

DISCLOSURE DOCUMENT

1. DEFINITIONS

The capitalized terms used in this Disclosure Document ("Disclosure Document") have the meanings set out in the Articles of Association of RCI Points Limited (the "Association") and the Scheme Rules.

2. SCOPE AND PURPOSE

This Disclosure Document is provided to explain the RCI Points Network scheme ("Scheme") and contains a general description of the Scheme as well as further information we are required by law to give you and that you need to have in order to better understand the nature of our product as well as your rights and obligations. The Scheme includes the Reservation System through which Members exchange and reserve use of Accommodation and RCI Points Partner Inventory. This Disclosure Document is not intended to be an exhaustive description of a Member's rights and obligations within the Scheme. Members should carefully review their Acquisition Agreement, the Scheme Rules and the other Scheme Documents in order to gain a full understanding of the terms, conditions, operation and use of the Scheme. Should this Disclosure Document or any of the Scheme Documents contain anything which conflicts with any other information you may have been given then the information contained herein will prevail. If you do not reside in the country in which you purchased the Accommodation ceded to the Scheme, the Scheme Documents that govern your use of the Scheme may vary from those that you received at the time of purchase. In such cases, the appropriate Scheme Documents applicable to you will be provided to you by the Management Company and will replace any other Scheme Documents previously provided to you. **THE TERMS OF THIS DISCLOSURE DOCUMENT AND THE SCHEME DOCUMENTS, INCLUDING THE SCHEME RULES, ARE SUBJECT TO CHANGE IN ACCORDANCE WITH THE SCHEME RULES, INCLUDING, BUT NOT LIMITED TO, FEES, BENEFITS AND RESERVATION PROCEDURES AND PRIORITIES.**

3. THE SCHEME

The Scheme is a multi-destination holiday scheme with Accommodation in a number of resorts. The size of the Scheme will grow as more Members join and more Accommodation is introduced from existing and new resorts. The rights of membership and term of memberships of the Scheme may vary between Members. Membership of the Scheme may be offered for varying lengths of time. The Scheme uses a grading system based on points in order to value the different Accommodation available to the Scheme.

Various Vendor Companies have been licensed by The Leisure Corporation Limited, (the Intellectual Property Owner) to introduce Accommodation into the Scheme and to receive the Point Rights thereby created. The Vendor Companies market and sell these Point Rights to members of the public. Each Vendor Company acts as principal and not as agent when contracting with members of the public. The name and domicile of the Vendor Company with whom you have contracted to acquire Point Rights is reflected on your Acquisition Agreement.

The Leisure Corporation Limited intends to continue licensing Vendor Companies in order to expand and grow the Scheme.

The Leisure Corporation Limited is incorporated in the Isle of Man, company number 084605C whose registered address is at 28 Finch Road, Douglas, Isle of Man IM1 2PS.

The Scheme also provides for the introduction of Accommodation by Members by way of cession or deposit of suitable Accommodation into the Scheme. In such cases, the Member deposits with the Scheme for the duration of such Use Rights all rights of use, occupancy and enjoyment in respect of such Accommodation and all rights of access required for occupancy, use and enjoyment of the Accommodation. The Member retains title to the Accommodation, subject to the rights deposited with and ceded to the Scheme in accordance with the Scheme Rules and Scheme Documents (as defined in the Rules).

The cession or deposit of Use Rights into the Scheme and availability of Points to a Member does not relieve a Member from his or her obligation to pay maintenance fees, assessments, taxes or other similar charges or fees relating to his or her Accommodation, by whomsoever levied. **Scheme privileges may be suspended, among other reasons, if a Member's Home Resort or Home Group maintenance fee, assessment or similar charges have not been paid when due.** Special charges, user fees or government taxes that may not be required by a Member's Home Resort or Home Group may be charged to the Member by an Affiliated Resort at which that Member obtains a Reservation. If so, it is the Member's obligation to pay those charges, fees or taxes, and not the obligation of the Association, the Management Company or any Affiliated Resort.

The Acquisition Agreement between a Member and a Vendor Company is a separate and distinct agreement from any agreement that a Member may have with the developer or seller of a vacation ownership scheme to purchase or use Accommodation (whether for use within the Scheme or otherwise). Any decision to purchase Accommodation for use within the Scheme should be based primarily upon the benefits to be gained from the ownership, use and enjoyment of such Accommodation at the Affiliated Resort and not upon the anticipated benefits of the Scheme. The Affiliated Resort at which Accommodation is purchased is solely responsible for its financial viability and the quality of its Units, facilities, amenities, management and services.

4. NATURE OF RIGHTS ACQUIRED

You have applied for Membership of the Association, RCI Points Limited, a company limited by guarantee

and registered in England, company number 3308467 whose registered office is at 20 Black Friars Lane, London EC4V 6HD.

