

Company No: 4166208

THE COMPANIES ACT 1985
A PRIVATE COMPANY LIMITED BY SHARES
WRITTEN RESOLUTIONS OF
GP HOLIDAY PARKS (HOLDINGS) LIMITED

In accordance with section 381A of the Companies Act 1985, I being the sole shareholder of the Company entitled to attend and vote at a general meeting of the Company **HEREBY PASS** the following written resolutions:-

RESOLUTIONS

THAT this Resolution hereby ratifies and approves the Agreement dated 12 March 2001 entered into between the Company (1), those persons described therein as the "Managers" (2) and those persons described therein as the "Investors" (the "Investment Agreement") a copy of which is attached to this Resolution and marked "A" and for the purposes of identification signed by me and authorises the directors of the Company to give effect thereto and THAT in accordance with the terms of the Investment Agreement:-

- (1) The Regulations contained in the printed document attached to this Resolution and marked "B" and for the purpose of identification signed by me be and the same are hereby approved and adopted as the Articles of Association of the Company in substitution for existing Articles of Association of the Company.
- (2) THAT in accordance with Section 80 of the Companies Act 1985 (the "Act"), the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot Ordinary Shares of £1 each in the Company up to an aggregate nominal amount of £699,998 pursuant to the Investment Agreement, provided that this authority (unless previously revoked or renewed) shall expire on the first anniversary of the date on which this resolution is passed.
- (4) THAT pursuant to Section 95(1) of the Act, the Directors be and are hereby given power to allot Ordinary Shares of £1 each in the Company pursuant to the authority conferred by the Resolution numbered 2 above as if Section 89(1) of the Act did not apply to such allotment.

Date: 14 March 2001

Philip Mason



P. Mason B

DATE 14 March 2001

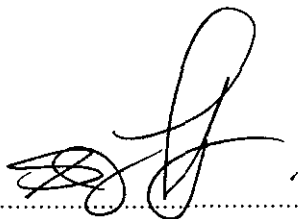
GB HOLIDAY PARK (HOLDINGS) LIMITED

PHILIP MASON and others

ROYAL BANK INVESTMENTS LIMITED and others

AGREED FORM "A"

Articles



For and on behalf of
the Company



For and on behalf
of the Investors



For and on behalf of
the Managers

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

(Adopted by Written Resolution passed
on March 2001

- of -

GB HOLIDAY PARKS (HOLDINGS) LIMITED

CONTENTS

		Page
Article 1	Introduction	1
Article 2	Definitions	1
Article 3	Share capital	5
Article 4	Share rights	5
Article 5	Issue of new shares	5
Article 6	Variation of class rights	6
Articles 7	Transfer of shares	6
Article 8	Permitted transfers	7
Article 9	Pre-emption	8
Article 10	Compulsory transfer	14
Article 11	Change of control	14
Article 12	General meetings	15
Article 13	Alternate directors	16
Article 14	Number of directors	16
Article 15	Appointment of directors	16
Article 16	Investor Director	17
Article 17	Disqualification of directors	17
Article 18	Removal of directors	17
Article 19	Directors' remuneration	17
Articles 20	Proceedings of directors	18
Article 21	Borrowing powers	18
Article 22	Execution of documents	18
Article 23	Dividends	19
Article 24	Indemnities	19

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

(Adopted by Written Resolution passed
on March 2001)

- of -

GB HOLIDAY PARKS (HOLDINGS) LIMITED

1 **Introduction**

- 1.1 The Regulations contained or incorporated in Table A in the Schedule to The Companies (Tables A to F) Regulations 1985 as amended by The Companies (Tables A to F) Amendment Regulations 1985 and The Companies Act 1985 (Electronic Communications) Order 2000 (hereinafter called "Table A") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In Regulation 1 of Table A, the words "and in Articles of Association adopting the same" shall be inserted after the word "regulations" where it first appears in the last paragraph of that Regulation and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that Regulation.
- 1.3 Regulations 54, 62, 73 to 77 (inclusive), 80, 82, 94 to 98 (inclusive) and 118 of Table A shall not apply to the Company.

2 **Definitions**

In these Articles the following words and expressions shall have the following meanings:-

Acceptance Period: a period during which an offer made under Article 9.3 is open for acceptance;

Bad Leaver: an Employee who ceases to be an Employee, but is not a Good Leaver;

business day: any day other than a Saturday, a Sunday or any other day which is a public holiday in England;

company: includes any body corporate;

Compulsory Sellers: as defined in Article 10.1;

Employee: an individual who is employed by, or is a director of, the Company or any of its subsidiaries or an individual whose services are otherwise made available to the Company or any of its subsidiaries (and "employment" shall be construed accordingly to include such an arrangement);

employee benefit trust: a trust established, with the prior written approval of the Investor Director, for the purpose of enabling or facilitating transactions in shares in the Company between, and/or the acquisition of beneficial ownership of such shares by, any of the following persons:-

- (a) the bona fide Employees or former Employees of the Company or of any subsidiary of the Company; or
- (b) the wives, husbands, widows, widowers, children or stepchildren under the age of eighteen of any such Employees or former Employees;

Excluded Person:

- (a) any Employee whose employment or directorship with the Company (or any subsidiary of the Company) is subject to notice of termination;
- (b) any person who was, but has ceased to be, an Employee;
- (c) any Related Party of any person within (a) or (b) above;

Family Members: in relation to any person, the spouse, parents and every child and remoter descendant of that person (including stepchildren and adopted children);

Family Trust: in relation to any person, trusts established by that person in relation to which only such person and/or Family Members of that person are capable of being beneficiaries thereof;

financial year and financial period: an accounting reference period (as defined by the Act) of the Company;

Flotation: the effective admission of ordinary shares of the Company to trading on the London Stock Exchange plc's market for listed securities or to trading on any other recognised investment exchange (as defined by section 207 of the Financial Services Act 1986);

Good Leaver: an Employee who ceases to be an Employee in any of the following circumstances:-

- (a) retirement on or after reaching retirement age in accordance with his terms of employment;
- (b) death;
- (c) ill health or permanent disability;
- (d) redundancy;
- (e) dismissal otherwise than in circumstances which would entitle the Company to dismiss the Employee summarily in accordance with the service agreement of, or contract for services of, such Employee;

provided that notwithstanding that he would otherwise be a Bad Leaver, any Employee shall be a Good Leaver if the Board, with the prior written approval of the Investor Director (in his absolute discretion), so determines;

the Investment Agreement: the agreement of the same date as the date of the adoption of these Articles made between the Company (1) those persons described therein as the Managers (2) and those persons described therein as the Investors (3), as amended, supplemented, adhered to or restated to from time to time;

the Investors: those persons described in the Investment Agreement as "the Investors" and any other person for the time being holding Shares who has agreed to be bound by the Investment Agreement as an "Investor" (as defined therein);

Investor Director: the director appointed pursuant to Article 16.1;

Investor Majority: the holders of at least 50.01 per cent of the Ordinary Shares for the time being held by the Investors;

Member: a holder of Shares;

a member of the same group: as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company;

Office: the registered office of the Company from time to time;

Ordinary Shares: Ordinary Shares of £1 each in the capital of the Company;

the Ordinary Shareholders: the holders for the time being of the issued Ordinary Shares;

the Prescribed Price:

- (a) in respect of Shares to be sold pursuant to Article 10, the price per Sale Share of the relevant class determined in accordance with that Article;
- (b) in all other cases, the price per Sale Share of the relevant class specified in the Transfer Notice or (if no price is specified) the price per Sale Share agreed or determined pursuant to Article 9.2;

Proposing Transferor: a Member proposing to transfer Shares or any interest therein;

Purchaser: a person willing to purchase Shares comprised in a Transfer Notice;

Realisation: a Flotation or a Sale;

Realisation Date:

- (a) in the case of Flotation, the date on which dealings commence in respect of the shares the subject of the Flotation;
- (b) in the case of a Sale, completion of the Sale;

Related Party: in respect of any person:-

- (a) that person's personal representatives;
- (b) any Family Member of that person;
- (c) the trustee(s) of a Family Trust of that person;
- (d) any nominee of any of the above;

Relevant Shares: (so far as the same remain held by the trustees of any Family Trusts) the Shares originally transferred or issued to the trustees and any additional Shares issued to such trustees by way of capitalisation or acquired by such trustees on the exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them;

Sale:

- (a) the sale of all of the issued Ordinary Shares to a single purchaser (or to one or more purchasers as part of a single transaction); or
- (b) the sale of less than all of the issued Ordinary Shares in circumstances where the Company has received advice satisfactory to it that the purchaser or purchasers is or are (or will upon the agreement or agreements for such sale becoming unconditional be) entitled to acquire that part of the issued Ordinary Shares not agreed to be acquired pursuant to such agreement or agreements in accordance with the provisions of Part XIII A of the Act or pursuant to the provisions of Article 11;

the Sale Shares: all Shares comprised in a Transfer Notice;

Shares: shares of any class in the Company;

the Subscription Price: in respect of any Share, the amount paid or credited as paid up on that share, including sums paid, or credited as paid, by way of premium;

Transfer Notice: a written notice served or deemed to be served by a Member on the Company in accordance with Article 8.3, 9 or 10.

3 **Share capital**

The share capital of the Company at the date of adoption of these Articles is £1,000,000 divided into 1,000,000 Ordinary Shares.

4 **Share rights**

The Ordinary Shares shall have, and be subject to, the following rights and restrictions:-

4.1 **Income**

Subject to the Act, sums available for distribution by the Company in or in respect of any financial year may (with the prior written consent of the Investor Director) be paid to the Ordinary Shareholders in proportion to the numbers of such shares held by them respectively.

4.2 **Capital**

On a return of capital on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied:-

4.2.1 first, in repaying to the Ordinary Shareholders the Subscription Price of each Ordinary Share held; and

4.2.2 second, the balance (if any) shall be distributed amongst the Ordinary Shareholders in proportion to the numbers of such Shares held by them respectively.

4.3 **Voting**

On a show of hands every Ordinary Shareholder who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote and on a poll every Ordinary Shareholder who is present in person or by a proxy or (being a corporation) by a representative shall have one vote for every Ordinary Share of which he is the holder.

5 **Issue of new shares**

5.1 Subject to this Article and to the provisions of Section 80 of the Act, the Shares shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper.

5.2 The provisions of sections 89(1) and 90(1) to (6) of the Act shall apply to the Company, subject always to the provisions of Section 95 of the Act with the following modifications:-

5.2.1

the holders of relevant shares and relevant employee shares (as defined in Section 94 of the Act) who accept all the equity securities offered to them ("acceptors") shall be entitled to indicate whether they would accept shares not accepted by other offerees, and any such shares shall be allotted to such acceptors in proportion to their respective holdings of relevant shares and relevant employee shares, but so that no acceptor shall be required to accept more shares than he applied for.

6

Variation of class rights

6.1

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern, or during or in contemplation of a winding up, with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of that class or, in the case of the Ordinary Shares, in accordance with Article 6.2. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis except that:-

- (a) the necessary quorum shall be at least two persons holding or representing by proxy one third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum; and
- (b) the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively.

6.2

Subject to Section 125(3) of the Act, the special rights attaching to the Ordinary Shares as a class may be varied or abrogated by an ordinary resolution of the Company in general meeting.

6.3

The rights attached to any class of Shares shall not (unless otherwise provided by the rights attached to the Shares of that class) be deemed to be varied by the creation or issue of further Shares ranking in some or all respects *pari passu* therewith (but in no respect in priority thereto) or by the purchase or redemption by the Company of any of its own Shares.

7

Transfer of shares

7.1

The directors shall be required (subject only to Article 7.2 and to Regulation 24 of Table A) to register promptly any transfer of Shares made in accordance with the provisions of Articles 8, 9, 10 and 11 (to the extent applicable), but shall not register any transfer of Shares not so made.

7.2

In addition to the circumstances set out in Regulation 24 of Table A in which the directors may refuse to register the transfer of a Share, the directors may also refuse to register the transfer of a Share to a bankrupt, a minor or a person of unsound mind.

7.3

For the purposes of these Articles the term "transfer" shall, unless the context otherwise requires, include:-

7.3.1 a sale or disposal of any legal or equitable interest in a Share, whether or not by the Member registered as the holder of that Share;

7.3.2 any renunciation or other direction by a Member entitled to an allotment or transfer of Shares that such Shares be allotted, issued or transferred to another person.

8 Permitted transfers

8.1 Permitted transfers

Subject to the provisions of Article 7, any Shares may at any time be transferred:-

8.1.1 by an Employee (not being a holder of the Shares concerned as a trustee) to a Family Member of that Employee; or

8.1.2 by an Employee to trustees of a Family Trust of that Employee; or

8.1.3 by an Investor to:-

8.1.3.1 a member of the same group as that Investor;

8.1.3.2 where the Investor is, or holds shares as trustee or nominee for, or otherwise on behalf of, a partnership, unit trust or other fund (however constituted):-

(a) the holders of units in, or partners in or members of or investors in such partnership, unit trust or fund;

(b) a partnership, unit trust or fund which has the same general partner, manager or adviser as such partnership, unit trust or fund, or whose general partner, manager or adviser is a member of the same group as the general partner, manager or adviser of such partnership, unit trust or fund;

(c) a trustee or nominee for any such partnership, unit trust or fund as is referred to in paragraph (b) above;

8.1.4 by an Investor to a "co-investment scheme", being a scheme under which certain officers, employees or partners of an Investor or of its adviser or manager are entitled (as individuals or through a body corporate or any other vehicle) to acquire shares;

8.1.5 by a co-investment scheme which holds Shares through a body corporate or another vehicle to:-

8.1.5.1 another body corporate or another vehicle which holds or is to hold Shares for the co-investment scheme; or

8.1.5.2 an officer, employee or partner entitled to the Shares under the co-investment scheme;

- 8.1.6 by any Member, with the prior written consent of the Investor Director, to the trustee(s) or nominee for the time being of an employee benefit trust; or
- 8.1.7 by the trustee(s) or nominees for the time being of an employee benefit trust, with the prior written consent of the Investor Director, to any beneficiary of such employee benefit trust; or
- 8.1.8 by any Member in consequence of acceptance of an offer made to that Member pursuant to Article 11.1, or pursuant to a notice given under Article 11.3; or
- 8.1.9 by a Member in pursuance of a sale of Specified Shares (whether alone or in combination with other sales of Shares) as described in Article 11.

