company, hereby appoint of , or failing him, of as my/our proxy to vote in my/our name(s) and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on 20 , and at any adjournment thereof.

Signed on 20 ."

(e) Where it is desired to afford Members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve):

"Grand Vacation Club Limited"

I/We, of being a member/members of the above-named Company, hereby appoint of , or failing him, of as my/our proxy to vote in my/our name(s) and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on 20 , and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No. 1 = *for *against

Resolution No. 2 = *for *against

*Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed on 20 ."
Signed on 20 ."

(f) The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:

(i) be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote; or

(ii) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(iii) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairman or to the secretary or to any Director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

(g) A vote given or poll demanded by proxy or by the duly authorised representative of a firm or corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the Office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

17. Alternate directors

(a) Any Founder Member Director may appoint any other Founder Member Director, or any other person approved by the Founder Member and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him. No Director, other than a Founder Member Director shall be entitled to appoint an alternate Director.

(b) An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Founder Member Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Founder Member Director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate Director.

(c) An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Founder Member Director.

(d) Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Founder Member Director making or revoking the appointment or in any other manner approved by the Directors.

(e) Save as otherwise provided in the Articles, an alternate Director shall be deemed for all purposes to be a Founder Member Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Founder Member Director appointing him.

18. Powers of directors

(a) Subject to the provisions of the Act, the Memorandum and the Articles, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the Directors by the Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

(b) Without prejudice to the generality of Article 18(a) the Directors shall be entitled to exercise the following specific powers:

(i) To delegate to the Management Company such of the Company's powers as may be appropriate to enable the Management Company to perform its functions pursuant to the Management Agreement under which it is appointed. Throughout the duration of its appointment all the powers of the Company delegated to the Management Company shall be exercised by it and not by the Directors who shall instead liaise with the Management Company and monitor the performance of its duties.

(ii) To make or amend the Rules and Regulations which relate to:

- (1) the proper regulation and administration of the Points System operated by the Company,
- (2) the reservation and use by Members of Accommodation Assets,
- (3) the exercising by Members of Occupancy Rights,
- (4) default and interest charges in respect of late or non-payment of monies due by Members to the Company and/or the Management Company,
- (5) the levying and payment of charges relating to the use of particular facilities at Resorts, and,
- (6) all such other administrative matters as the Board may from time to time deem necessary or expedient.

(iii) To enter into all contracts and agreements which they consider necessary or advisable in connection with managing the affairs of the Company and to apply the funds of the Company in payment of the expenses of managing and running the Company and in particular the administration of the Points System.

(iv) To do all things reasonably necessary for the smooth running of the Points System.

(v) To approve or ratify the Trust Deed on behalf of the Company and upon or prior to the determination of any Trust Deed the Board shall enter into on behalf of the Company a further or succeeding Trust Deed upon such reasonable terms as are consistent with the Articles and the Points System.

(vi) The Directors shall generally supervise the business affairs of the Company and ensure that the Management Company and the Founder Member and the Ordinary Members are fulfilling their respective duties and obligations in connection with the Company and to ensure effective communication between the Management Company, the Founder Member, the Directors, and the Ordinary Members.

(vii) The Directors, or where such powers have been delegated to the Management Company, the Management Company shall be entitled to cancel, suspend or vary the Points, Points Rights or Occupancy Rights or Membership of any Member (other than the Founder Member) at any time who, in the reasonable opinion of the Directors, or where such powers have

been delegated to the Management Company, the Management Company shall have failed without good cause to pay any monies due to the Management Company or the Company on the due date or shall have failed to comply with his obligations under the Articles or shall have committed a breach of the Rules and Regulations or whose conduct in the reasonable opinion of the Directors shall be unbecoming to a Member of the Company and who has not paid the outstanding monies, or complied with the obligation and remedied the breach, or desisted from the said conduct within such reasonable time as the Directors, or where such powers have been delegated to the Management Company, the Management Company shall notify in writing to such Member. The decision of the Directors, or where such powers have been delegated to the Management Company, the Management Company shall be final. In the event of a Member having his Points, Points Rights or Occupancy Rights cancelled or suspended or his Membership suspended under this Article he shall not be entitled to exercise any of the rights of a Member (including the right to attend and vote at general meetings) but shall continue to be liable for all the obligations attaching to his Membership and his ownership of Points or Points Rights (unless they have been cancelled). Any Points or Points Rights may only be cancelled under this Article with the consent of the Founder Member and on cancellation shall be forfeited to the Founder Member or its nominee and shall become Issuable Points and Issuable Points Rights. If any Membership is cancelled under this Article the provisions of Article 4(e)(ii) shall apply.

(c) In the event of any conflict between the provisions of the Rules and Regulations and the provisions of the Articles the provisions of the Articles shall prevail and nothing contained in the Rules and Regulations shall be deemed to constitute an amendment of the Articles.

19. Delegation of directors' powers

The Directors may (with the consent of the Founder Member but not otherwise) delegate any of their powers to any committee consisting of one or more Directors of the Company. Any such delegation may be made subject to any conditions the Founder Member may impose, and either collaterally with or to the exclusion of the Directors' own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with three or more members shall be governed by the Articles regulating the proceedings of Directors (including the provisions regarding a quorum) so far as they are capable of applying.

20. Appointment of directors

(a) The number of Directors (other than alternate Directors) shall not be less than three and shall not be more than five. The Founder Member shall be entitled to appoint up to a maximum of 3 Directors pursuant to Article 20(b) and the Members shall be entitled to appoint up to a maximum of 2 Directors pursuant to Article 20(d).