The Memorandum and Articles of Association together with the Scheme Rules and Regulations describe in detail how the Scheme is to be operated. As a Member you are entitled to attend the Annual General Meeting of the Association and to speak and vote thereat.

Your Membership expires automatically once you no longer own Point Rights.

You have also applied to acquire Point Rights in the Scheme. These Point Rights entitle you to an annual allocation of Points that are used to exchange for the right to use the Accommodation included in the Scheme and available for use by Members from time to time. Both your Membership and Point Rights are subject to the obligations as set out in the Articles of Association, the Scheme Rules and the Scheme Regulations.

Your Point Rights endure for the period set out in the Acquisition Agreement.

5. ACCOMMODATION IN THE SCHEME

The Accommodation in the Scheme is listed in the Scheme Accommodation Tables. The Accommodation comprises specific timeshare weeks as well as whole units in resorts and is comprised both of Units introduced into the Scheme by Vendor Companies, in which the title is held by an independent trustee, and Use Rights ceded into the Scheme by Members, who retain the title to such Use Rights. In the case of Units introduced into the Scheme by Vendor Companies, the Trustee holds the title to such Units either directly or through Owning Companies controlled by the Trustee. The Trustee is First National Trustee Company Limited of International House, Castle Hill, Victoria Road, Douglas, Isle of Man IM2 4RB.

6. MANAGEMENT AND ADMINISTRATION

A Management Company has been appointed to manage and administer the Scheme and to provide a central reservations service. The Management Company is RCI Europe (Points) Limited of Kettering Parkway, Kettering, Northants. NN15 6EY.

7. FEES AND CHARGES

- (a) Membership Fee: All Members of the Scheme pay an annual membership fee in respect of each Use Year as a contribution to the costs of the running of the Association (which costs include the costs of printing and distributing information to and communicating with Members, any relevant taxes and providing a central reservation and management function), including the management fee payable to the Management Company.
- (b) Management/Maintenance Charges: Every Member who purchases Point Rights from a Vendor Company is obliged to pay an Individual Management Charge in respect of such Point Rights purchased, to cover his/her contribution to the maintenance fees payable to the Resorts in which the Scheme has Units, including any sinking funds. The details of how each Member's Individual Management Charge is calculated are set out in the Scheme Rules. The Management Company reserves the right to vary the basis on which Individual Management Charges are calculated and no guarantee can be given regarding the rate of increase in the annual Management Charge or membership fee. The amount of Individual Management Charge payable by you in the current year can be obtained by reference to the number of Point Rights which you own or have applied to acquire. Management Charges are payable annually in advance on 1st January each Year or on presentation of invoice when first becoming a Member and acquiring Point Rights.

Members who cede or deposit Use Rights into the Scheme are additionally responsible for payment of all maintenance and other fees payable to their Home Resort or Home Group in respect of such Use Rights. The maintenance and repair of all Accommodation included in the Scheme is the responsibility of the Resort in which the Accommodation is located. The management fee paid to each Resort covers these costs and the Association has no direct control over the management or maintenance of the Resorts or the Accommodation therein. Such maintenance and other fees are determined by the applicable Home Resort or Home Group and are payable by Members directly to their Home Resort or Home Group.

The Management Company has the right to suspend or cancel Reservations (or the right of such Member to make Reservations) in the event that payment of Individual Management Charges is outstanding or where it is informed by the applicable Home Resort or Home Group that payment of any maintenance or other fees due to them in respect of Use Rights deposited or ceded by such Member into the Scheme remain unpaid. Non payment of Management Charges can result in the loss of Occupancy Rights and ultimately in the repossession of your Point Rights and the cancellation of your Membership.

- (c) Transaction Fees: Each time a Member makes a Transaction, including making an Accommodation or RCI Points Partners Reservation, saving, borrowing and transferring Points or making an External Exchange Reservation, the Member will be charged a Transaction fee.

8. RESORTS AND FACILITIES

The Resorts in which the Scheme has Accommodation is set out in the Schedule of Scheme Accommodation.

Great care has been taken in compiling the resort facilities information contained in the RCI Points Directory and the RCI Holiday Directory of Resorts supplied with your Member Kit. However it should be noted that the management of the resorts in which the Scheme has Accommodation is under the control of the individual resorts. Accordingly this information is subject to change as determined by the management

of the individual resorts and the accuracy of the information is similarly subject to the accuracy of the information provided by the resorts concerned. Some of these facilities are available on a "pay to use" basis. In addition certain resorts may charge a refundable breakage or other deposit. Certain countries also charge a tourist tax. As these charges are subject to change, Members wishing to holiday at a specific resort should enquire at the time of making a reservation as to what charges and payments will be applicable at the resort concerned.

9. **ASSOCIATION**

The Association is run by a board of directors whose powers are laid down in the Articles. The board is there to represent the interests of the Association and its Members.