8.2 Transfers by trustees of Family Trusts

Where Shares have been transferred under Article 8.1.2 or under Article 8.2.1 or 8.2.2 to trustees of a Family Trust of an Employee, or been issued to trustees of a Family Trust of an Employee, the trustees and their successors may transfer all or any of the Relevant Shares as follows:-

- 8.2.1 on any change of trustees, the Relevant Shares may be transferred to the trustees for the time being of the Family Trust concerned;
- 8.2.2 pursuant to the terms of such Family Trust or in consequence of the exercise of any power or discretion vested in the trustees or any other person, all or any of the Relevant Shares may be transferred to the trustees for the time being of any other Family Trust of the same Employee or deceased or former Employee or to any Family Member of the relevant Employee or deceased or former Employee who has become entitled to the Shares proposed to be transferred.

8.3 Relevant Shares passing to third parties

In the event that any Relevant Shares held by trustees cease to be held on a Family Trust (otherwise than where an authorised transfer of those Shares has been made) the Member holding the Shares shall notify the directors in writing that that event has occurred and the Member shall be bound, if and when required in writing by the directors to do so, to give a Transfer Notice in respect of the Relevant Shares (but without specifying a Prescribed Price and so that the right of revocation conferred by Article 9.4 shall not apply).

9 Pre-emption

The right to transfer Shares shall (save in respect of transfers made pursuant to Article 8) be subject to the following restrictions:-

9.1 Transfer Notices

- 9.1.1 Before transferring any Shares the Proposing Transferor shall serve a Transfer Notice on the Company specifying the number of Shares in question, and the Transfer Notice shall constitute the Company his agent for the sale of those Shares at the Prescribed Price to any Member or Members. Except as provided in this

Article, a Transfer Notice once given or deemed to be given shall not be revocable except with the consent of the directors.

9.1.2 A Transfer Notice:-

- 9.1.2.1 may specify the Prescribed Price per Share;
- 9.1.2.2 shall, if the Proposing Transferor has received any offer to purchase Shares (whether or not an offer capable of becoming legally binding upon acceptance) within the period of three calendar months prior to service of the Transfer Notice, give the name of the offeror, the number of Shares concerned and the price (or prices) per Share offered;
- 9.1.2.3 may not be given by a Member who is an Employee or former Employee, or is a Related Party of an Employee or of a former Employee, unless:-
 - (a) the Investor Director has given written consent; or
 - (b) the Transfer Notice is required by the directors under Article 8.3, 9.8 or 10;

9.2 Prescribed Price

- 9.2.1 Immediately on receipt of a Transfer Notice which does not specify a Prescribed Price for the Shares that are the subject of such notice, the Investor Director shall seek to agree the Prescribed Price with the Proposing Transferor. In the event that the Prescribed Price is not agreed within 10 business days of receipt of the Transfer Notice by the Company the Investor Director shall request the auditors of the Company (acting as experts and not as arbitrators) to certify the Prescribed Price.
- 9.2.2 The auditors shall within 10 business days of such a request certify to the Company the Prescribed Price, being (subject to Article 10.2) the value of each Share (as the case may be) calculated on the following basis:-
 - 9.2.2.1 by determining the sum which a willing purchaser would offer to a willing vendor for the whole of the issued share capital of the Company;
 - 9.2.2.2 by dividing such sum by the number of Shares in issue;
 - 9.2.2.3 by making such adjustment (if any) as the auditors of the Company consider necessary to allow for any rights which may be outstanding under which any person may call for the issue of further Shares; and
 - 9.2.2.4 by making such adjustment as the auditors of the Company consider necessary to reflect any premium arising in relation to the size of the holding the subject of the Transfer Notice but ignoring any restrictions on the transferability of the Shares.

9.2.3 The costs of the auditors in respect of the certification of the Prescribed Price shall be paid as to one half by the Proposing Transferor and as to the balance by those members who accept the offer of the Shares in proportion to the numbers of the Shares in respect of which they accept the offer.

9.3 **Offer of Sale Shares**

9.3.1 The Sale Shares shall, within 10 business days following receipt of the Transfer Notice or (in a case falling within Article 9.2.1) agreement or certification of the Prescribed Price, be offered by the Company in accordance with Article 9.3.2 for purchase at the Prescribed Price. All offers shall be made by notice in writing and limit a time (being between 10 and 15 business days, inclusive) within which the offer must be accepted or, in default, will be deemed to have been declined.

9.3.2 **Offers**

The Company shall offer the Sale Shares in the following priority:-

- (a) first, if so resolved by the directors with the prior written consent of the Investor Director, to one or more of the existing Employees, persons whom it is proposed should be appointed Employees, and the trustee(s) or nominee of an employee benefit trust; and subject thereto
- (b) to the other holders of Ordinary Shares,

provided that no Sale Shares shall be offered to the Proposing Transferor, any Related Party of the Proposing Transferor or any Excluded Person.

9.3.3 An offer made under Article 9.3.2 shall be made on the following basis:-

9.3.3.1 the Shares on offer shall be offered to the holders of Ordinary Shares in proportion as nearly as may be to their existing holdings of Ordinary Shares, and the directors' decision as to the number of Shares which shall be "in proportion as nearly as may be to their existing holdings of Ordinary Shares" shall be conclusive;

9.3.3.2 any Member to whom Sale Shares are offered may accept all or some only of the Sale Shares offered to him;

9.3.3.3 each Member to whom the offer is made (if more than one) shall be invited to indicate whether, if he accepts the number of Sale Shares offered to him pursuant to this Article 9.3, he wishes to purchase any Sale Shares offered to other Members in the same offer which they decline to accept (such Sale Shares being referred to as "excess Shares") and if so the maximum number which he wishes to purchase;

9.3.3.4 if there are any excess Shares they shall be allocated between the Members who have indicated that they wish to purchase excess Shares. If the number of excess shares available is insufficient the

excess Shares shall be allocated between the Members seeking to purchase them as follows:-

- (a) any Member who has sought to purchase no more than his proportionate entitlement of excess Shares (calculated by reference to the proportion of the total holdings of Shares of Members seeking to purchase excess Shares represented by that Member's holding) shall be allocated all the excess Shares he sought to purchase;
- (b) any Member or Members who sought to purchase more than their proportionate entitlement shall have the number of excess Shares applied for scaled down and (if more than one) in proportion to their respective holdings of Shares;

9.3.3.5 subject to the provisions of this Article, the Purchasers shall be bound to purchase the Sale Shares allocated to them under the provisions of this Article 9.3 at the Prescribed Price.

9.4 Notice to Proposing Transferor

Not later than 5 business days following the expiration of the last Acceptance Period the Company shall give written notice to the Proposing Transferor stating:-

- 9.4.1 if it is the case, that no Purchaser has been found for any of the Sale Shares; or, otherwise
- 9.4.2 the number of Sale Shares which Members have sought to purchase, giving the name and address of each Purchaser and the number of Sale Shares to be purchased by him;

and so that if Purchasers have been found for some only of the Sale Shares the Proposing Transferor may within five business days of service on him of notice under this Article 9.4 revoke his Transfer Notice by written notice to the Company.

9.5 Transfer by Proposing Transferor

- 9.5.1 In the event that the Proposing Transferor is given notice under Article 9.4.2 (and subject to the Proposing Transferor not revoking his Transfer Notice in accordance with Article 9.4, where possible) the Proposing Transferor shall be bound on payment of the Prescribed Price to transfer the Shares in question to the respective Purchasers. The sale and purchase shall be completed at the Office during normal business hours on the first business day after the expiry of 10 business days from the date of service of notice under Article 9.4.2.
- 9.5.2 If a Proposing Transferor, having become bound to transfer any Shares to a Purchaser, shall fail to do so the directors may authorise any individual to execute on behalf of and as agent for the Proposing Transferor any necessary instruments of transfer and shall register the Purchaser as the holder of the Shares. The

Company's receipt of the purchase money shall be a good discharge to the Purchaser, and the Company shall thereafter hold the same on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the register of members in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.

9.5.3 The Proposing Transferor may transfer Sale Shares to any person or persons in the following circumstances:-

9.5.3.1 if the Company shall fail to find a Purchaser or Purchasers for any of the Sale Shares pursuant to Article 9.3, the Proposing Transferor may transfer all or any of the Sale Shares;

9.5.3.2 if the Company shall find a Purchaser or Purchasers for some (but not all) of the Sale Shares and shall serve notice accordingly under Article 9.4 the Proposing Transferor may transfer all or any of the Sale Shares for which no Purchaser has been found, but so that if the Proposing Transferor revokes his Transfer Notice under Article 9.4 he may transfer all (but not some only) of the Sale Shares

subject to the following restrictions:-

9.5.3.3 Shares may not be transferred after the expiry of three calendar months after the date on which notice is given under Article 9.4;

9.5.3.4 the Shares must be transferred in a bona fide transaction at a price not less than the Prescribed Price; the directors may require to be satisfied that the Shares are being transferred in pursuance of a bona fide transaction for the consideration stated in the instrument of transfer without any deduction, rebate or allowance to the purchaser;

9.5.3.5 no Shares may be transferred, pursuant to this Article 9.5 by any person who is an Excluded Person, unless the directors resolve to approve such transfer.

9.6 **Transmission of Shares**

A person entitled to a Share in consequence of the death, bankruptcy, receivership or liquidation of a Member shall be bound at any time, if called upon in writing to do so by the directors not later than 30 business days after the directors receive notice from the person concerned that he has become so entitled, to give a Transfer Notice (without specifying a Prescribed Price) in respect of all the Shares then registered in the name of the deceased or insolvent Member. Such a Transfer Notice shall not be capable of revocation under the provisions of Article 9.4. Regulations 29 to 31 of Table A shall take effect accordingly.

9.7 **Member becoming Excluded Person**

In the event that any Member becomes an Excluded Person the directors may at any time thereafter by notice in writing to such Member revoke any Transfer

Notice given by such Member prior to that event. These Articles shall thereafter operate as if no such notice had been given, provided that such revocation shall be without prejudice to any sale of Shares the subject of the Transfer Notice completed prior to such revocation.

9.8 Administrative provisions

9.8.1 For the purpose of ensuring that a transfer of Shares is authorised under these Articles or that no circumstances have arisen by reason of which a Transfer Notice may be required to be given, the directors may from time to time require any Member or past Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member or any person named as transferee in any instrument of transfer lodged for registration to provide to the Company such information as the directors reasonably think fit regarding any matter which they consider relevant. If such information is not provided to the reasonable satisfaction of the directors within a reasonable time after request, the directors shall be entitled to refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the Shares concerned. If the information discloses (in the reasonable opinion of the directors) that a Transfer Notice ought to have been given in respect of any Shares the directors may by notice in writing require that a Transfer Notice be given in respect of the Shares concerned. Any Transfer Notice required to be given under this Article 9.8 shall not specify a price per Share and shall not be capable of revocation under the provisions of Article 9.4.

9.8.2 In any case where the directors may require a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 10 business days of demand being made, a Transfer Notice shall, be deemed to have been given at the expiration of that period. Such a deemed Transfer Notice shall not be capable of revocation under Article 9.4.

9.8.3 Any notice required to be given under this Article by the Company to a Member or by a Member to the Company or otherwise shall be given or served either personally or by sending it by first class post to the Office or to the registered address of the Member (as the case may be) or, if he has no registered address within the United Kingdom and has supplied to the Company an address within the United Kingdom for the giving of notice to him, to the address so supplied. When a notice is sent 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 48 hours after posting.

9.9 Waiver of restrictions

The restrictions imposed by this Article may be waived in relation to any proposed transfer of Shares with the consent of all Members who, but for such waiver, would or might have been entitled to have such shares offered to them in accordance with Article 9.3.

10 Compulsory transfer

10.1 If any Employee ceases to be an Employee the Investor Director may by notice in writing given at any time within a period of 6 months following the date of

cessation require the former Employee (if a Member) and each Related Party of the former Employee who holds Shares (together "**the Compulsory Sellers**") to give a Transfer Notice in respect of all Shares registered in their respective names (irrespective of whether the Shares were so registered at the date of cessation, or were registered subsequently).

10.2 If a Transfer Notice is given under the provisions of this Article 10 (or deemed given under this Article 10 by virtue of Article 9.8):-

10.2.1 the Transfer Notice shall not specify a Prescribed Price; the Prescribed Price shall be agreed between the Investor Director and the Compulsory Seller or (in default of agreement with 10 business days of service, or deemed service, of the Transfer Notice) shall be determined as follows:-

10.2.1.1 if the former Employee was a Good Leaver, the Prescribed Price shall be determined in accordance with Article 9.2.2;

10.2.1.2 if the former Employee was a Bad Leaver, the Prescribed Price shall be the lower of:-

(a) the value of the Shares in question determined as provided in Article 9.2.2; and

(b) the Subscription Price of those Shares;

10.2.2 unless the Investor Director agrees otherwise in writing, the Transfer Notice shall not be capable of revocation.

11 **Change of control**

11.1 No Member or Members ("**the Specified Members**") may undertake any transfer of Ordinary Shares (the "**Specified Shares**") if resulting (if made and registered) in a person (or persons) obtaining a controlling interest in the Company, unless before the transfer is lodged for registration the proposed transferee or his nominee has made an offer ("**the Offer**") open for acceptance for at least 15 business days to purchase all of the issued Ordinary Shares (including or excluding the Specified Shares) at the Specified Consideration. No offer shall be required under this Article 11.1 if the Specified Members exercise their rights under Article 11.3.

11.2 For the purposes of this Article 11:-

11.2.1 the expression "**a controlling interest**" means the legal or beneficial ownership by a person and his connected persons (as defined in Section 839 of the Income and Corporation Taxes Act 1988) of Shares having the right to exercise more than 50 per cent of the votes at a general meeting of the Company;

11.2.2 "**the Specified Consideration**" means a consideration (whether in cash, securities or otherwise or in any combination) per Ordinary Share equivalent to that offered by the proposed transferee or transferees for each Specified Share together with an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which

having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Specified Shares.

