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MAB/SDC/111053-6/HJC

Number of Company: SC055493

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
RESOLUTIONS
of
SCOTTISH HIGHLAND HOTELS GROUP LIMITED

Passed 4th October 1996

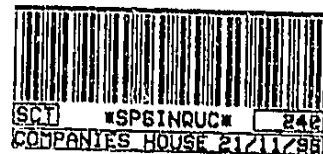
At an Extraordinary General Meeting of the above named Company, duly convened, and held at 151 St. Vincent Street, Glasgow G2 5NJ on the 4th day of October 1996 the subjoined Resolutions were duly passed, Nos. 1, 2, 3, 4, and 6 as Special Resolutions and No. 5 as an Ordinary Resolution:-

1. THAT the name of the Company be changed to "Scottish Highland Hotels plc".
2. THAT:-
 - (a) the Company be re-registered as a public company; and
 - (b) the memorandum of association of the Company be amended by:
 - (i) inserting the following clause II after the existing clause I:-

"II. The Company is to be a public company."; and
 - (ii) renumbering the existing clauses II, III, IV and V as clauses III, IV, V and VI respectively; and

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- (c) the articles of association of the Company be amended by deleting article 4 and renumbering articles 5 to 13 as articles 4 to 12 respectively and making consequential numbering amendments throughout the articles of association.
3. THAT, subject to and conditional upon the ordinary share capital of the Company, issued and to be issued, being admitted to the Official List of London Stock Exchange Limited and such admission becoming effective in accordance with the rules and regulations of London Stock Exchange Limited ("Admission") not later than 3.00pm on 28 February 1997:-
- (a) the authorised share capital of the Company be increased from £1,460,000 to £3,000,000 by the creation of an additional 1,540,000 ordinary shares of £1 each; and
- (b) the sum of £300,089 (being part of the amount standing to the credit of the Company's share premium account) be capitalised and the directors be authorised and directed to apply such sum in paying up in full at par 300,089 ordinary shares of £1 each to be allotted credited as fully paid up to and among the ordinary shareholders on the register of members of the Company immediately prior to the passing of this resolution in proportion to their existing holdings of ordinary shares of £1 each; and
- (c) each of the issued and unissued ordinary shares of £1 each in the capital of the Company (including those ordinary shares of £1 each credited as fully paid up pursuant to paragraph (b) of this resolution number 3) be sub-divided into and redesignated as 20 ordinary shares of 5p each; and
- (d) the directors be and are hereby authorised generally and unconditionally pursuant to Section 80 of the Companies Act 1985 ("the Act") (in substitution, from the date when this resolution becomes unconditional, for all other authorities pursuant to Section 80 of the Act) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) by way of placing in connection with any application for Admission up to a maximum of the unissued share capital of the Company on the date on which this resolution becomes unconditional and, in addition, up to an aggregate nominal amount of the lesser of (i) the unissued share

capital of the Company immediately following the issue of ordinary shares pursuant to any placing in connection with any application for Admission, and (ii) the amount which represents one-third of the nominal amount of the issued ordinary share capital of the Company immediately following the issue of ordinary shares pursuant to any placing in connection with any application for Admission plus the nominal amount of any ordinary shares issuable upon exercise of any options outstanding immediately after Admission under the Existing Scheme, the Plan, the Scheme and the Savings-Related Scheme (as each are defined in resolution number 5 below); provided that such authority shall expire on the earlier to occur of 15 months after the passing of this resolution or on the conclusion of the Annual General Meeting of the Company to be held in 1997 and the Company may before such expiry make an offer, agreement or other arrangement which would or might require any such relevant securities to be allotted after such expiry and the directors may allot such relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not expired; and

- (e) the directors be and are hereby generally empowered to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company (in substitution, from the date when this resolution becomes unconditional, for all other authorities pursuant to Section 95 of the Act) for cash pursuant to the authority conferred by paragraph (d) of this resolution number 3 as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall expire on the earlier to occur of 15 months after the passing of this resolution or on the conclusion of the Annual General Meeting of the Company to be held in 1997 (save that the Company may prior to such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power hereby conferred had not expired) and such allotment shall be limited to:-

- (i) the allotment of ordinary shares of 5p each by way of placing in connection with any application for Admission;

- (ii) any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as may be) to their then holdings of such securities, but subject to the directors having the right to make such exclusions or other arrangements in connection with such offer as they deem necessary or expedient to deal with fractional entitlements and legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange or otherwise howsoever; and
 - (iii) any other allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) of this paragraph (e) of this resolution number 3) of equity securities up to an aggregate nominal value of 5 per cent. of the issued ordinary share capital of the Company immediately following the issue of ordinary shares by way of placing in connection with any application for Admission.
4. THAT, subject to Admission (as defined in resolution number 3 in the Notice convening this Meeting) occurring not later than 3.00pm on 28 February 1997:-
- (a) the variations to the rights attaching to the issued redeemable preference shares of £1 each in the capital of the Company as such varied rights are contained in the articles of association to be adopted pursuant to paragraph (b) of this resolution number 4 be and are hereby sanctioned and approved; and
 - (b) the regulations contained in the document produced to the meeting and initialled by the Chairman for the purpose of identification (subject to all such changes thereto as may be required for the purpose of securing the approval of same by London Stock Exchange Limited in connection with any application for Admission) be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company, and the directors be and are hereby authorised to make any such changes as aforesaid.