10. **RESERVATIONS AND EXCHANGES**

Detailed rules regarding reservations are contained in the Scheme Rules that each purchaser receives on making application for Membership and to acquire Point Rights. All reservations requests are granted on a first come first served basis.

Unused Points can be both carried forward to the next Use Year and also borrowed from the next Use Year to use in the current Use Year in accordance with the Scheme Rules

Members of the Association are jointly enrolled for membership of the RCI Weeks Exchange Programme conducted by RCI Europe ("RCI"). The RCI Weeks Terms of Membership constitute a separate and distinct contract from the purchase agreement. This document can be found in RCI's directory of affiliated resorts. **RCI is an independent exchange service company and is not owned, operated or controlled by any developer, seller, managing entity, club or holiday ownership plan participating in any RCI exchange programme.**

RCI charges an annual subscription fee. This is currently included in the annual membership fee payable by members of the Association. A transaction fee is also charged by RCI to the member to process and confirm an exchange request. An exchange confirmation may be given to another person by way of a Guest Certificate on payment of a fee. RCI's current fees are set out in the Fees and Charges section above and are published with the RCI Holiday Directory of Resorts or other RCI publications produced for members generally.

The RCI Exchange Programme is designed to provide comparable exchanges, by the assignment of a trading power to each deposit of a holiday ownership interest. The components which are used by RCI in allocating trading power are set out in the RCI Holiday Directory of Resorts.

All exchanges are subject to space availability. RCI's ability to confirm exchange requests for RCI members is dependent upon the availability of holiday ownership interests deposited by other RCI members with RCI. Neither RCI nor resort personnel may represent that specific resort choices, holiday dates and/or travel arrangements can be guaranteed through the RCI Weeks Exchange Programme.

The exchange opportunity offered through RCI should not be the primary reason for purchase. RCI's responsibility for representations concerning the RCI Weeks Exchange Programme is limited to those representations made in materials supplied by RCI.

Exchange privileges may be denied and/or a confirmed exchange cancelled if an RCI member's resort maintenance fee assessment, membership fee or similar charges have not been paid when due. In addition to maintenance fees, special charges, user fees, miscellaneous charges or government taxes may be charged to the member by the resort.

11. **RIGHT TO CANCEL**

You have the right to cancel the Acquisition Agreement at any time within 14 days of signature and you may have further rights to cancel if the Acquisition Agreement does not include certain required information. Information on your rights to cancel is included in your Acquisition Agreement together with a blank notice of cancellation (use of which is not obligatory). If you have purchased a timeshare using credit under a related credit agreement, then the related credit agreement will be automatically cancelled if you cancel the timeshare agreement in the way described in the Acquisition Agreement.

SCHEME RULES

1. DEFINITIONS.

Words and expressions defined in the Articles of Association of the Company and used in these Scheme Rules ("Rules") shall have the meanings given to them in the Articles. In addition, the following words used in these Scheme Rules shall be given the following meanings:

- (a) Affiliated Resort means a Home Resort or Home Group, which has entered into a current Affiliation Agreement and RCI Points Addendum.
- (b) Affiliation Agreement means the agreement pursuant to which a timeshare resort or club becomes an Affiliated Resort.
- (c) Associate Member means a person, other than a Full Member, whose ability to participate in the Scheme is set forth in an Associate Member Participation Agreement.
- (d) Daily/Split Reservation means a Reservation of Accommodation that is less than or greater than seven (7) nights.
- (e) Deposit means the deposit with or cession to the Scheme by a Full Member, pursuant to an Acquisition Agreement, of Accommodation for use and Reservation by Members.
- (f) External Exchange means the exchange of Accommodation by a Member through the External Exchange Programme.
- (g) External Exchange Programme means the timeshare exchange programme operated by RCI Europe and/or its group companies, known as the RCI Weeks Exchange Programme, pursuant to which a Member may exchange Points for accommodation available in the RCI Weeks Spacebank®.
- (h) Fixed Accommodation means Accommodation for which a particular Member has the exclusive right, pursuant to his purchase documentation, to use a specific Unit or a Unit week. Fixed Accommodation does not include Floating Time.
- (i) Floating Time means Accommodation for which a particular Member has a right to reserve the Accommodation on a space available first come, first served basis.
- (j) Full Member means a person who during the relevant period has Deposited Accommodation in the Scheme and whose Acquisition Agreement has been accepted by the Management Company.
- (k) Home Group means a group of resorts which the Management Company has determined qualifies as a Home Group.
- (l) Home Group Priority Period means, for any particular Accommodation, the period beginning 334 days and ending 304 days (approximately 11 to 10 months) prior to the first day of occupancy.
- (m) Home Resort means an Affiliated Resort at which a Member owns Accommodation or an Affiliated Resort at which a Member is allocated Accommodation by the Member's Home Group to Deposit with the Scheme.
- (n) Home Resort Priority Period means, for any particular Accommodation, the period beginning 365 days and ending 335 days (approximately 12 to 11 months) prior to the first day of occupancy.
- (o) Home Week Priority Period means, with respect to any particular Fixed Accommodation, the period beginning 396 days and ending 366 (approximately 13 to 12 months) days prior to the first day of occupancy of such Fixed Accommodation.
- (p) Limited Use Points mean Points which a Member or guest may only use to make certain types of Reservations. Limited Use Points include Points returned to a Member following the Member's short-term cancellation of a Reservation of Accommodation at an Affiliated Resort.
- (q) Member includes Full Members and Associate Members.
- (r) RCI Points Partner Inventory means benefits, other than Accommodation at an Affiliated Resort, which the Management Company may make available to Members.
- (s) RCI Points Addendum means the addendum to the Affiliation Agreement with a timeshare resort or club pursuant to which that resort or club becomes entitled to participate in the RCI Points Network.
- (t) Reservation means a right of a Member for a particular Scheme Internal Use.
- (u) Reservation System means the method, means or system as provided for in the Scheme Documents pursuant to which Members may obtain a Reservation.
- (v) Scheme Documents means those documents adopted for use in relation to the Scheme by the Association or by the Management Company as amended or replaced from time to time, including these Scheme Rules.
- (w) Scheme Internal Use means the occupancy, enjoyment and use by a Member of Accommodation or RCI Points Partner Inventory by means of the Reservation System.