- 11.3 If the effect of a transfer of Shares would be as described in Article 11.1, the Specified Members (or any of them) may give notice in writing to all holders of Ordinary Shares other than:-

11.3.1 the Specified Members; and

11.3.2 the proposed transferee

("the Minority Shareholders") requiring them within five business days of the date of the notice to transfer all (but not some of) of their holdings of Ordinary Shares to the proposed transferee. The transfer shall be on the same terms and conditions as those agreed between the Specified Members and the proposed transferee, provided that a Minority Shareholder shall not be required to give any warranties or indemnities in the context of the transaction other than warranties as to title to the shares to be sold by him. Written notice given under this Article 11.3 shall be accompanied by all documents required to be executed by the relevant Minority Shareholder to give effect to the required transfer.

- 11.4 If any Minority Shareholder:-

11.4.1 shall fail to transfer shares as required by Article 11.3 the deemed transfer provisions of Article 9.5.2 shall apply to the transfer of such shares *mutatis mutandis* but so that references to the purchase money shall be construed as references to the consideration for such Shares;

11.4.2 shall fail to execute any other document required to be executed in order to give effect to the provisions of Article 11.3, the directors may authorise any individual to execute such document(s) on behalf of and as agent for the Minority Shareholder.

- 11.5 If the Specified Members comply with their obligations under Article 11.1, or exercise their rights under Article 11.3, they may proceed with the transfer of the Specified Shares, and Article 9 shall not apply to such transfer.

12 General meetings

- 12.1 In Regulation 37 of Table A there shall be substituted for the words "eight weeks" the words "twenty business days" and after the words "receipt of the requisition" there shall be added the words "and for the avoidance of doubt the requisitionists, or any of them representing more than one half of the total voting rights attached to shares held by all the requisitionists, may, if the directors shall fail within seven days of receipt of the requisition to give notice of a general meeting for a date not later than twenty business days after receipt of the requisition, convene the meeting requisitioned for such date as they may select (subject to compliance with the provisions of the Act regarding the giving of notice of meetings requisitioned by the members, insofar as consistent with the provisions of this Article)".

- 12.2 In its application to the Company, the final sentence of Regulation 38 of Table A shall be modified by the insertion of the words "known to be" after the words "to all persons".
- 12.3 In its application to the Company, Regulation 50 of Table A shall be modified by the insertion after the word "shall" and before the words "be entitled" of the word "not".
- 12.4 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:-
- 12.4.1 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 24 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- 12.4.2 be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the Chairman or to the secretary or to any director; or
- 12.4.3 in the case of a poll, be delivered at the meeting at which the poll was demanded to the Chairman or to the secretary or to any director, or at the time and place at which the poll is held to the Chairman or to the secretary or to any director or scrutineer
- and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.
- 13 **Alternate directors**
- The appointment of an alternate director by the Investor Director shall not require approval by a resolution of the directors, and in its application to the Company Regulation 65 of Table A shall be modified accordingly.
- 14 **Number of directors**
- Unless and until the Company in general meeting shall otherwise determine the number of directors shall be not less than two.
- 15 **Appointment of directors**
- 15.1 In its application to the Company, Regulation 78 of Table A shall be modified by the deletion of the words "Subject as aforesaid"... and the words "... and may also determine the rotation in which any additional directors are to retire".
- 15.2 In its application to the Company, Regulation 79 of Table A shall be modified by the deletion of the second and third sentences.
- 15.3 In its application to the Company, Regulation 84 of Table A shall be modified by the deletion of the third and final sentences.

- 15.4 Notwithstanding any other provision of these Articles, the holders for the time being of Shares carrying a majority of the votes capable of being cast at a general meeting shall have the right at any time and from time to time to appoint one or more persons to be a director or directors of the Company. Any such appointment shall be effected by notice in writing to the Company signed by or on behalf of such holders, who may in like manner at any time and from time to time remove from office any such director.

16 **Investor Director**

- 16.1 The Investor Majority from time to time shall have the right at any time and from time to time to appoint one director of the Company. Any such appointment shall be made by notice in writing to the Company. The Investor Majority may in like manner at any time and from time to time remove from office the director appointed pursuant to this Article and appoint any person in place of the director so removed or dying or otherwise vacating office.

- 16.2 Upon any resolution pursuant to Section 303 of the Act or Article 18 for the removal of the Investor Director for the time being holding office pursuant to this Article, the Shares held by the Investor Majority shall confer upon the holder(s) thereof the right to an aggregate number of votes which is one vote greater than the number of votes capable of being cast on such resolution by all other members of the Company.

17 **Disqualification of directors**

In its application to the Company, Regulation 81 of Table A shall be modified by the deletion of paragraph (e) and the addition of the following paragraph:-

- “(e) he is removed from office under the provisions of Article 16 or Article 18.”

18 **Removal of directors**

In addition and without prejudice to the provisions of Section 303 of the Act, the Company may by extraordinary resolution remove any director before the expiration of his period of office and may by ordinary resolution appoint another director in his place.

19 **Directors' remuneration**

Directors' fees may be paid to, or in respect of the services of:-

- 19.1 the Investor Director;
- 19.2 any other director with the written approval of the Investor Director.

20 **Proceedings of directors**

20.1 In its application to the Company Regulation 88 of Table A shall be modified by the insertion of the word "not" after the words "the Chairman shall" in the fifth sentence.

20.2 In its application to the Company Regulation 89 of Table A shall be modified:-

20.2.1 by the deletion of the words "may be fixed by the directors and unless so fixed at any other number" in the first sentence; and

20.2.2 by the addition of the following as the final sentence:-

"In the event that a meeting of the directors is attended by a director who is acting as alternate for one or more other directors, the director or directors for whom he is the alternate shall be counted in the quorum notwithstanding their absence, and if on that basis there is a quorum the meeting may be held notwithstanding the fact (if it is the case) that only one director is physically present."

20.3 Notices of meetings of the directors shall be given in writing and in its application to the Company Regulation 111 of Table A shall be modified accordingly.

20.4 Any director who participates in the proceedings of a meeting by means of a communication device (including a telephone) which allows all the other directors present at such meeting (whether in person or by alternate or by means of such type of communication device) to hear at all times such director and such director to hear at all times all other directors present at such meeting (whether in person or by alternate or by means of such type of communication device) shall be deemed to be present at such meeting and shall be counted when reckoning a quorum.

20.5 Save as otherwise specified in these Articles, a director may vote at a meeting of the directors, and form part of a quorum present at that meeting, in relation to any matter in which he has, directly or indirectly, an interest or duty which conflicts or which may conflict with the interests of the Company, provided that he has previously disclosed the nature of such duty or interest to the directors. The provisions of Regulation 86 of Table A shall be taken to apply equally to any disclosure to be made under the provisions of this Article.

21 **Borrowing powers**

The directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge all or any part of its undertaking, property and uncalled capital and to issue debentures and other securities whether outright or as security (principal or collateral) for any debt, liability or obligation of the Company or any third party.

22 **Execution of documents**

In its application to the Company Regulation 101 of Table A shall be modified by the addition of the following sentence:-

"Any instrument expressed to be executed by the Company and signed by two directors, or by one director and the secretary, by the authority of the directors or of a committee authorised by the directors shall (to the extent permitted by the Act) have effect as if executed by the seal."

23

Dividends

Regulations 102 to 105 (inclusive) of Table A shall be subject to Article 4.1 and in Regulation 103 of Table A the words from "If the share capital is divided...." to the end of the Regulation shall be deleted.

24

Indemnities

Subject to section 310 of the Act:-

24.1

every director or other officer 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 of the duties of his office or otherwise in relation to his office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or 727 of the Act in which relief is granted to him by the court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or otherwise in relation to his office;

24.2

the Company may purchase and maintain insurance for any such director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

P. Mason A

DATE 14 March 2001

GB HOLIDAY PARKS (HOLDINGS) LIMITED

PHILIP MASON and others

ROYAL BANK INVESTMENTS LIMITED and others

INVESTMENT AGREEMENT

relating to an investment in
GB Holiday Parks (Holdings) Limited

MACFARLANES

CONTENTS

Clause		Page
1	Definitions, interpretation and third party rights	1
2	Completion	7
3	The Board and committees	8
4	Provision of information to the Investors	10
5	Further obligations of the Company	12
6	Restrictions on the Company	13
7	Restrictions on the Managers	13
8	Warranties	16
9	Fees	19
10	Realisation	19
11	Termination of the Agreement	20
12	Assignment and adherence	20
13	Investors' Rights	21
14	General	22
15	Notices	24
16	Governing law and jurisdiction	24

Schedules

1	The Managers
2	The Investors
3	The Company
4	Restricted Transactions
5	Warranties
6	Deed of Adherence

Agreed Form Documents

A	Articles
B	Business Plan
C1 to C2	Loan Stock Instruments
D	Managers' Declarations
E	Written Resolution
F1 to F5	Service Agreements
G	Board Minutes
H	Executive Director's Declaration

INVESTMENT AGREEMENT

DATE

14 March

2001

PARTIES

- 1 **GB HOLIDAY PARKS (HOLDINGS) LIMITED** (registered in England and Wales under number 4166295) whose registered office is at 6 Leylands Park, Nobs Crook, Colden Common, Winchester, Hampshire SO21 1TH.
- 2 **THE MANAGERS** whose names and addresses are set out in columns 1 and 2 of Schedule 1.
- 3 **THE INVESTORS** whose names and addresses are set out in columns 1 and 2 of Schedule 2.

INTRODUCTION

- A The Company is a private company limited by shares. Details of the Company are set out in Schedule 3.
- B The Target Company has acquired the Business and the Assets from Queensborough pursuant to the Business Purchase Agreement in consideration for the issue to Queensborough of 74 "A" ordinary shares of £1 each.
- C The Company proposes to acquire the entire issued "A" ordinary share capital of the Target Company from Queensborough on the terms and subject to the conditions of the Share Purchase Agreement.
- D The Managers have, on the date of this Agreement, subscribed in cash for the number of Ordinary Shares at par set opposite their respective names in column 3 of Schedule 1.
- E The Investors have agreed to subscribe for Loan Stock and Ordinary Shares on the terms and subject to the conditions of this Agreement.

AGREEMENT

- 1 **Definitions, interpretation and third party rights**
 - 1.1 The Introduction and Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement. Any reference to this Agreement shall include the Introduction and Schedules.
 - 1.2 In this Agreement, the following words and expressions have the following meanings:-

the Accountants' Report: the financial due diligence report relating to the Business prepared by Ernst & Young and addressed to, amongst others, the Company and the Investors;

the Acquisition Agreements: the Business Purchase Agreement and the Share Purchase Agreement, together with all letters or other documents to be annexed to, or to be delivered or executed in connection with, such agreements;

the Agreed Form: the form agreed between and signed by or on behalf of each of the Company, the Managers and the Investors;

the Articles: the articles of association of the Company in the Agreed Form marked "A" to be adopted by the Company at Completion as amended and/or replaced from time to time;

the Assets: the assets transferred by Queensborough to the Target Company pursuant to the Business Purchase Agreement;

the Audit Committee: the audit committee of the Board constituted in accordance with Clause 3.7;

the Board: the board of directors of the Company from time to time and "Director" shall be construed accordingly;

Board Minutes: the minutes of the meeting of the Board of the Company held at Completion in the Agreed Form marked "G";

the Business: the business transferred by Queensborough to the Target Company pursuant to the Business Purchase Agreement;

Business Day: any day other than a Saturday, Sunday or any other day which is a public holiday in England;

the Business Plan: the business plan and profit and cash flow projections in respect of the Group prepared by the Managers in the Agreed Form marked "B";

the Business Purchase Agreement: the agreement made between Queensborough (1) and the Target Company (2) of the same date as the date of this Agreement pursuant to which Queensborough transferred to the Target Company Queensborough's business of owning and operating caravan sites and leisure parks in the United Kingdom and certain related assets;

the Chairman: the chairman of the Board from time to time;

the Company: GB Holiday Parks (Holdings) Limited;

Completion: completion of this Agreement in accordance with Clause 2;

the Completion Date: the date of this Agreement;

Confidential Information: all information (whether oral or recorded in any medium) not in the public domain (or without limitation in the public domain if such information is in the public domain as a result of a breach by any Party of this Agreement) relating to any Group Company's business, financial or other affairs which is treated by a Group Company as confidential including: trade secrets; customer/client lists; contact details of clients, customers and suppliers

and individuals within those organisations; technical information, know-how, research and development; financial projections, target details and accounts; fee levels, pricing policies, commissions and commission charges; budgets, forecasts, reports, interpretations, records and corporate and business plans; planned products and services; marketing and advertising plans, requirements and materials, marketing surveys and research reports and market share and pricing statistics; and computer software and passwords;

Deed of Adherence: a deed substantially in the form set out in Schedule 6;

the Environmental Due Diligence Report: the environmental due diligence report relating to the Business and, in particular, the Properties dated 3 March 2001 prepared by Waterman Environmental of Versaille Court, 3 Paris Garden, London, SE1 8ND and addressed to, amongst others, the Company and the Investors;

Executive Director's Declaration: a declaration in the Agreed Form marked "H" executed as a Deed by a proposed Director of the Company in favour of the Company that the proposed Director shall, to the extent consistent with his fiduciary duties to the Company and the law, procure that the Company complies with its obligations under this Agreement;

the Financing Documents: all financing documents to be entered into by the Company and/or the parties to such financing documents in connection with the Acquisition Agreements;

Flotation: shall have the same meaning as in the Articles;

the Group: the Company and its subsidiary undertakings from time to time, or any of them as the context requires; and "Group Company" shall be construed accordingly;

Institutional Investor: any firm, company or organisation who agrees to invest in the Company other than the Investors and Investor Affiliates;

Intellectual Property: patents, registered designs, design right, copyright, database right, trade marks, service marks, trade or business names, domain names, get-up or trade dress, inventions or secret processes, know-how and all rights or forms of protection of a similar nature or effect, including applications for any such right;

the Investors: the persons whose names and addresses are set out in columns 1 and 2 of Schedule 2 and any person who executes a Deed of Adherence as an Investor;