5. THAT, subject to Admission (as defined in resolution number 3 in the Notice convening this Meeting) occurring not later than 3.00pm on 28 February 1997 and conditional on such consent as is required from option holders pursuant to Rule 10.2 of The Scottish Highland Hotels Group Approved Executive Share Option Scheme ("the Existing Scheme") being received to the amendments to the Rules of the Existing Scheme proposed in paragraph (a) below of this resolution number 5:-

- (a) the amendments to the Rules of the Existing Scheme as set out in Appendix II to the circular letter addressed to shareholders of the Company dated 11 September 1996, be and are hereby approved and adopted, and the directors be and are hereby authorised to do all acts and things that they may consider expedient for the purposes of carrying the same into effect and to make similar amendments to the option agreements between the Company and its non-executive directors ("the Option Agreements"), including the making of any consequential amendments or any further amendments which they may deem necessary or desirable to:-

- (i) enable option holders under the Existing Scheme and the Option Agreements to exercise their subsisting options upon and following Admission notwithstanding that such exercise is within a period of 3 years from the date of grant of options and may be made without the Option Exercise (Preference Share) Pre-Condition (as defined in the Rules of the Existing Scheme and the Option Agreements) applying; and
- (ii) enable the Existing Scheme and the Option Agreements to be terminated, all subsisting options having been exercised and shares allotted pursuant to such exercise; and

the directors be and are hereby authorised to vote and be counted in a quorum on any matter concerning the Existing Scheme and Option Agreements notwithstanding that they may be interested in the same; and

- (b) the Scottish Highland Hotels plc 1996 Company Share Option Plan ("the Plan") in the form set out in the draft Rules produced to and signed by the Chairman of the meeting for the purposes of identification, the principal terms of which are summarised in Appendix III to the circular letter addressed to the shareholders of the Company dated 11 September 1996, be and is hereby approved and adopted, and the directors be and are hereby authorised to do all acts and things that they may consider expedient for the purposes of establishing the Plan and carrying it into effect including the making of any amendments to the Rules of the Plan to secure (i) the approval of the Board of Inland Revenue pursuant to Schedule 9 to the Income and Corporation Taxes Act 1988, and (ii) such other (if any) approvals as the directors may deem necessary or desirable, and the directors be and are hereby authorised to vote and be counted in a quorum on any matter concerning the Plan notwithstanding that they may be interested in the same, save that no director may vote or be counted in the quorum in respect of his own participation in the Plan; and
- (c) the Scottish Highland Hotels plc 1996 Executive Share Option Scheme ("the Scheme") in the form set out in the draft Rules produced to and signed by the Chairman of the meeting for the purposes of identification, the principal terms of which are summarised in Appendix IV to the circular letter addressed to shareholders of the Company dated 11 September 1996, be and is hereby approved and adopted, and the directors be and are hereby authorised to do all acts and things which they may consider expedient for the purposes of establishing the Scheme and carrying it into effect, including the making of any amendments to the Rules of the Scheme to secure any approvals that the directors may deem necessary or desirable, and the directors be and are hereby authorised to vote and be counted in a quorum on any matter concerning the Scheme notwithstanding that they may be interested in the same, save that no director may vote or be counted in the quorum in respect of his own participation in the Scheme; and
- (d) the Scottish Highland Hotels plc 1996 Savings Related Share Option Scheme ("the Savings Related Scheme") in the form set out in the draft Rules produced to and signed by the Chairman of the meeting for the purposes of identification, the principal terms of which are

summarised in Appendix V to the circular letter addressed to the shareholders of the Company dated 11 September 1996, be and is hereby approved and adopted, and the directors be and are hereby authorised to do all acts and things which they may consider expedient for the purposes of establishing the Savings Related Scheme and carrying it into effect, including the making of any amendments to the Rules of the Savings Related Scheme to secure (i) the approval of the Board of Inland Revenue pursuant to Schedule 9 to the Income and Corporation Taxes Act 1988, and (ii) such other (if any) approvals as the directors may deem necessary or desirable, and the directors be and are hereby authorised to vote and be counted in a quorum on any matter concerning the Savings Related Scheme notwithstanding that they may be interested in the same, save that no director may vote or be counted in the quorum in respect of his own participation in the Savings Related Scheme.

6. THAT, subject to Admission (as defined in resolution number 3 in the Notice convening this Meeting) occurring not later than 3.00pm on 28 February 1997, the amount of the share premium account standing in the books of account of the Company immediately following the Placing (as defined below) be cancelled and that, consequent upon a confirmation of such cancellation by the Court of Session, the directors be and are hereby authorised to create a special reserve of an amount which is equivalent to the share premium account so cancelled on the basis that such reserve shall be governed by such undertakings as the Court of Session may require of the Company with regard to the uses to which such special reserve may be applied; provided that for the purposes of this resolution number 6 "Placing" shall mean the allotment and issue of new ordinary shares of the Company by way of placing in connection with any application for Admission.

A. Hunter
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Secretary