- (x) Scheme Procedures Manual means any manual(s) of policies and/or procedures, including these Scheme Rules, governing Members' use of the Reservation System, as published and amended by the Management Company from time to time.
- (y) Standard Reservation Period means, with respect to any particular Accommodation, the period beginning 303 days (approximately 10 months) and ending 2 days prior to the first day of that Accommodation.
- (z) Transaction means a Reservation request, including where applicable but not limited to any Daily/Split Reservation request, the saving of Points, the transferring of Points, the borrowing of Points, the renting of Points, wait list entry, Reservation cancellation and an External Exchange request.
- (aa) Use Year means an annual recurring twelve (12) month period.

2. **APPLICABILITY.**

Each Member and guest, by use of the Scheme, acknowledges that, whilst Members are members of the Association, the Scheme itself is not a company, corporation, association or legal entity of any kind. Instead, the Scheme is the service name given to the variety of exchange, reservation and use services and related benefits offered from time to time by the Management Company, together with such additional services as the Management Company may arrange through additional agreements with other service providers. The services to be provided include the operation of the Reservation System and the Scheme, through which Members exchange and reserve use of Accommodation and RCI Points Partner Inventory.

3. **CONDITIONS TO PARTICIPATION.**

- (a) Prerequisites. In order for any person to make a Reservation in the Scheme, the following conditions must be met:
 - (i) For Full Members:
 - (1) The person must have entered into a current Acquisition Agreement, which has been accepted by the Association (or by the Management Company on its behalf);
 - (2) The Accommodation sought to be Deposited or which has been Deposited must be at an Affiliated Resort in good standing with the Scheme; and
 - (3) The applicable Membership Fee must have been submitted to the Management Company by, or on behalf of, the person and all Management Charges payable to the Association and any maintenance and other fees payable by the person to his Home Resort or Home Group must have been paid.
 - (ii) For Associate Members:
 - (1) The person must have entered into a current Associate Member Participation Agreement, which has been accepted by the Management Company; and
 - (2) The applicable Membership Fee must have been submitted to the Management Company by, or on behalf of, the person and all Management Charges payable to the Association and any maintenance and other fees payable by the person to his Home Resort or Home Group must have been paid.
- (b) Membership Fee. Each Member is required to pay a Membership Fee in an amount determined by the Management Company. The Membership Fee may vary from time to time and among Members and may at the Management Company's discretion be included in a composite fee including subscription to the External Exchange Programme and/or transactional fees.
- (c) Licence Fee. Members may also be required to pay a Licence Fee upon commencement of membership. The amount may vary from time to time and among Members.
- (d) Management and Other Fees. Members are responsible for payment of all Management Charges payable to the Association and all maintenance and other fees payable by the person to his Home Resort or Home Group in respect of any Use Rights deposited or ceded by such Member into the Scheme. Management Charges shall be based on the Management Company's estimate of the total costs of the Association with respect to Accommodation available within the Scheme and Individual Management Charges shall be calculated by reference to the number of Point Rights held by a particular Member as a proportion of the total Point Rights allocated to Members which are subject to the payment of Management Charges. Maintenance and other fees payable to a Member's Home Resort or Home Group in respect of any Use Rights deposited or ceded by such Member into the Scheme shall be determined by the applicable Home Resort or Home Group and shall be payable by Members directly to them. The Management Company reserves the right to vary the basis on which Individual Management Charges are calculated and to suspend or cancel Reservations (or the right of such Member to make Reservations) in the event that payment of Individual Management Charges is outstanding or where it is informed by the applicable Home Resort or Home Group that payment of any such fees due to them in respect of Use Rights deposited or ceded by such Member into the Scheme remain unpaid.