Investor Affiliate: any person to whom an Investor is entitled to transfer shares pursuant to Article 8.1 of the Articles;

the Investor Director: the non-executive Director from time to time appointed pursuant to Article 16.1 of the Articles;

Investor Majority: the holders of at least 50.01 per cent. of the Ordinary Shares for the time being held by the Investors;

the Legal Report: the legal due diligence report relating to the Business dated 10 March 2001 prepared by Macfarlanes and addressed to, amongst others, the Company and the Investors;

Loan Stock: together the Secured Loan Stock and the Unsecured Loan Stock;

the Managers: those persons whose names and addresses are out in columns 1 and 2 of Schedule 1 and any other person who executes a Deed of Adherence as a Manager;

the Managers' Declarations: the declarations completed by each of the Managers at the request of the Investors in the Agreed Form marked "D";

the Market Due Diligence Report: the market due diligence report relating to the Business dated on or about the date of this Agreement, prepared by AMR International Limited and addressed to, amongst others, the Company and the Investors;

Ordinary Shares: ordinary shares of £1 each in the capital of the Company;

the Parties: the parties to this Agreement from time to time (whether by virtue of having executed this Agreement or having entered into a Deed of Adherence); and "Party" shall be construed accordingly;

the Properties: the properties transferred by Queensborough to the Target Company pursuant to the Business Purchase Agreement;

Queensborough: Queensborough Holdings Limited (registered under number 4080147) whose registered office is at 7th Floor, Hillgate House, 26 Old Bailey, London, EC4M 7HS;

Realisation: shall have the same meaning as in the Articles;

the Remuneration Committee: the remuneration committee of the Board constituted in accordance with Clause 3.7;

the Reports: the Accountants' Report, the Environmental Due Diligence Report, the Legal Report and the Market Due Diligence Report;

the Resolution: the resolution ratifying this Agreement, authorising the Board to allot shares and adopting the Articles as set out in the Written Resolution in the Agreed Form marked "E";

Retail Price Index: the monthly index of retail prices maintained by the Central Statistical Office of HM Government (or by such other body upon which duties in connection with such index shall have been devolved from time to time), provided that in the event of (i) any material change after the date of this Agreement in the reference base used to complete such index the figure taken to be shown is the figure which would have been in such index if the reference base current at such

date had been maintained, or (ii) it becoming impossible by reason of any change after the date of this Agreement in the method used to compile such index or such index being abolished or for any other reason whatsoever to apply such index for the purposes contemplated by this Agreement and the Parties are unable to agree an alternative index then the matter shall be conclusively determined by the Company's auditors;

the Secured Loan Stock: the £2,250,000 nominal of Secured Loan Stock 2016 of the Company to be constituted by the loan stock instrument in the Agreed Form marked "C1";

the Service Agreements: the agreements in the Agreed Forms marked "F1" to "F5" proposed to be entered into between the Company and each of the Managers on completion;

the Share Purchase Agreement: the agreement to be entered between Queensborough (1) and the Company (2) on the same date as the date of this Agreement pursuant to which Queensborough will transfer to the Company the entire issued "A" ordinary share capital of the Target Company;

the Site Names: Camber Sands, Church Point, Coopers Beach, Cresswell Towers, Highfield, Naze Marine, Romney Sands, St Margarets, Sandylands, Sandy Bay, Sunnydale, Tower, Weeley Bridge and Whitley Bay;

the Target Company: GB Holiday Parks Limited (registered in England and Wales under number 4166295);

the Trading Name: the name "Great British Holiday Parks";

a third party: any person other than the Parties;

the Unsecured Loan Stock: the £12,310,000 nominal of Unsecured Loan Stock 2016 to be constituted by the loan stock instrument in the Agreed Form marked "C2";

the Warranties: the warranties set out in Schedule 5;

the Warrantors: the Managers and the Company; and

the Written Resolution: the written resolution of the members of the Company in the Agreed Form marked "E".

1.3 In this Agreement (unless the context requires otherwise):-

1.3.1 words and expressions which are defined in the Companies Act 1985 shall have the same meanings as are given to them in such Act;

1.3.2 any question as to whether a person is connected with any other person shall be determined in accordance with the provisions of Section 839 of the Income and Corporation Taxes Act 1988;

- 1.3.3 any reference to a statute, statutory provision or subordinate legislation ("legislation") shall (except where the context requires otherwise) be construed as referring to such legislation as amended and in force from time to time and to any legislation which re-enacts or consolidates (with or without modification) any such legislation provided that, as between the Parties, no such amendment or modification shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any Party;
- 1.3.4 any reference to an SSAP is to a Statement of Standard Accounting Practice adopted by the Accounting Standards Board and shall be construed as including reference to:-
- 1.3.4.1 any Financial Reporting Standard issued by the Accounting Standards Board to amend, withdraw or supersede such SSAP and any reference to an FRS is to a Financial Reporting Standard issued by the Accounting Standards Board; and
- 1.3.4.2 any Urgent Issues Task Force abstracts issued by the Accounting Standards Board to advise on and clarify the interpretation of SSAPs and FRSs and any reference to an UITF abstract is to an Urgent Issues Task Force abstract issued by the Accounting Standards Board;
- 1.3.5 any gender includes a reference to the other genders and words in the singular shall also include the plural and vice versa;
- 1.3.6 any reference to "persons" includes natural persons, partnerships, companies, bodies corporate, associations, organisations, governments, states, foundations and trusts (in each case whether or not having separate legal personality);
- 1.3.7 "directly or indirectly" means (without limitation) either alone or jointly with any other person and whether on his own account or in partnership with another or others or as the holder of any interest in or as officer, employee or agent of or consultant to any other person;
- 1.3.8 "recognised investment exchange" has the meaning ascribed to it in the Financial Services Act 1986;
- 1.3.9 any reference to the Introduction, a Clause or Schedule is to the introduction, a clause or schedule (as the case may be) of or to this Agreement; and
- 1.3.10 any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.4 The index and clause headings contained in this Agreement are included for convenience only and do not affect the interpretation of this Agreement.
- 1.5 The Parties agree that, subject always to and save as expressly provided in the provisions of this Clause 1.5, Clause 3.2, Clause 7.2 (Managers' undertaking to observe terms of Service Agreements), Clause 7.3 (covenants for the benefit of

Group Companies), Clause 8.9.2 (exclusion of Manager's claims against Group Companies), Clause 9 (Fees), Clause 12.3 (New Shareholder who enters into a Deed of Adherence) and Clause 14.6 (successors to, and assigns of, the Parties):-

- 1.5.1 no term of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party; and
- 1.5.2 notwithstanding that any term of this Agreement may be or become enforceable by a third party, the terms of this Agreement or any of them may be varied, amended or modified or this Agreement may be suspended, cancelled or terminated by agreement in writing between the Parties or this Agreement may be rescinded (in each case) without the consent of any such third party.

2 Completion

- 2.1 Completion shall take place on the Completion Date at the venue of, and immediately prior to, completion of the Share Purchase Agreement when:-
 - 2.1.1 Philip Mason shall pass the Resolution without amendment by signing the Written Resolution;
 - 2.1.2 the Directors of the Company shall hold a board meeting for the purpose of the business set out in the Board Minutes including, inter alia, appointing Richard Caston as the *Investor Director* for the purposes of Article 16.1 of the Articles with effect from completion of the Share Purchase Agreement, approving the subscriptions referred to in Clause 2.1.4 and approving the execution of the Service Agreements;
 - 2.1.3 the Company shall execute the Loan Stock Instruments and any security required in connection with the Secured Loan Stock;
 - 2.1.4 the Investors shall each subscribe (or shall procure that their respective nominees (if any) the name of which is set opposite the name of the relevant Investor in Schedule 2 shall subscribe) in cash for the amount of Secured Loan Stock and Unsecured Loan Stock at par and the numbers of Ordinary Shares at par set opposite their respective names in columns 3, 4 and 5 of Schedule 2, and make payment of the amounts set out opposite their respective names in columns 6, 7 and 8 of Schedule 2 for such Secured Loan Stock and Unsecured Loan Stock and Ordinary Shares in full to the Company by way of electronic transfer of funds to such account or in such other manner as the Investors shall have been notified by or on behalf of the Company, such notification to be made at least three Business Days prior to the Completion Date;
 - 2.1.5 the Company shall allot and issue to the Investors (or their respective nominees) the Secured Loan Stock and Unsecured Loan Stock and Ordinary Shares (as appropriate) subscribed for by them and shall register the Investors (or their respective nominees) and the Managers as the holders of such Secured Loan Stock and Unsecured Loan Stock and Ordinary Shares subscribed for by them pursuant to this Agreement or prior to the date of this Agreement, as appropriate, in the Registers of Loan Stockholders and Members and shall deliver to the Investors and the Managers duly executed certificates in respect thereof;

- 2.1.6 the parties to the Service Agreements shall execute and exchange the Service Agreements;
- 2.1.7 the Company, Philip Mason and Stephen Last shall take or procure to be taken all such steps as may be necessary to draw down funds under the Financing Documents, the Company shall take or procure to be taken all such steps as may be necessary to complete the Acquisition Agreements in accordance with their terms and the Managers shall cooperate and take all steps reasonably necessary to assist the Company in the completion of the Acquisition Agreements; and
- 2.1.8 the Company shall pay to Royal Bank Private Equity Limited an arrangement fee as set out in Clause 9.1 in accordance with such Clause 9.1.
- 2.2 The Parties consent to the subscriptions provided for in this Agreement and waive or agree to procure the waiver of any rights or restrictions which may exist in the Articles or otherwise which might restrict such subscriptions.
- 2.3 The amounts drawn down under the Financing Documents and the proceeds of the subscription by the Investors and the Managers for Secured Loan Stock, Unsecured Loan Stock and Ordinary Shares (as appropriate) shall be applied by the Company towards payment of the purchase price and other sums due to be paid by the Company under the Share Purchase Agreement and in or towards payment of the costs and expenses, in connection with such acquisition and under Clause 9 and, as to any balance, in meeting the working capital requirements of the business of the Group and for no other purpose.
- 2.4 The Company shall, not later than 6 months following the Completion Date, allot and issue 26,249 Ordinary Shares at par to a trustee of an employee benefit trust for the purposes of an employee share scheme, subject only to receipt of the subscription monies in respect thereof.
- 3 **The Board and committees**
- 3.1 The Company shall procure that at least eight meetings of the Board shall be held each calendar year (unless the Investor Director otherwise agrees) at the Company's registered office (or such other venue as is approved by the Investor Director).
- 3.2 The Company shall pay to Royal Bank Private Equity Limited (without any formal demand being made therefor) fees in respect of the services of the Investor Director of £15,000 (excluding value added tax, if any) per annum accruing due from day-to-day and payable at quarterly intervals on 31 March, 30 June, 30 September and 31 December in each year in arrears. Such fees shall be increased on the anniversary of the date of this agreement by the greater of (i) the sum of £1000 and (ii) the amount which is equal to the increase to the fee that would occur if the fee were to increase in direct correlation to the increase in the Retail Price Index in the immediately preceding year. In addition, the Company shall reimburse the Investor Director all expenses properly incurred by him or his alternate in or about the business of the Group.
- 3.3 The Company shall at all times during which there is no Investor Director in office permit one representative designated by the Investors entitled to appoint an

Investor Director, who has executed a confidentiality undertaking in the terms set out in Clause 4.5 *mutatis mutandis*) to attend, as an observer, and to speak at all meetings of the Board or of a committee of the Board or of a meeting of the directors (or committees thereof) of any member of the Group. Subject to his execution of a confidentiality undertaking in the terms set out in Clause 4.5 *mutatis mutandis*, such representative will be entitled to receive and retain all written materials and other information given to directors in connection with such meetings at the same time as those materials or information are given to the directors of the company in question. Subject to his execution of a confidentiality undertaking in the terms set out in Clause 4.5 *mutatis mutandis*, such observer shall have the same rights and restrictions as does the Investor Director in relation to the passing of information to his appointees. The Company shall reimburse such representative all expenses properly incurred by him in connection with attending the meetings referred to in this Clause.

- 3.4 The Investor Director shall be entitled to be appointed to any committee of the Board or the board of directors of any other Group Company (or any committee of such board).
- 3.5 The Parties shall procure that such one of the Directors of the Company as may from time to time be nominated in writing by the Investor Majority shall be appointed Chairman of the Board and shall procure that any such Director shall be removed from office as Chairman on receipt of a written request to such effect from the Investor Majority. The Investors shall consult with the Managers regarding the identity of any proposed Chairman.
- 3.6 The Company shall send to the Investors:-
 - 3.6.1 not less than five Business Days' clear notice of each meeting of the Board or of a committee of the Board or of a meeting of the Directors (or committee thereof) of any member of the Group of which the Investor Director is a Director or to which representatives have been appointed and an agenda of the business to be transacted at the meeting (together with all papers to be circulated or presented to it), although meetings may be held on a shorter period of notice with the prior agreement of the Investor Director; and
 - 3.6.2 as soon as practicable after each such meeting a draft of the minutes of such meeting (together with all papers referred to in them).
- 3.7 If so requested by the Investor Majority, the Board shall constitute an Audit Committee and/or a Remuneration Committee, the terms of reference of which shall be approved by the Investor Majority and to which shall be appointed the Chairman of the Board, the Investor Director and any other director of the Company nominated by the Investor Majority.
 - 3.7.1 The membership of the Audit Committee shall consist of all non-executive Directors of the Company (including the Investor Director). The Audit Committee shall review the accounting policies and procedures of the Group, its internal financial control systems and its compliance with statutory requirements and shall consider any matter raised by the Group's external and internal auditors.

- 3.7.2 The membership of the Remuneration Committee shall consist of all non-executive directors of the Company (including the Investor Director), provided that a committee member shall withdraw from any meeting while his own remuneration is considered. The chief executive of the Company shall upon the committee's request prepare and deliver a report and recommendation on remuneration.