(b) The Founder Member may at any time and from time to time by a memorandum signed by it appoint any person to be a Founder Member Director (but so that the number of Founder Member Directors for the time being shall not be more than 3) and may in like manner remove any Founder Member Director so appointed and appoint another in his place and may similarly fill any other vacancy in the Founder Member Directors to be appointed by the Founder Member. Any such appointment or removal shall

take effect at and from the time when the memorandum is lodged at the Office or produced at a meeting of the Directors.

(c) Any memorandum of appointment or removal of a Director which is required to be signed by a corporate Member may be signed on its behalf by any of its Directors.

(d) Subject to the provisions of the Articles the Company may by ordinary resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.

(e) A Director appointed by the Company pursuant to Article 20 (d) shall retire from office at the third annual general meeting following the date of his or her current appointment to the Board. The period of time from the date of his or her current appointment to the Board to the date of retirement in accordance with this Article shall be called "a Term".

(f) If the Company, at the meeting at which a Director retires, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost.

(g) No person other than a retiring Director shall be appointed or reappointed a Director at any general meeting unless:

(i) he is recommended by the Directors; or

(ii) not less than sixty nor more than one hundred and twenty clear days before the

date appointed for the meeting, notice executed by a Member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he or she were so appointed or reappointed, be required to be included in the Company's register of Directors together with notice executed by that person of his or her willingness to be appointed or reappointed.

(h) Information shall be given to all who are entitled to receive notice of a general meeting in the said notice of any person (other than a Director retiring at the meeting) who is recommended by the Directors for appointment or reappointment as a Director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him or her at the meeting for appointment or reappointment as a Director. The notice shall give the particulars of that person which would, if he or she were so appointed or reappointed, be required to be included in the Company's register of Directors.

(i) The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

(j) A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he or she is not reappointed, he or she shall retain office until the meeting appoints someone in his or her place, or if it does not do so, until the end of the meeting. No Director appointed by the Company pursuant to Article 20 (d) shall remain in office for more than two successive Terms.

21. Disqualification and removal of directors

The office of a Director shall be vacated if:

- (a) he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) he is, or may be, suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment in England or Wales under the Mental Health Act 1983 or, in Scotland, the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a court having jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) he resigns his office by notice to the Company; or
- (e) he is removed from office pursuant to Article 20(b); or
- (f) he shall for more than twelve consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated.

22. Directors' expenses

The Directors may be paid at the discretion of the Board of Directors, all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the holders of debentures in the Company or otherwise in connection with the discharge of their duties. For the avoidance of doubt any such monies shall be paid by the Management Company and shall be taken into account when calculating the Aggregate Management Costs.

23. Directors' appointments and interests

(a) Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested provided that no Director who has a contract of service or any other type of contract with the Company shall be entitled to vote on any matter relating to such contract or to vote on his appointment; or
- (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (iii) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

(b) For the purposes of Article 23(a):

- (i) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is

interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

(ii) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

24. Proceedings of directors

(a) Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

(b) The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be three (of whom two at least shall be Founder Member Directors). A person who holds office only as an alternate Director shall, if his appointor is not present, be counted in the quorum.

(c) The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of calling a general meeting.

(d) The Directors may appoint one of their number to be the chairman of the board of Directors and may at any time remove him from that office. Unless he is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which he is present. But if there is no Director holding office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.

(e) All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

(f) A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity.

(g) Where proposals are under consideration concerning the appointment of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (provided

he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

(h) If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

(i) A meeting of the Directors or any committee thereof may, subject to notice thereof having been given in accordance with the Articles, be for all purposes deemed to be held when Directors are in simultaneous communication with each other by telephone or fax or by any means of audio-visual communication and the number of Directors participating in such communication constitutes the quorum of Directors which would otherwise be required by these Articles to be present at the meeting.

25. Secretary

Subject to the provisions of the Act, the secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

26. Minutes

The Directors shall cause minutes to be made in books kept for the purpose:

(a) of all appointments of officers made by the Directors; and

(b) of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting.

27. The company seal

The seal (if any) shall only be used with the authority of the Directors or of a committee of Directors authorised by the Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the secretary or by a second Director.

28. Notices

(a) Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the Directors need not be in writing.

(b) The Company may give any notice to a Member or Director either personally or by sending it by post in a prepaid envelope addressed to the Member or Director at his registered address or by leaving it at that address.

(c) A Member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

(d) Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

29. Perpetuity period

The Company shall convene a general meeting to be held during the last month of the Final Year at such place as the Board may determine at which a resolution providing for the Company to be wound up shall be considered. All

the Members entitled to do so shall be obliged to vote in favour of such resolution, the remaining Members shall be obliged to abstain from voting.

30. Dissolution

If upon the winding up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever the same shall be paid to or distributed among the Members of the Company equally.

31. Indemnity

Subject to the provisions of the Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or auditor of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution or discharge of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company and no Director or other officer or auditor of the Company shall be liable for any loss, damage or misfortune which may happen to be incurred by the Company in the execution or discharge of the duties of his office or in relation thereto.

Name and address of Subscriber

1. I. K. GANNEY

Director for and on behalf of
Grand Vacation Company Limited
Citrus House,
Caton Road,
Lancaster,
Lancashire,
England,
LA1 3UA.

Dated this 11th day of May 1994

Witness to the above signature

Name: SANDRA HEGARTY

Address: Carnforth, Lancashire

Designation: Secretary