4. **POINTS VALUATION.**

All Accommodation and RCI Points Partner Inventory has been or will be assigned a Points value by the Intellectual Property Owner or the Management Company. The value assigned to Accommodation will be based upon such factors as determined by the Management Company, including supply and demand for Units at the Affiliated Resort, Unit type, seasonality, and historical occupancy percentages and facilities at the Affiliated Resort. The Intellectual Property Owner may revalue Accommodation and the Management Company may revalue RCI Points Partner Inventory from time to time, which may lead to an increase or decrease in the assigned Points value for that Accommodation or RCI Points Partner Inventory.

5. **POINTS ALLOCATION, USE YEAR.**

- (a) For administrative convenience in the operation of the Scheme and in the determination of the respective rights of Members, Members are allocated a certain number of Point Rights. Each Full Member shall receive a certain number of Points in respect of the Point Rights purchased by them and/or acquired in exchange for the Deposit of Accommodation into the Scheme. Each Associate Member shall receive a certain number of Points upon fulfilling the conditions set out in his Associate Member Participation Agreement. Points are symbolic of the power to make a Reservation for the use and enjoyment of Accommodation and RCI Points Partner Inventory through the Scheme during a particular Use Year.
- (b) The initial allocation of Point Rights available to a Member is established at the time of acceptance of his initial Acquisition Agreement when Accommodation has been Deposited into the Scheme either by a Vendor Company on behalf of such Member and/or by the Member directly. Subsequent allocations will occur upon the Deposit of additional Accommodation by the Member into the Scheme or the purchase of further Point Rights. The total number of Point Rights allocated to Members shall never exceed the total number of Point Rights determined by the Intellectual Property Owner to be created in the Scheme in respect of all Accommodation introduced into the Scheme. Once a Member has been assigned Point Rights in respect of the Deposit of particular Accommodation, such Member will be allocated the equivalent number of Points each Use Year in respect of such Accommodation. Notwithstanding the foregoing, if a Member Deposited Fixed Accommodation and the Intellectual Property Owner increases or decreases the Points value of that Accommodation, the Points allocated to that Member will increase or decrease by the same amount. If a Member Deposited other than Fixed Accommodation and the Intellectual Property Owner increases or decreases the Points value of that Accommodation, the Management Company may, in its discretion, increase or decrease the Points allocated to that Member for a period of time or for purposes of making certain Reservations.
- (c) The number of Points which a Full Member is allocated annually is the equivalent of the aggregate of Point Rights held by the Member. The number of Points which an Associate Member receives annually is the amount set out in the Associate Member's Participation Agreement.
- (d) The Use Year for each Full Member shall be an annual recurring twelve (12) month period. The Use Year for an Associate Member shall be the period set out in the Associate Member's Participation Agreement. A Member's Use Year shall begin on the date determined in accordance with the procedures set by the Management Company.

IF WITHIN A GIVEN USE YEAR A MEMBER DOES NOT MAKE A RESERVATION WITHIN THE SCHEME AND THAT MEMBER OTHERWISE FAILS TO USE ANY OR ALL ASSIGNED POINTS DURING THAT USE YEAR (INCLUDING TRANSFERRING THOSE POINTS) AND THOSE POINTS ARE NOT ELIGIBLE TO BE SAVED (AND AS A RESULT ARE NOT SAVED), THE MEMBER LOSES THE USE OF THOSE POINTS (AND ANY DEPOSITED ACCOMMODATION) AND THE OUTSTANDING POINTS EXPIRE.

6. **RESERVATIONS.**

- (a) Reservation Requests. A Member may request a Reservation any time after the Management Company accepts that Member's Acquisition Agreement. A Member shall only be permitted to make a Reservation through the Scheme if the Member is current in any and all obligations and fees owed to the Association, the Management Company and his Home Resort or Home Group, his membership is otherwise valid and he is otherwise in compliance with the Scheme Documents.
- (b) Points Usage, Priority. In order to make a Reservation for use of particular Accommodation or RCI Points Partner Inventory during any Use Year, a Member may only use Points allocated in that Use Year and any Points saved, borrowed, transferred or rented in or into that Use Year. A Member may make a Reservation for use of Accommodation or RCI Points Partner Inventory in any future Use Year provided that Use Year is within the term of the Member's Acquisition Agreement and subject to the provisions of these Scheme Rules. Points shall be used in the following order: saved, current, borrowed, rented, transferred saved, transferred current, and transferred rented. Limited Use Points may only be used to make a Reservation of Accommodation at an Affiliated Resort 90 days or less prior to the start of that Accommodation.
- (c) Reservation Periods. The Scheme contains a variety of Reservation periods.
 - (i) Home Week Priority Period. The Home Week Priority Period is designed to support a Full Member's use of his Fixed Accommodation. During the Home Week Priority Period, a Member who Deposited Fixed Accommodation has the exclusive right to reserve the use of that Accommodation, subject to the Scheme Documents. The Home Week Priority Period is 396 days to 366 days

(approximately 13 to 12 months) prior to the first day of occupancy of the Fixed Accommodation.