The Remuneration Committee shall consider and make recommendations to the Board on:-

- (i) the remuneration of all of the Directors of the Company and the appointment or dismissal of those Directors of the Company; and
- (ii) the terms of appointment or dismissal and the remuneration of senior employees of the Group who are not Directors of the Company and whose annual salary is in excess of £50,000 per annum.

- 3.8 No person who is not a party to this Agreement shall be appointed an executive Director of the Company unless the proposed Director shall first have executed an Executive Director's Declaration.

4 Provision of information to the Investors

- 4.1 The Company shall provide the following information to the Investors:-

- 4.1.1 not later than four weeks prior to the commencement of each financial year of the Company a detailed operating plan, management commentary and a profit and loss budget and forecast balance sheet, capital expenditure budget and cash flow forecast for the Group in respect of that financial year in such form and detail as the Investor Majority shall reasonably require;

- 4.1.2 within five Business Days' of its adoption by the Board, any budget which is a revision of any budget provided to the Investors in accordance with Clause 4.1.1 above;

- 4.1.3 not later than four weeks after the end of each month a consolidated profit and loss account, balance sheet and cash flow statement of the Group for that month in such form and detail as the Investor Majority may reasonably require;

- 4.1.4 not later than four months after the end of each financial year of the Company the audited consolidated profit and loss account, balance sheet and cash flow statement of the Group for that financial year (together with the notes to, and the reports of the directors and auditors on, such accounts);

- 4.1.5 not later than one week following its receipt, a copy of the management letter (if any) addressed to any Group Company by the auditors following the completion of the audit of the accounts of such Group Company in respect of any financial year;

- 4.1.6 as and when requested by the Investor Majority (and in that event as soon as reasonably practicable):-

- 4.1.6.1 a projection, or revised or updated projection, of the cash requirements and expectations of each Group Company for its

business, together with a consolidation of the same, for any period or periods;

4.1.6.2 such further financial and other information relating to the Group as the Investor Majority may reasonably require.

4.2 If the Company shall fail to comply with its obligations under Clause 4.1 and such breach is not remedied within 10 Business Days of notice to the Company from the Investor Majority requiring such breach to be remedied, the Investor Majority shall be entitled (without prejudice to any other remedies or rights which it may have in respect of that non-performance) to appoint (at the Company's expense) a firm of accountants to produce the information required. The Company shall provide and shall procure that all the relevant Group Companies shall provide all information and assistance required by such accountants for such purpose.

4.3 At any time if so requested by an Investor Majority the Company shall appoint (at the Company's expense) a firm of accountants approved by the Investor Majority to enquire into and report on the affairs of the Group.

4.4 The provision of information to the Investor Director on behalf of the Investors but otherwise in accordance with Clause 4.1 shall satisfy the Company's obligations to provide information under Clause 4.1 to any Investor unless any Investor shall give notice to the contrary.

4.5 Each Party shall in all respects keep confidential and not at any time disclose or make known in any other way to anyone whatsoever or use for his own or any other person's benefit or to the detriment of any Group Company any Confidential Information provided that:-

4.5.1 any Party shall be entitled at all times to disclose such information as may be required by law or by any competent judicial or regulatory authority or by any recognised investment exchange or for tax or accounting purposes, but in each case only to the extent necessary to comply with such obligations;

4.5.2 each Investor may pass information received from the Company or the Investor Director to:-

4.5.2.1 any other Investor;

4.5.2.2 any investment or other professional adviser engaged by the relevant Investor;

4.5.2.3 any potential purchaser of shares in or assets of the Company subject to such person having first executed a confidentiality undertaking in favour of the Company.

4.6 Any person appointed as the Investor Director or his alternate shall be entitled to pass to the Investors any information concerning the Group which may come into his possession through that appointment.

- 5 **Further obligations of the Company**
- 5.1 In respect of each of the Financing Documents, the Acquisition Agreements and the Service Agreements the Company shall:-
- 5.1.1 and shall procure that the other companies in the Group shall at all times observe and perform their respective obligations under such agreements;
- 5.1.2 and shall procure that each of the other companies in the Group shall at all times enforce, and not release or waive the obligations of any of the other parties to, such agreements; and
- 5.1.3 shall not and shall procure that the other companies in the Group shall not make or agree to any alteration to any of the terms of such agreements or give any notice approval or consent for the purposes of such agreements without the consent of the Investor Majority.
- 5.2 The Company shall procure that each other company in the Group shall make such distributions or other payments to the Company as may be lawful and as may be necessary to enable the Company to pay the interest to be paid on the Loan Stock and to redeem the Loan Stock.
- 5.3 The Company shall ensure that each company in the Group shall at all times maintain proper and up-to-date accounting and financial control systems and records in relation to its business and affairs and that such records are available for inspection during normal business hours by the Investors (or by any person or persons authorised by any Investor).
- 5.4 The Company shall procure that the business of each company in the Group shall be managed and shall comply with all applicable laws, bye-laws, rules, regulations and codes of conduct and with the terms of any contract or agreement to which it is a party and that each such company shall maintain all licences, consents and authorisations which are necessary for any such business from time to time.
- 5.5 The Company shall hold its Annual General Meeting not later than four months after the end of each financial year.
- 5.6 The Company shall procure that each company in the Group seeks to protect its rights in Intellectual Property including, amongst other things, registering such rights (where appropriate) and bringing proceedings for their infringement.
- 5.7 The Company shall:-
- 5.7.1 insure the Group with an insurance office of repute and keep it so insured at all times against appropriate risks to the extent and in accordance with good commercial practice (such insurance to include cover (taken out through such broker and on such terms as the Investor Majority may require) against any liability of the directors of the Company or their respective alternates in the lawful performance of their respective duties and business interruption insurance;
- 5.7.2 procure that the insurances maintained by the Group are reviewed by the Company's insurance brokers at least once in each calendar year and that all

reasonable recommendations made by such insurance brokers in relation to such insurances are complied with;

5.7.3 not change the terms of any directors and officers liability insurance of the Group without the prior written consent of the Investor Majority; and

5.7.4 on request supply the Investors with a copy of the schedule of such insurances.

5.8 The Company shall effect on or before Completion and then maintain keyman and personal disability insurance for the benefit and in the name of the Company with an insurer or insurers and upon terms previously approved in writing by the Investor Majority in respect of the following Managers in the amounts set out below opposite their respective names:-

Life Assured	Amount (£)
Philip Mason	250,000
Stephen Last	250,000
Robert Swinhoe	250,000

5.9 The Company shall effect as soon as practicable after Completion and then maintain keyman and personal disability insurance for the benefit and in the name of the Company with an insurer or insurers and upon terms previously approved in writing by the Investor Majority in respect of the following Managers in the amounts set out below opposite their respective names:

Life Assured	Amount (£)
Anthony Norman Clish	250,000
Gavin Paul Briggs	250,000

6 Restrictions on the Company

6.1 The Company undertakes to the Investors that no resolution, decision or action shall be passed, made or taken, as appropriate, by any company in the Group for the time being or by any of their respective directors, employees or agents in relation to any of the matters referred to in Part 1 of Schedule 4, without the prior written consent of the Investor Majority.

6.2 Each of the Managers undertakes to the Investors that he will, so far as he is able, procure that no resolution, decision or action shall be passed, made or taken by any Group Company for the time being or by any of their respective directors, employees or agents in relation to any of the matters referred to in Part 2 of Schedule 4 without the prior written consent of the Investor Majority.

7 Restrictions on the Managers

7.1 Each of the Managers undertakes with the Investors (save with the prior written consent of the Investor Majority):

- 7.1.1 not to sell, transfer, mortgage, charge or otherwise dispose of (or of any interest in) any of the Ordinary Shares of which he is at the Completion Date (or of which following the Completion Date he becomes) the registered holder and/or beneficial owner other than by way of charge in favour of a bank as security for the repayment of monies originally lent by that bank to the Manager in question for the purpose of subscribing for Ordinary Shares and provided that a copy of this Clause 7.1 and of the Articles has been provided to that bank; and
- 7.1.2 if the Investor Majority has given its consent in writing to the transfer of (or of any interest in) any share in the Company to any person who is not a party to this Agreement, not to effect or procure such transfer unless the transferee shall first have executed and delivered to the Investors a Deed of Adherence agreeing to be bound by this Agreement as if a "Manager".
- 7.2 Each of the Managers undertakes to the Company, for the benefit of each member of the Group and to the Investors that, for so long as he is a director or employee of the Company or any Group Company, he will observe the terms of his Service Agreement.
- 7.3 Each of the Managers covenants with, and for the benefit of the Company, each of its Group Companies and the Investors, that save with the prior written consent of the Investor Majority:-
- 7.3.1 at any time while he is an employee of any Group Company and in the case of Gavin Paul Briggs, Anthony Norman Clish and Robert Swinhoe for a period of 6 months after, and in the case of Philip Mason and Stephen John Last for a period of 12 months after he has ceased to be such an employee, he will not in the United Kingdom in competition with the Company or any of its Group Companies, directly or indirectly:-
- 7.3.1.1 carry on; or
- 7.3.1.2 seek employment or engagement with or be employed or engaged by or be a director or consultant to; or
- 7.3.1.3 work on any account of; or
- 7.3.1.4 be in any way interested in or connected with
- any business carried on within any part of the United Kingdom which competes with any business both (i) carried on by the Company or any of its Group Companies whilst he is an employee of any Group Company or (as the case may be) when he ceased to be such an employee and (ii) in which that Manager has at any time in the case of Gavin Paul Briggs, Anthony Norman Clish and Robert Swinhoe during the period of 6 months prior, and in the case of Philip Mason and Stephen John Last during the period of 12 months prior, to such time been involved, provided that this Clause shall not prevent a Manager from being interested as a holder or beneficial owner solely for investment purposes of not more than three per cent. of any securities of any body corporate whose securities are listed, quoted or traded on any recognised investment exchange;

7.3.2

at any time while he is an employee of any Group Company and in the case of Gavin Paul Briggs, Anthony Norman Clish and Robert Swinhoe for a period of 6 months after, and in the case of Philip Mason and Stephen John Last for a period of 12 months after, he has ceased to be such an employee, he will not in the United Kingdom, directly or indirectly:-

7.3.2.1

either:-

- (i) deal with; or
- (ii) seek employment or engagement with; or be employed or engaged by; or
- (iii) engage in business with; or
- (iv) work on any account or business of

any client of the Company or any Group Company for the purpose of providing that client with services which are the same as or similar to any services which he was involved in providing to that client at any time, in the case of Gavin Paul Briggs, Anthony Norman Clish and Robert Swinhoe in the period 6 months prior to such time, and in the case of Philip Mason and Stephen John Last in the period of 12 months prior to such time;

7.3.2.2

solicit business from any client of the Company or any Group Company for the purpose of providing to that client services which are the same as, or similar to, those which he has been involved in providing to that client at any time, in the case of Gavin Paul Briggs, Anthony Norman Clish and Robert Swinhoe in the period of 6 months prior to such time, and in the case of Philip Mason and Stephen John Last in the period of 12 months prior to such time;

7.3.2.3

interfere with or seek to interfere with contractual or other trade relations between the Company or any Group Company and any of their respective clients;

7.3.2.4

interfere or seek to interfere with contractual or other trade relations between the Company or any Group Company and any of their respective suppliers;

7.3.2.5

either:-

- (i) solicit the services of; or
- (ii) endeavour to entice away from the Company or any Group Company; or
- (iii) knowingly assist in, or procure, the employment by any other person of

any officer, consultant or senior or managerial employee of the Company or any Group Company known personally to him (whether or not such person would commit any breach of his contract of employment or engagement by reason of leaving the service of such company);

7.3.3 at any time, save as required by applicable law or regulation, he will:-

7.3.3.1 not communicate or divulge to any person; and/or

7.3.3.2 not make use or permit the use of; and/or

7.3.3.3 use his best endeavours to prevent the publication, disclosure or unauthorised use of

any Confidential Information or any information not in the public domain concerning the business, finances or affairs of the Business, the Company or any other company in the Group;

7.3.4 he will not for so long as it is used or registered in the name of the Company or any other company in the Group:-

7.3.4.1 use; or

7.3.4.2 apply to register on any public register

any trade or business name used by the Company or any of its Group Companies (including in particular the Site Names and the Trading Name (whether alone or in conjunction with other names)) or any name similar to those names or likely to be confused with them for use in connection with the ownership or operation of a caravan park or other holiday home park.

7.4 The provisions of Clause 7.3 are made for the benefit of the Company, each other company in the Group and the Investors, as an inducement to the subscription by the Investors for Loan Stock and Ordinary Shares and as a constituent part of this Agreement. Accordingly each of the Managers agrees that the restrictions contained in Clause 7.3 are reasonable and necessary for the protection of the legitimate interests of the Company, each of the other companies in the Group and the Investors and that the restrictions do not work harshly on him. If any provision of Clause 7.3 is nonetheless found to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, the provision in question shall apply with such modification(s) as may be necessary to make it valid.

8 Warranties

8.1.1 The Managers jointly and severally warrant to the Investors in the terms of the Warranties set out in Part 1 of Schedule 5.

8.1.2 Each of the Managers severally warrants to the Investors in the terms of the Warranties set out in Part 2 of Schedule 5 in relation to himself only.