- (ii) Home Resort Priority Period. The Home Resort Priority Period is designed to support a Full Member's use of Accommodation at his Home Resort. During this period, Reservations of Accommodation in the Home Resort are available on a first come first served basis with only Full Members who Deposited Accommodation at that Home Resort eligible to make a Reservation. The Home Resort Priority Period is 365 days to 335 days (approximately 12 to 11 months) in advance of the start date of the relevant Accommodation. If a Member makes a week-long Home Resort Priority Reservation at an Affiliated Resort where that Member deposited Floating Time and the Reservation is during his floating use period, then the Member will use his entire allocation of Points arising out of that Accommodation to make that Reservation.
 - (iii) Home Group Priority Period. The Home Group Priority Reservation Period is designed to support a Full Member's use of Accommodation at resorts in his Home Group (or the continued use of his Home Resort if his Home Resort is not part of a Home Group). During this period, Reservations of Accommodation in the Home Group are available on a first come first served basis with only Full Members who Deposited Accommodation in that Home Group eligible to make a Reservation. The Home Group Priority Period is 334 days to 304 days (approximately 11 to 10 months) prior to the start date.
 - (iv) Standard Reservation Period. The Standard Reservation Period is the time period during which all Accommodation at Affiliated Resorts becomes available for Reservation by all Members on a first come, first served basis. The Standard Reservation Period begins 303 days (approximately 10 months) and ends 2 days in advance of the start date of the relevant Accommodation.
 - (v) Nonstandard Periods. The Management Company reserves the right to designate for a particular Affiliated Resort or specific Accommodation a different Home Week Priority Period, Home Resort Priority Period, Home Group Priority Period or Standard Reservation Period than that provided for above.
- (d) Priority Reservations. A Member may only use up to the number of Points allocated to him from his deposit of particular Accommodation, in order to make a Reservation of Accommodation during the Home Week Priority Period relating to that Accommodation. A Member may use Points purchased from an Affiliated Resort which do not relate to the deposit of particular Accommodation in order to make a Reservation of Accommodation (at that Affiliated Resort only) during the Home Resort Priority Period. So long as the number of Points used to make the Home Week Priority or Home Resort Priority are equal to or less than the number of Points allocated to the Member as a result of the deposit of the relevant Accommodation, the actual source of the Points is not relevant. Thus, a Member may use transferred or borrowed Points for a Home Week Priority or Home Resort Priority, if he had previously used current Points for another Reservation. The Management Company reserves the right to vary from time to time the terms applicable to the use of Points for Reservations in any Priority Period.
- (e) Daily/Split Reservations. A Daily/Split Reservation entitles the Member who obtains such a Reservation to use a Unit at an Affiliated Resort on less than or more than a full week basis, including daily use or split week use. Minimum lengths of stay and the Reservation window applicable to a Daily/Split Reservation will be determined by the Management Company for each Affiliated Resort. A Member may not make a Daily/Split Reservation during the Home Week Priority Period and the Home Resort Priority Period.

ALL RESERVATIONS OF ACCOMMODATION AT AFFILIATED RESORTS AND RCI POINTS PARTNER INVENTORY ARE SUBJECT TO AVAILABILITY BASED UPON ALLOCATION OF POINTS TO A RESPECTIVE MEMBER AND AS DETERMINED BY THE MANAGEMENT COMPANY IN ACCORDANCE WITH THE SCHEME DOCUMENTS. ALL RESERVATIONS, WITH THE EXCEPTION OF DURING THE HOME WEEK PRIORITY PERIOD, ARE ON A SPACE AVAILABLE, FIRST COME, FIRST SERVED BASIS. ALL RESERVATIONS ARE CONTINGENT UPON THE MEMBER REQUESTING THE RESERVATION AND HAVING SUFFICIENT POINTS TO OBTAIN THE DESIRED ACCOMMODATION OR RCI POINTS PARTNER INVENTORY. BLACKOUT DATES MAY APPLY AT SOME RESORTS AND WITH RESPECT TO SOME RCI POINTS PARTNER INVENTORY. THE SCHEME ADMINISTRATOR CANNOT ENSURE THE AVAILABILITY OF A RESERVATION OF ANY SPECIFIC ACCOMMODATION OR RCI POINTS PARTNER INVENTORY THROUGH THE SCHEME, AS AVAILABILITY WILL VARY. THE EARLIER A RESERVATION IS REQUESTED, THE BETTER THE POSSIBILITY THAT A CONFIRMED RESERVATION CAN BE OBTAINED.