- 8.1.3 Philip Mason and Stephen Last jointly and severally warrant to the Investors in the terms of the Warranties set out in Part 3 of Schedule 5.
- 8.1.4 Each of the Managers jointly and severally warrants to the Investors that, so far as each of them is aware, based only upon their actual knowledge at the date hereof, each of the Warranties set out in Part 4 of Schedule 5 is true and accurate in all material respects and not misleading at the date of this Agreement.
- 8.1.5 The Company warrants to the Investors in the terms of the Warranties.
- 8.2 The Warranties shall not in any respect be extinguished or affected by Completion.
- 8.3 The Warrantors acknowledge that the Investors have entered into this Agreement and subscribed for Loan Stock and Ordinary Shares in reliance on the Warranties and that the Investors have been induced by the Warranties to enter into this Agreement.
- 8.4 A material breach by any Manager of any term, condition or warranty in this agreement shall be deemed to be a breach by the relevant Manager of his Service Agreement which breach will entitle the Company to terminate forthwith his Service Agreement without notice and without payment of any kind. For the purpose of this Clause "material breach" means any breach giving rise to a liability to the Investors under this Agreement in excess of £500,000 (or would do so but for the provisions of Clause 8.10). In respect of any Warranties given by the Managers jointly and severally in this Agreement, the Company shall only be entitled to terminate the Service Agreement pursuant to this Clause 8.4 in respect of the Manager who has caused such material breach.
- 8.5 The Warranties:-
- 8.5.1 are separate and independent and, unless expressly provided to the contrary, are not limited or restricted by reference to or inference from the terms of any other provision of this Agreement or any other Warranty; and
- 8.5.2 where qualified by reference to the knowledge, information, belief or awareness of the Warrantors or any of them (save where otherwise expressly provided), are deemed to include a statement that such knowledge, information, belief or awareness has been acquired after due and careful enquiry by the Warrantors in respect of the subject matter of such Warranty.
- 8.6 None of the Warranties shall be, or shall be deemed to be, qualified, modified or discharged by reason of any investigation or inquiry made by or on behalf of the Investors and no information relating to the Company, to the Acquired Company or to the Business of which the Investors have knowledge (whether actual or constructive) shall prejudice any claim which the Investors shall be entitled to bring or shall operate to reduce any amount recoverable by the Investors under this Agreement.
- 8.7 The Investors warrant to the Warrantors that, at the date of this Agreement, Richard Caston has no actual knowledge of any fact or matter which he knows to be a breach of the Warranties.

- 8.8 Each of the Warrantors undertakes to the Investors that he will disclose to the Investors forthwith in writing any matters which may become known to him or it after the date of this Agreement which may constitute a breach of any of the Warranties.
- 8.9 If the Investors make a claim against the Managers (or any of them) under this Clause 8, but in relation to the same subject matter do not make (or having made does not succeed with) any claim against the Company under this Clause 8:-
- 8.9.1 failure to make, pursue or succeed in any such claim against the Company shall not prejudice any claim which the Investors may have against the Managers (or any of them); and
- 8.9.2 none of the Managers shall have or pursue any claim or third party action to join in, claim against, seek a contribution from or otherwise claim or seek damages or compensation from any company in the Group or any of its directors, officers or employees in respect of any such claim and each of the Managers undertakes to the Investors that neither the Company nor the Target Company has entered into any indemnity or other agreement or arrangement concerning the liability of the Managers or any of them for any breach of the Warranties or of any other provision of this Agreement.
- 8.10 Subject to the provisions of Clause 8.10, the liability of the Warrantors in respect of any breach of the Warranties shall be limited as follows:-
- 8.10.1 the Investors shall not be entitled to recover any amount in respect of a breach of the Warranties unless the amount recoverable, when aggregated with all other amounts recoverable for breach of the Warranties, exceeds £50,000, in which event this limitation shall cease to apply and the whole of such amounts shall be recoverable and not merely the excess over £50,000;
- 8.10.2 the aggregate liability of the Warrantors in respect of all or any claims for breach of the Warranties shall be limited to and shall in no event exceed:-
- 8.10.2.1 £15,000,000 in the case of the Company; and
- 8.10.2.2 in the case of each of the Managers, an amount not exceeding the following sums:
- (i) in the case of Philip Mason, £100,000;
 - (ii) in the case of Stephen John Last, £50,000; and
 - (iii) in the case of each Gavin Paul Briggs, Anthony Norman Clish and Robert Swinhoe, £25,000;
- 8.10.3 no claim by the Investors in respect of any breach of the Warranties shall be enforceable against any Warrantor unless notice in writing of the claim, specifying in such detail as is reasonably available to it at that time the nature of the potential liability and, so far as is practicable, the amount likely to be claimed in respect of it has been given by the Investors to that Warrantor (in the case of any claim under any paragraph of Schedule 5) not later than 30 June 2003.

- 8.11 The provisions of Clause 8.10 shall not apply in respect of:-
- 8.11.1 any claim under Part 3 of Schedule 5; or
- 8.11.2 any claim against a particular Warrantor arising by reason of fraud, dishonesty or deliberate non-disclosure on the part of that particular Warrantor.
- 8.12 Notwithstanding the provisions of this Clause 8, the Warrantors shall not be liable in respect of any breach of the Warranties if and to the extent that the loss caused by the breach has been recovered by the Company under the Share Purchase Agreement or by the Target Company under the Business Purchase Agreement..

9 Fees

- 9.1 At Completion the Company shall pay to Royal Bank Private Equity Limited an arrangement fee of £301,700 (plus any applicable value added tax) in respect of its services in arranging the finance to enable the Company to complete the Share Purchase Agreement.
- 9.2 The Company shall pay all the reasonable legal, other professional and out-of-pocket expenses of the Investors and the Managers in connection with the negotiation, preparation, execution and completion of this Agreement and any other agreements or documents ancillary to or connected with this Agreement together, in each case, with any applicable value added tax (it being understood by the Company that it will not be provided with value added tax invoices addressed to it in respect of such fees).
- 9.3.1 Subject to Clause 9.3.2 the Company shall pay Royal Bank Private Equity Limited a monitoring fee of £15,000 (plus any applicable value added tax) or such higher amount as may from time to time be agreed between the Board and the Investor Majority. The fee shall be payable by equal quarterly instalments in arrears on 31 March, 30 June, 30 September and 31 December in each year.
- 9.3.2 The monitoring fee payable in arrears in relation to any quarter shall be reduced by an amount equal to the director's fee payable pursuant to Clause 3.2 in respect of that quarter but Royal Bank Private Equity Limited shall not under any circumstances be required to pay monies or give credit to the Company if the director's fee exceeds the monitoring fee in relation to any quarter.

10 Realisation

- 10.1 The Parties acknowledge that it is their intention that a Realisation within a reasonable time after Completion.
- 10.2 The Managers and the Company shall notify the Investors forthwith of any approach received by them from any person which it is reasonable to believe might lead to an offer being made to purchase the whole or any part of the issued share capital of any company in the Group (or for the whole or a substantial part of the undertaking or assets of any such company).

- 10.3 The Parties acknowledge that:-
- 10.3.1 in the event of a Flotation, the Investors shall be entitled to sell shares in any offer for sale in priority to the Managers and shall be entitled to deal freely in any shares not subject to such an offer for sale when quoted unless required otherwise by the relevant investment exchange or by law; and
- 10.3.2 neither the Investors nor any directors appointed by any of them shall:-
- 10.3.2.1 be invited or required to make or to give any representation, warranty, undertaking or indemnity of any kind in respect of the disposal of their shares (other than a warranty as to their title to any shares to be sold by them); or
- 10.3.2.2 make any contribution to the costs (including legal and accounting fees and disbursements) incurred by any other Party in connection with the Realisation.
- 10.4 The Managers acknowledge that in view of the opportunity afforded to them by the terms of their participation in the transaction of which this Agreement is part they may be required to give warranties and undertakings as is customary in the course of such a Realisation.
- 11 **Termination of the Agreement**
- 11.1 This Agreement (other than Clauses 1 (Definitions, interpretations and third party rights), 14 (General), 15 (Notices) and 16 (Governing law and jurisdiction)) shall cease and determine:-
- 11.1.1 in respect of all Parties on a Realisation;
- 11.1.2 with respect to the rights and obligations of any Manager, upon that Manager ceasing to be both (i) the holder or beneficial owner of Ordinary Shares; and (ii) a director or employee of a member of the Group or such member of the group for whom he is a director and employee (except for any rights of the Investors or the Company which have accrued hereunder as at the date of termination, or any claim which the Investors of the Company may have for damages against or otherwise arising from any antecedent breach of this Agreement by such Manager);
- 11.1.3 in respect of an Investor, upon that Investor ceasing to be the legal or beneficial owner of any shares in the Company.
- 11.2 Any cessation and determination pursuant to Clause 11.1 shall be without prejudice to the rights, obligations or liabilities of any Party which shall have accrued or arisen prior to or upon such cessation and determination.
- 12 **Assignment and adherence**
- 12.1 Subject to Clause 12.2, no Party shall assign or in any other way dispose of any of its rights or obligations under this Agreement.

- 12.2 Except with the prior written consent of the Investor Majority, no shares shall be allotted or transferred to any person who is not already a party to this Agreement (a "New Shareholder") unless at the time of or prior to such allotment or transfer he (or, if he is a nominee of another person, that other person) enters into a Deed of Adherence in the following capacity:-
- 12.2.1.1 a Manager: if the New Shareholder is, or it is proposed that he should become, an employee of a member of the Group;
 - 12.2.1.2 an Investor: if the New Shareholder is an Investor Affiliate or otherwise an Institutional Investor and the Investor Majority consent; and
 - 12.2.1.3 a Party: in all other cases.
- 12.3 A New Shareholder who enters into a Deed of Adherence as a Manager or an Investor or a Party shall, subject to such Deed of Adherence being duly entered into, have all the rights and obligations as if he were named in this Agreement as a Manager or Investor or a Party (as the case may be) except that, in the case of a Manager, he will have no liability or obligations in respect of the Warranties.
- 12.4 The Investor Majority may determine, notwithstanding Clause 12.2 above, that the New Shareholder should enter into a Deed of Adherence in a different capacity to that required by Clause 12.2 and may also agree such amendment(s) to the Deed of Adherence as they consider appropriate in the circumstances.
- 13 Investors' Rights**
- 13.1 The Investors agree among themselves that the following provisions shall (unless they subsequently agree amongst themselves to the contrary) apply in relation to the enforcement of any of the obligations of the Company and/or the Managers owed to the Investors under this Agreement:-
- 13.1.1 no claim in respect of any breach of such obligations shall be brought by any of the Investors without the prior written consent of the Investor Majority;
 - 13.1.2 the costs incurred by any Investor in bringing any such claim shall be borne by all of the Investors in the Relevant Proportions (as defined below); and
 - 13.1.3 any damages obtained as a result of any such claim will, after deduction of all costs and expenses, be divided amongst the Investors in the Relevant Proportions.
- 13.2 Any liability of the Managers or the Company under any of the obligations of the Company and/or the Managers to the Investors under this Agreement may in whole or in part be released, compounded or compromised by the agreement of the Investor Majority or time or indulgence may (without in any way affecting the rights of the Investors against the Managers, the Company or any of them) be given with such agreement as regards any one of the Managers or the Company.
- 13.3 For the purposes of this Clause 13, the "Relevant Proportion" in respect of an Investor shall mean that proportion which the number of Ordinary Shares and Loan Notes for the time being held by it (or its nominee) bears to the total number

of Ordinary Shares and Loan Notes then held by the Investors to whom the obligations in question are owed.

14 **General**

- 14.1 Unless expressly provided otherwise, obligations expressed in this Agreement to be assumed by, or covenants, warranties, representations or undertakings expressed in this Agreement to be given by two or more persons shall in each case be construed as if expressed to be given severally (and not jointly and severally).
- 14.2 In any case where under the provisions of this Agreement the Company has agreed that it shall, or shall not, do any act or thing each of the Managers shall:-
- 14.2.1 (in the case of any Manager who is also a director of the Company) exercise his votes as a shareholder and/or director in favour of or against (as the case may be) the doing of, or the omission to do, the act in question;
- 14.2.2 (in the case of any Manager who is not also a director of the Company) exercise his votes as a shareholder in favour of or against (as the case may be) the doing of, or the omission to do, the act in question; and
- 14.2.3 (in any case) not knowingly procure the doing of, or the omission to do, the act in question (whether alone or in conjunction with another person or persons).
- 14.3 In the event of any conflict between the provisions of this Agreement and the provisions of the Articles the provisions of this Agreement shall (as between the Parties) prevail.
- 14.4 The terms of this Agreement shall be confidential to the Parties and each Party shall not (and shall insofar as he or it is able procure that the Company shall not) without the prior consent of the other Parties make any announcement concerning or otherwise disclose or divulge any information concerning the investment by the Investors in the Company including (without limitation) any of the terms of this Agreement save to the extent (if any) required by any applicable law or regulation.
- 14.5 Each of the Managers confirms to the Investors that:-
- 14.5.1 he has entered into this Agreement and the transactions contemplated by it entirely on the basis of his assessment of the risk and effect of this Agreement and such transactions;
- 14.5.2 the Investors have not provided to him or it any advice of a financial or other nature whatsoever and are not under any obligation or duty whatsoever so to do; and
- 14.5.3 the Investor Director is not authorised to give advice on behalf of the Investors and hereby waives, to the extent permitted by law, any rights which he or it may have in respect of any such obligation or duty.
- 14.6 This Agreement shall be binding upon, and enure for the benefit of, the successors and permitted assigns of the Parties including, in the case of individuals, their

respective estates after their deaths and, subject to any succession or assignment permitted by this Agreement, any such successor or assign of the Parties shall in its own right be able to enforce any term of this Agreement.

- 14.7 The Parties shall, and shall use their respective best endeavours to procure that any necessary third party shall, do and execute and perform all such further deeds, documents, assurances, acts and things as any of them may reasonably require by notice in writing to give effect to the terms of this Agreement.
- 14.8 This Agreement, the documents in the Agreed Form and the other documents referred to in this Agreement constitute the entire agreement between and understanding of the Parties with respect to the subject matter of this Agreement and supersede any prior written or oral agreements(s) or arrangement(s) between the Parties in relation thereto.
- 14.9 This Agreement shall, as to any of its provisions remaining to be performed or capable of having or taking effect following Completion, remain in full force and effect notwithstanding Completion.
- 14.10 The failure or delay of any of the Investors at any time or times to require performance of any provision of this Agreement shall not affect its right to enforce such provision at a later time.
- 14.11 No waiver by any of the Investors of any condition nor of the breach of any term, covenant, representation, warranty or undertaking contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or deemed to be or construed as the waiver of breach of any other term, covenant, representation, warranty or undertaking in this Agreement.
- 14.12 Any liability to the Investors under this Agreement may in whole or in part be released, compounded or compromised or time or indulgence given by the Investors in their absolute discretion as regards any Party under such liability without in any way prejudicing or affecting either its rights against any other Party under the same or a like liability, whether joint and several or otherwise.
- 14.13 This Agreement or any of the documents referred to in it may be amended, modified, superseded or cancelled and any of its terms, covenants, representations, warranties, undertakings or conditions may be waived only by an instrument in writing signed by (or by some person duly authorised by) each of the Parties from time to time or, in the case of a waiver, by the Party waiving compliance.
- 14.14 This Agreement may be executed in any number of counterparts each of which, when executed and delivered, shall be an original, and all the counterparts together shall constitute one and the same instrument.
- 14.15 Nothing contained in this Agreement shall be deemed to constitute a partnership between the Parties or any of them. Nothing in this Agreement is intended to or shall operate to create a partnership or joint venture of any kind between the Parties or any of them, or to authorise any party to act as agent for any other, and no Party shall have authority to act in the name or on behalf of or otherwise to

bind any other in any way (including, but not limited to, the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power).