- (f) Making a Reservation, Confirmation. Reservations may be made by mail, by e-mail, or by telephone. Reservation requests are to be made to the Management Company as follows:

By telephone: 0870 60 60 336

By mail: Customer Services
RCI Call Centre (Ireland) Ltd
Loughmahon Technology Park
Skehard Road
Blackrock
Cork

By e-mail: www.rci.com

Written confirmation, including a written confirmation number, will be returned to the requesting Member upon confirmation of a Reservation. Written confirmations must be presented upon check-in or, if not available, then a confirmation number must be provided.

- (g) Alternative Reservation Procedure (Floating Time). The Management Company may determine that for certain Affiliated Resorts that the Home Week, Home Resort or Home Group Reservations be made directly with the Home Resort or Home Group. In that case, a Member will make only those Reservations with the Home Resort or Home Group, with all other Reservations made with the Management Company.

7. RESERVATION SYSTEM PRIORITIES

The Management Company's ability to provide a confirmed Reservation for Members, except as provided below, is based upon (i) the availability of Accommodation Deposited by Full Members in the Scheme or RCI Points Partner Inventory otherwise obtained by the Management Company and (ii) the Member having a sufficient number of Points to obtain the desired Accommodation or RCI Points Partner Inventory. To make a Reservation through the Scheme, a Member must have the necessary Points to reserve the desired Accommodation or obtain the RCI Points Partner Inventory. Neither the Management Company nor resort personnel may represent that specific resort choices, any additional benefits and/or specific Accommodation can be guaranteed through the Scheme.

Members requesting a Reservation at their Home Resort or Home Group may receive priority over other Members who do not own Accommodation at that Home Resort or Home Group. Reservation requests can only be honoured if sufficient Points in relation to the desired Accommodation or RCI Points Partner Inventory are available to the Member making the Reservation request. Other limitations, restrictions and priorities may be employed in the operation of the Scheme, including limitations based on seasonality, Unit size or other factors. These limitations may not be uniformly applied and as a result certain Accommodation or RCI Points Partner Inventory may be restricted in availability based upon applicable priorities and classification grouping of resorts, Accommodation or benefits. The Management Company may set aside Deposited Accommodation to match bulk and other Reservation requests and other demand needs. In the event such Reservations are not confirmed, the Accommodation will be utilized to confirm other Reservations. Demand and supply and, therefore, Points allocated to Accommodation, may be influenced by many different factors. Location, quality, timing, region and comparability are among those factors, any or all of which may change constantly.

To increase the likelihood that specific resort choices and Accommodation may be confirmed, Members are encouraged to submit a Reservation request as far as possible in advance of requested Accommodation.

8. **TRANSACTION FEES.** Each time a Member requests a Transaction, the Management Company will collect or procure the collection of the applicable Transaction fee. Transaction fees are established by the Management Company and may change from time to time and vary among Members.
9. **BORROWING POINTS.** A Member may borrow Points from the next succeeding Use Year so long as that Use Year is within the term of the Member's Acquisition Agreement. The borrowing of Points and the use of borrowed Points may be suspended or otherwise limited by the Management Company from time to time.
10. **SAVING POINTS.**
- (a) At any time, a Member may elect to save Points allocated to him in the current Use Year into the subsequent Use Year for purposes of making a Reservation in that subsequent Use Year. If Points are saved, used for a Reservation and such Reservation is then cancelled, the saved Points shall remain in the Use Year into which saved. Rented Points and Points that have been previously saved cannot be saved into the next Use Year.
- (b) If a Member has not used all of his Points by the end of a Use Year, the Points eligible to be saved will be automatically saved into the Member's next Use Year. Points that have been saved must be used in the Use Year into which they were saved. Thus, if Points are not used in the Use Year in which they have been saved, they will expire. Saved Points may be transferred to another Member, but those Points are usable only within the transferee Member's current Use Year and may not be saved again. The saving of Points and the use of saved Points may be suspended or otherwise limited by the Management Company from time to time.
11. **TRANSFERRING POINTS.** A Member may transfer his Points to another Member for use in the transferee Member's Use Year. The transferee Member may transfer transferred Points back to the transferor Member, but not to another Member. In order to transfer Points, the Management Company must have received a completed authorization, in the form established by the Management Company. If a Reservation fulfilled through the use of transferred Points is cancelled, such transferred Points shall be returned to the account of the Member who made the Reservation. Limited Use Points may not be

transferred. The transferring of Points and the use of transferred Points may be suspended or otherwise limited by the Management Company from time to time.