- 14.16 Each of the provisions of this Agreement is severable and distinct from the others and if at any time any one or more of such provisions is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be in any way affected or impaired thereby.

15 Notices

- 15.1 Any notice or other communication given under this Agreement shall be in writing and signed by or on behalf of the Party giving it and shall be served by delivering it personally or sending it by pre-paid recorded delivery or registered post to the address and for the attention of the relevant Party set out in this Agreement (or as otherwise notified by that Party under this Agreement). Any such notice shall be deemed to have been received:-

- 15.1.1 if delivered personally, at the time of delivery;

- 15.1.2 in the case of pre-paid recorded delivery or registered post, 48 hours from the date of posting.

Provided that if deemed receipt (but for this proviso) would have occurred before 9 a.m. on a Business Day the notice shall be deemed to have been received at 9 a.m. on that day, and if deemed receipt (but for this proviso) would have occurred after 5 p.m. on a Business Day, or on a day which is not a Business Day, the notice shall be deemed to have been received at 9 a.m. on the next Business Day.

- 15.2 In proving such service it shall be sufficient to prove that the envelope containing such notice was addressed to the address of the relevant Party is required by Clause 15.1 and delivered either to that address or into the custody of the postal authorities as a pre-paid recorded delivery or registered post letter.

- 15.3 For the avoidance of doubt, notice given under this Agreement shall not be validly served if sent by e-mail.

16 Governing law and jurisdiction

- 16.1 This Agreement shall be governed by and construed in accordance with the laws of England.

- 16.2 The Parties submit to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute or matter arising out of or relating to this Agreement or any of the documents to be executed pursuant to this Agreement.

- 16.3 Each Party irrevocably consents to any process in any legal action or proceedings arising out of or in connection with this Agreement being served on it in accordance with the provisions of this Agreement relating to service of notices. Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

In witness whereof the Parties have executed this Agreement as a Deed on the date set out at its head.

SCHEDULE 1

The Managers

1 Name	2 Address	3 Number of Ordinary Shares subscribed prior to the date of this Agreement	4 Percentage of Company's Ordinary Share capital Following subscription by the Investors
Gavin Paul Briggs	50 Marlborough Gardens Hedge End Southampton Hants SO30 2UT	17,500	2.5%
Anthony Norman Clish	Ytene Fox Way Ewshot Farnham Surrey GU10 5TL	17,500	2.5%
Stephen John Last	5 Portland Street Southampton SO14 7EB	17,500	2.5%
Philip Mason	Cross Lanes Farmhouse Ashton Lane Bishops Waltham Hants SO21 1FR	78,750	11.25%
Robert Swinhoe	Sankey Cottage Orgarswick Farm Lane Burmarsh Kent TN29 0HX	17,500	2.5%
Total:		148,750	21.25%

*Philip Mason purchased the subscriber Ordinary Share and this is included in the number set out above.

SCHEDULE 2

The Investors

1 Name	2 Address	3 Nominal amount of Secured Loan Stock to be subscribed	4 Nominal Amount of Unsecured Loan Stock to be subscribed	5 Number of Ordinary Shares to be subscribed	6 Amount to be subscribed for Secured Loan Stock (£)	7 Amount to be subscribed for Unsecured Loan Stock (£)	8 Amount to be subscribed for Ordinary Shares (£)
Royal Bank Investments Limited	42 St Andrews Square Edinburgh EH2 2YE	1,575,000	8,617,000	367,501	1,575,000	8,617,000	367,501
RBDC Parallel Ventures Limited Partnership	26 St Andrew Square Edinburgh EHS 1AF	675,000	3,693,000	136,497	675,000	3,693,000	136,497
RBDC Administrator Limited	42 St Andrews Square Edinburgh EHS 2YE			10,497			10,497
RBDC Parallel Nominees Limited	42 St Andrews Square Edinburgh EH2 2YE			10,505			10,505
Total		2,250,000	12,310,000	525,000	2,250,000	12,310,000	525,000

SCHEDULE 3

The Company
GB Holiday Parks (Holdings) Limited

1	Registered number:	4166295
2	Date of incorporation:	22 February 2001
3	Place of incorporation:	England and Wales
4	Registered office address:	10 Norwich Street, London, EC4A 3DF
5	Directors:	Stephen John Last Philip Mason
6	Secretary:	Nicholas Fenn
7	Authorised share capital:	
	(a) Amount:	£1,000,000
	(b) Number and class of shares:	1,000,000 Ordinary Shares of £1 each
8	Issued share capital:	
	(a) Amount:	£148,750
	(b) Number and class of shares:	148,750 Ordinary Shares of £1
9	Charges:	None

SCHEDULE 4

Restricted Transactions

Part 1

The following are the matters referred to in Clause 6.1:-

- 1 Grant any option to subscribe for shares or issue any securities convertible into shares, enter into any agreement for the same or establish any share option scheme or employee share scheme.
- 2 Create or cause or permit to be created or to exist any mortgage, charge, lien (other than liens arising in the ordinary course of business) or other encumbrance whatsoever over the whole or any part of its undertaking property or assets (other than by the grant of mortgages or charges over its undertaking property or assets pursuant to the Financing Documents).
- 3 Sell, transfer, lease, licence or in any way dispose of the whole or a substantial part of its business undertaking or assets whether by a single transaction or a series of transactions.
- 4 Acquire the whole or any substantial part of the assets or undertaking of any other company or business.
- 5 Acquire or dispose of any freehold or leasehold property at a consideration in excess of £50,000 per property.
- 6 Subscribe for, or otherwise acquire (or sell, transfer or otherwise dispose of) any interest in the share capital of any other body corporate.
- 7 Make or permit any substantial alteration (including cessation) to the general nature of the business carried on or proposed to be carried on by it at the date of this Agreement.
- 8 Extend, develop or evolve the business of the Group Company concerned other than through the Group Company concerned or another member of the Group.
- 9 Enter into any joint venture or partnership agreement or analogous arrangement with any other person firm or company;
- 10 Enter into any transaction of any nature whatsoever otherwise than by way of bargain at arm's length and at the best price or on the best terms reasonably obtainable.
- 11 Enter into any transaction, arrangement or agreement which, had the Company been a listed company, would have amounted to a Class 1 transaction or a transaction with a related party (as defined from time to time by the Listing Rules made by the competent authority for the purposes of Part IV of the Financial Services Act 1986).

- 12 Save in respect of any finance leases entered into by the Company for the purposes of acquiring caravan hire fleet units and/or business vehicles within the limits of the Company's approved capital expenditure budgets, make any loan or enter into any guarantee or stand surety for the obligations of any third party or enter into any agreement for the same.
- 13 Enter into any contract of a long-term onerous or unusual nature or assume any material liability, in each case, otherwise than in the ordinary course of business.
- 14 Initiate any litigation or arbitration other than in the ordinary course of business or settle any such litigation or arbitration.
- 15 Cause to be appointed to its board of directors any person other than the present members of the Board and the Investor Director.
- 16 Make any change in its accounting reference date or to any of the accounting policies in force at the date of this Agreement.
- 17 Appoint as its bankers any bank other than Barclays Bank PLC.
- 18 Use the name of any Investor in any context whatsoever or hold itself out as being connected or associated with any Investor in any manner whatsoever.
- 19 Establish any pension or life assurance scheme or any profit sharing scheme or similar scheme for the benefit of its employees or any section of its employees or make any material variation to any such scheme.
- 20 Save as provided in the Articles, pay, make or declare any dividend or other distribution in respect of its profits, assets or reserves or enter into any agreement for the same.
- 21 Enter into any contract of employment or consultancy agreement with (or make any change to the terms of employment or engagement or to the emoluments of):-
- 21.1 any of the Managers; or
- 21.2 any employee or director whose emoluments are (or are proposed to be) in excess of £50,000 per annum (or such other amount as may from time to time be agreed by the Investor Majority)
- and for this purpose "emoluments" shall mean sums paid by way of fees, salary, bonus, commission, pension contributions, benefits in kind and all items of value received by any person or his spouse or to another on his behalf or for his benefit.
- 22 Enter into any contract of employment or consultancy agreement which cannot be terminated by the Group Company concerned by six months' notice or less without giving rise to any claim (other than a statutory claim) for damages or compensation against that Group Company.
- 23 Enter into any agreement or arrangement under which:

- 23.1 the emoluments (as defined in paragraph 21 above) received by any person in his capacity as a director or employee of any Group Company would exceed an amount which it is reasonable to pay to any person performing the duties and having the responsibilities of any such person; or
- 23.2 the aggregate emoluments (as defined in paragraph 21 above) receivable in any financial year by the Managers would exceed the amount of £800,000 (or, in the event that [any of] the Managers shall cease to be employed by any Group Company, a correspondingly reduced amount).
- 24 In any financial year:-
- 24.1 incur or enter into any commitment to incur any capital expenditure not provided for in the annual budget of the Group approved by the Board and the Investor Majority if the estimated amount of such expenditure is for an individual item in excess of £50,000 or if the estimated amount or aggregate value of capital commitments already incurred or contracted for in that financial year exceeds the budgeted annual amount for that year by more than 10 per cent. in aggregate; or
- 24.2 sell transfer lease license or in any way dispose of any fixed asset or fixed assets not provided for in the annual budget of the Group approved by the Board and the Investor Majority if such sale transfer lease licence or disposal is of an individual item with a net book value in excess of £25,000 or if the aggregate net book value of such sales transfers leases licences or disposals made or contracted for in that financial year exceeds the budgeted annual amount by more than 10 per cent. in aggregate, save for the leasing of caravan hire fleet units and/or business vehicles.
- 25 Undertake any reconstruction or amalgamation or enter into any scheme of arrangement.
- 26 Adopt the annual budget of the Group in respect of any financial year.
- 27 Constitute/appoint any committee of the Board (other than a Remuneration Committee or Audit Committee in accordance with Clause 3).

Part 2

The following are the matters referred to in Clause 6.2:-

- 1 Increase, alter, reduce, consolidate, sub-divide or otherwise vary or reduce its authorised or issued share capital or alter or vary any of the rights attached to any of the shares for the time being in its capital.
- 2 Alter its Memorandum or Articles of Association.
- 3 Pass any resolution for its winding up.
- 4 Purchase or redeem any of its shares.
- 5 Issue any debentures or other securities.
- 6 Appoint new auditors (provided that this restriction shall not apply to the reappointment of the existing auditors).
- 7 Make any alteration to its name.
- 8 Cause the Investor Director to be removed from office as a director.

SCHEDULE 5

Warranties Part 1 Information

1 General

All information in the Reports provided by the Managers for the purposes of compiling such Reports, or all information in the Business Plan was when given and is now:-

1.1 (insofar as such information amounted to a statement of fact) true, complete and accurate in all respects and not (whether by reason of any omission or otherwise) misleading; and

1.2 (insofar as such information amounted to a forecast or an expression of intention, opinion or expectation) fair and honest and made on reasonable grounds and after due and careful enquiry

and no facts have been knowingly withheld which would adversely affect the decision of the Investors to invest in the Company on the terms of this Agreement.

1.3 Each of the Managers confirms that he does not disagree to a material extent on any conclusions which have been drawn by the compilers of any Reports in such Reports.

2 Forecasts

The forecasts contained in the Business Plan have been diligently prepared and in particular:-

2.1 there are no material omissions from them;

2.2 the material assumptions upon which they are based as to the future prospects of the business of the Group are all set out in them, have been carefully considered and are honestly believed to be fair, honest and reasonable;

2.3 the Warrantors have made due and careful enquiry so as to ascertain (so far as reasonably possible) all such information and conditions which are relevant to their preparation; and

2.4 none of the Warrantors dissents from the opinions and expectations contained in them.

3 Acquisition Agreements

The Warrantors are not aware of any fact or matter which is or might constitute a material breach of the terms of the Acquisition Agreements, gives rise to or might give rise to a claim pursuant to an indemnity in the Acquisition Agreements or

which ought reasonably to have been disclosed against any of the warranties in the Acquisition Agreements.

Part 2

The Managers

In relation to the Warranties set out in this Part 2, each Manager warrants only in relation to himself and his own circumstances (save as set out in the Manager's Declarations):

- 1 Each Manager is free without any impediment whatsoever to enter into and perform his obligations under this Agreement and the Service Agreement to which he is party and there is no other form of agreement or binding obligation or fact or matter subsisting in relation to him which might prevent him from entering into or performing his obligations under the same or which might entitle any third person firm or company to bring a claim in relation to the subject matter of this Agreement or the Service Agreement to which he is party.
- 2 None of the Managers is at the date of this Agreement either alone or with any other person or persons engaged, concerned or interested in any way in any other business (whether or not of a similar nature to the Business), provided that there shall be disregarded for the purposes of this paragraph any holding of or beneficial interest solely for investment purposes in not more than three per cent. of any securities of any company whose securities are listed, quoted or traded on any recognised investment exchange.
- 3 So far as each Manager is aware, he is not suffering from any medical or other condition or disability nor is any of the Managers affected by any other circumstance which would now or may hereafter be likely to impair his ability to perform his duties and responsibilities as a full-time senior executive of the Company.
- 4 Save as provided in the Acquisition Agreements, there are no agreements, arrangements or understandings (whether or not legally enforceable) between the Managers (or any person, firm or company in any way directly or indirectly associated with the Managers) and the vendor under the Acquisition Agreements (or any person firm or company in any way directly or indirectly associated or connected with such vendor having any connection or dependence (whether direct or indirect) with or upon the Acquisition Agreements or with or upon any of the transactions contemplated by such agreement.
- 5 All information contained in his Managers' Declarations is true and accurate in all respects and not (whether by reason of any omission or otherwise) misleading.
- 6 The Managers have disclosed to the Investors the terms of any warranty and indemnity insurance cover or cover of a similar nature relating to this Agreement or to the Acquisition Agreements.

Part 3
The Company

1 Trading

The Company is not and has never been engaged in any manner in the carrying on of any trade or business and (save as expressly provided in or contemplated by this Agreement) the Company:-

- 1.1 has no indebtedness, mortgages, charges, debentures, guarantees or other commitments or liabilities actual or contingent;
- 1.2 has no employees;
- 1.3 is not party to any contract whatsoever;
- 1.4 has not given any power of attorney or other authority to any person;
- 1.5 is not a party to any litigation or arbitration and there is no litigation arbitration or other legal proceedings pending or threatened against the Company, and the Warrantors know of no circumstances which are likely to give rise to any such proceedings;
- 1.6 is not the lessee of any property;
- 1.7 has no assets; and
- 1.8 has not prepared any audited or management accounts.

2 Legal requirements

The Company has complied in all material respects with the provisions of the Companies Acts 1985 and other relevant legislation.

3 Subsidiaries

Save as expressly contemplated or provided in this Agreement, the Company has no and has never had any subsidiaries and does not have the benefit of any option or agreement to acquire all or any part of the share or loan capital of any body corporate.

4 Constitution

The information in paragraph A of the Introduction, in Schedule 1 and in Schedule 3 is true, complete and accurate in all respects and not (whether by omission or otherwise) misleading.

Share and loan capital

Save as expressly contemplated or provided in this Agreement, there is not outstanding any right (whether present or future and whether contingent or not) under which any person may call for the allotment, issue, sale or transfer of any share or loan capital of the Company (including option, pre-emption and conversion rights), there are no claims, liens, charges, equities or encumbrances on the shares of the Company and no dividends or other rights or benefits have been declared made or paid or agreed to be declared made or paid.

Part 4
The Target Company

Save as disclosed in the disclosure letter provided by the Managers for the purposes of the Share Purchase Agreement:

1 Intellectual Property

- 1.1 The conduct of the Business as conducted by the Target Company (assuming no sale and purchase of the Business) did not at any time infringe, and its ongoing conduct by the Target Company in the same manner will not infringe, the rights of any third party in relation to any Intellectual Property.
- 1.2 No third party has made a claim which is still outstanding against the Target Company in relation to the Business based on such third party's Intellectual Property and there are no grounds to anticipate that there will be such claim.
- 1.3 None of the Intellectual Property used by the Target Company in the conduct of the Business has at any time within the last 6 years been the subject of any civil, criminal, administrative or arbitration proceedings brought by or against the Target Company, nor are any such proceedings pending or threatened, nor could any such proceedings successfully be brought against the Target Company or the Company as successor to the Target Company in carrying on the Business and (so far as the Managers are aware) *no fact or circumstance exists which might give rise to such proceedings against the Target Company or the Company as successor to the Target Company in carrying on the Business, nor have any claims or threats been made against the Target Company which might lead to any termination or alteration of the Target Company's rights therein or to the terms on which the same are exploited.*

2 Property

2.1 Statutory Compliance

All obligations in respect of the Properties (including their construction) whether imposed by statute, order, regulation, common law, deed or contract affecting their use or development or the employment of persons or the use of machinery or chattels have been complied with and all requirements or recommendations of any competent authority have been complied with.

2.2 Planning

No planning permission relating to any of the Properties is capable of or subject to a challenge as to its validity.

2.3 Permits

For the purposes of this Warranty 7.7, "Permits" means any licence or consent or authorisation required in relation to either the carrying on of the Business or any relevant circumstance at any time of the Properties including (without limitation) public entertainment licences, liquor licences, gaming licences, betting licences,

site licences, bingo licences, TV licences, pitch licences and waste management licences.

2.3.1 There are no outstanding reports, returns, registrations or information required by any Permit to be made or given by the Company.

2.3.2 There are no circumstances which would confer a right of suspension, variation, limitation or revocation of any Permit or prevent any Permit being extended, renewed or granted.

3 Compliance with Laws and Regulations

3.1 Licences and Consents

There is no reason why any of the licences, consents, approvals, permits and authorities listed in the disclosure letter to the Share Purchase Agreement should be suspended, cancelled, revoked, amended or not renewed, in whole or in part.

3.2 Litigation and Arbitration

No order, decree or court stipulation, or civil, criminal, administrative or arbitration proceedings, in relation to the Business or any of the Assets is pending or threatened and there are no circumstances which could lead to any such order, decree, stipulation or proceedings and no person or authority has stated that he or it might initiate such order, decree, stipulation or proceedings.

4 Trading Arrangements

4.1 Customers and Suppliers

4.1.1 No substantial supplier of the Business has, during the twelve months preceding the date of this Agreement, ceased, or indicated an intention to cease, trading with or supplying the Target Company in relation to the Business, or is likely to reduce substantially its trading with, or supplies to, the Company as successor to the Target Company in carrying on the Business. For the purpose of this paragraph, 'substantial' means a person whose orders constitute 5 per cent. or more of the supplies of the Business.

4.1.2 The Managers have no reason to believe that any supplier, or other person dealing with the Business, will refuse to deal with the Company following Completion or will only deal with the Company on terms less favourable than those on which it previously dealt with Queensborough.

4.2 Confidential Information

The Managers have not, nor has any other person, at any time, disclosed or undertaken to disclose to any party, other than the Company, the Target Company and their respective advisers, any Confidential Information relating to the Business.

4.3 **Insurances**

No claim is outstanding under any of such policies and no fact or circumstance exists which might give rise to a claim under any of those policies.

5 **The Environment**

5.1 Neither the Target Company nor any of its subsidiaries has received any written or oral notice or correspondence relating to any alleged or actual Pollution of the Environment by any of them in the conduct of the Business in violation of any law relating to protection of the Environment or at levels in excess of that permitted under any such law.

5.2 Neither the Target Company nor any of its subsidiaries has received any written or oral notice or correspondence relating to any alleged or actual failure to comply with all laws relating to protection of the Environment and has filed all notifications required by law to enable it lawfully and properly to operate the Business at and from the Properties.

5.3 In this Warranty 5, "Pollution of the Environment" and "Environment" have the meanings given to them by the Environmental Protection Act 1990.

SCHEDULE 6

Deed of Adherence

DATE _____ **2001**

[]

DEED OF ADHERENCE
to the Investment Agreement relating to
an investment in GB Holiday Parks (Holdings) Limited

Macfarlanes
10 Norwich Street
London EC4A 1BD

DEED OF ADHERENCE

THIS DEED OF ADHERENCE is made on 2001
by [] of [] (“**the New Shareholder**”) and is a Deed of Adherence referred to in, and is supplemental to, the Investment Agreement.

INTRODUCTION

- A It is proposed that the New Shareholder should by transfer or other devolution be or become a member of the Company and [its/his] name be entered in the Register of Members of the Company as such.
- B The New Shareholder has agreed to execute this Deed as a pre-condition of his becoming a member of the Company as required by clause[s] [7.1.2 and] 12.2 of the Investment Agreement.

DEED

1 Definitions and interpretation

- 1.1 The Introduction forms part of this Deed and shall have the same force and effect as if set out in the body of this Deed. Any reference to this Deed shall include the Introduction.

- 1.2 In this Deed, the following words and expressions have the following meanings:-

the Company: GB Holiday Parks (Holdings) Limited as defined as such in the Investment Agreement;

the Investment Agreement: the investment agreement dated 12 March 2001 and made between GB Holiday Parks (Holdings) Limited (1) the Managers (2) and the Investors (3)[, as adhered to by [a] deed[s] in a similar form to this Deed dated []];

the Investors: those persons who are defined as such in the Investment Agreement;

the Managers: those persons who are defined as such in the Investment Agreement;

the Parties: the parties to the Investment Agreement from time to time (whether by virtue of having executed the Investment Agreement or having entered into this Deed or a deed in a similar form to this Deed) and “Party” shall be construed accordingly.

- 1.3 In this Deed:-

- 1.3.1 any reference to the Introduction or a Clause is to the Introduction or a Clause (as the case may be) of or to this Deed;

1.3.2 words and expressions which are defined in the Investment Agreement shall (unless the context requires otherwise) have the same meanings as are given to them in such agreement.

1.4 The Clause headings contained in this Deed are included for convenience only and do not affect the interpretation of this Deed.

2 **Condition**

2.1 The provisions of this Deed are conditional upon the New Shareholder being registered as a member of the Company.

2.2 If the New Shareholder has not been registered as a member of the Company by [] 200[], this Deed (except for the provisions of this Clause and of Clause 4 (Governing law and jurisdiction)) shall be null and void and of no further effect.

3 **Adherence**

3.1 The New Shareholder acknowledges undertakes and covenants with, and for the benefit of each of the Company, the Managers and the Investors [and with each of the other shareholders (if any) in the Company] that [it/he] shall be bound by and will observe and perform all the terms and conditions and obligations (to be observed and performed after the date that this Deed becomes unconditional) of, and included in, the Investment Agreement (including, for the avoidance of doubt, the provisions regarding transfers of shares contained in clause[s] [7.1.2 and] 12.2 of the Investment Agreement) as if the New Shareholder had been a party to the Investment Agreement and been referred to in it as [a "Manager"/an "Investor"/a "Party"].

3.2 The provisions of this Deed shall be enforceable by each of the Company, the Managers[,and] the Investors [and each of the other shareholders (if any) in the Company] (including, for the avoidance of doubt, any person subsequently entering into a Deed of Adherence pursuant to the Investment Agreement) as if the New Shareholder were a party to the Investment Agreement and had been referred to in it as [a "Manager"/an "Investor"/a "Party"].

3.3 The Investment Agreement shall take effect for the benefit of the New Shareholder and shall be enforceable by the New Shareholder as if [it/he] had been a Party and had been referred to in the Investment Agreement as [a "Manager"/an "Investor"/a "Party"].

4 **Governing law and jurisdiction**

4.1 This Deed shall be governed by and construed in accordance with the laws of England.

4.2 The New Shareholder submits to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute or matter arising out of or relating to this Deed.

4.3 The New Shareholder irrevocably consents to any process in any legal action or proceedings arising out of or in connection with this Deed being served on [it/him]

at the address of the New Shareholder set out at the head of this Deed (or at such other address in the United Kingdom as notified by [it/him] for the purpose of the Investment Agreement) in accordance with the provisions of the Investment Agreement relating to service of notices. Nothing contained in this Deed shall affect the right to serve process in any other manner permitted by law.

EXECUTED as a Deed and delivered on the date set out its head.

SIGNED as a Deed and delivered by)
[*New Shareholder*])
in the presence of:-)

Witness:

Name:

Signature:

Address:

Occupation:

OR

EXECUTED AS A DEED by)
[*New Shareholder*] LIMITED/PLC)
acting by [*name of director*] (Director))
and [*name of director/secretary*])
(Director/Secretary))

EXECUTED as a DEED for and
on behalf of GB HOLIDAY PARKS
(HOLDINGS) LIMITED
in the presence of

)
)
)
)
.....
Director
.....
Secretary

.....
Secretary

EXECUTED as a DEED by
GAVIN PAUL BRIGGS in the
presence of

Witness Name:

Address:

Occupation:

EXECUTED as a DEED by
ANTHONY NORMAN CLISH
In the presence of:

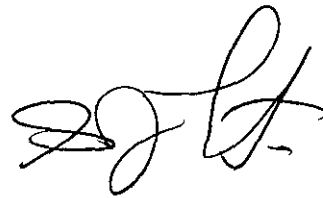
Witness Name:

Address:

Occupation:

EXECUTED as a DEED by
STEPHEN JOHN LAST in the
presence of:

)
)
)



Witness Name:

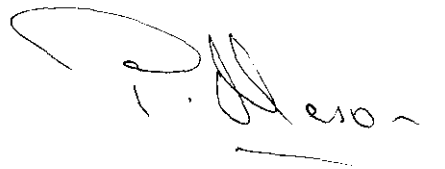
Signature:

Address:

Occupation:

EXECUTED as a DEED by
PHILIP MASON in the
presence of:

)
)



Witness Name:

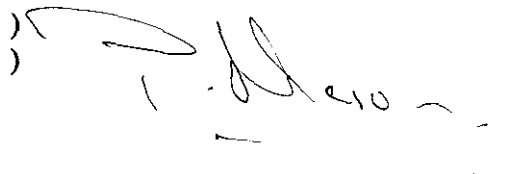
Signature:

Address:

Occupation:

EXECUTED as a Deed by
ROBERT SWINHOE in the
presence of:

)
)



Witness Name:

Address:

elder attorney

Occupation:

EXECUTED as a DEED
for and on behalf of ROYAL BANK
INVESTMENTS LIMITED
in the presence of:

)
) R. c. A. Cator
)
) as its attorney

.....
Director

.....
Secretary

EXECUTED as a DEED
for and on behalf of RBDC
PARALLEL VENTURES LIMITED
PARTNERSHIP acting by its attorney
ROYAL BANK PRIVATE EQUITY
LIMITED in the presence of:

)
) R. c. A. Cator
)
) as its attorney

.....
Director

.....
Secretary

EXECUTED as a DEED
for and on behalf of RBDC
ADMINISTRATOR LIMITED
acting by its attorney ROYAL BANK
INVESTMENTS LIMITED
in the presence of:

)
) R. c. A. Cator
)
) as its attorney

.....
Director

.....
Secretary

EXECUTED as a DEED)
for and on behalf of RBDC)
PARALLEL NOMINEES LIMITED)
acting by its attorney ROYAL BANK)
INVESTMENTS LIMITED)
in the presence of:)

R. C. A. Lator
as its attorney

.....
Director

.....
Secretary