12. **RENTING POINTS.** The Management Company may, in its discretion, offer Members the opportunity to rent Points for use in a particular Use Year. The rental rate for Points shall be determined by the Management Company and may change from time to time. Rented Points may only be used in the current Use Year and cannot be saved nor transferred. The Management Company reserves the right to restrict the total number of Points that can be rented within the Scheme in any one Use Year, the total number able to be rented by a Member during a Use Year, and/or the Reservations for which rented Points can be used. Payment must be made by the Member renting such Points at the time of rental. The renting of Points may be suspended or otherwise limited by the Management Company from time to time.
13. **CANCELLATIONS.** If a Member or guest cancels a Reservation there will be no refund of the Transaction fee charged. The amount of Points refunded and the restriction upon the use of those Points, if any, depends upon the type of Reservation that is cancelled.
 - (a) **Accommodation at an Affiliated Resort.** If a Member or guest cancels a Reservation for Accommodation at an Affiliated Resort 90 days or more before the start time of the Accommodation, the Member will receive a full refund of the Points used to make that Reservation. If a Member or guest cancels a Reservation for Accommodation at an Affiliated Resort on or after 89 days before the start time of the Accommodation, the Member will receive a full refund of the Points used to make that Reservation; however, the refunded Points will be Limited Use Points.
 - (b) **RCI Points Partner Inventory.** If a Member or guest cancels a Reservation of RCI Points Partner Inventory, the time period between the date of cancellation and the start date of the RCI Points Partner Inventory will determine the number of Points refunded to the Member (if any) in accordance with the cancellation policy applied by the relevant RCI Points Partner. If the RCI Points Partner Inventory consists of a certificate received by the Member from the RCI Points Partner, the Member may only cancel that certificate in accordance with the terms of the certificate, and the Member will not receive a refund of Points.
 - (c) **Other Cancellations.** A Member will not receive a Points refund for a cancellation by the Management Company pursuant to Rule 18(f). A cancellation of an External Exchange Reservation is governed by the terms and conditions of the External Exchange Programme, as discussed in Rule 15 below.
14. **WAIT LISTS.** The Management Company may establish wait lists for particular Accommodation. Only Members current in the payment of Membership Fee and all other amounts as may be owed in relation to the Scheme may be placed on a wait list. The Management Company reserves the right to limit the number of Members that may be on any wait list.
15. **EXTERNAL EXCHANGE PROGRAMME.** Members will have access to the External Exchange Programme. A Member may make a Reservation of available External Exchange inventory upon redemption of the number of Points set forth in External Exchange grids published by the Management Company. If an External Exchange is requested and space is unavailable, the Member may submit an ongoing request. Points are deducted at the time the Reservation is made. If a Member cancels an External Exchange Programme Reservation, the Points used to make that Reservation are not refunded to the Member. Instead, the Member may, subject to the terms and conditions of the External Exchange Programme, reserve substitute Accommodation in the External Exchange Programme. The standard terms and conditions of the External Exchange Programme, in addition to these Rules, apply to an External Exchange. If there is a conflict between these Rules and the terms and conditions of the External Exchange Programme, these Rules shall take precedence.
16. **GUESTS.** A Member may arrange use of Accommodation and of RCI Points Partner Inventory by a guest. Reservations for guests must be made by the Member and may be made in the guest's name. The Management Company reserves the right to charge a fee for a non-Member's (i.e., guest) use of a Member's Points.
17. **RCI POINTS PARTNER INVENTORY.** The Management Company anticipates the offering of RCI Points Partner Inventory. The Management Company shall not be required to make RCI Points Partner Inventory available, but may do so in its discretion. Members of the Scheme may have the option to use their Points to book airline reservations, rental cars, cruises, hotel stays or other products or services as may be made available by the Management Company. Each of these Transactions may require a combination of fees paid and Points used. Limited Use Points may not be used to make Reservations of RCI Points Partner Inventory.
18. **ADMINISTRATION.**
 - (a) **Records, Statements.** The Management Company will maintain records of all Reservations, use and allocation of Points. The Management Company will make available to each Member a Points Statement, on a Use Year basis, which shall contain the activity of the Member for the prior Use Year.
 - (b) **Late Check-In.** Unless a Member informs the Management Company or check-in desk at a particular resort that they anticipate checking in at the resort later than the arrival time designated within a confirmed Reservation, the arriving Member risks forfeiture of such Reservation and the Points used to make such Reservation, in accordance with Rule 13.

- (c) Applicable Limitations. Various limitations exist for Affiliated Resorts and with respect to RCI Points Partner Inventory (e.g., occupancy limitations, baggage limitations). Applicable occupancy limitations shall be observed by each Member and guest.
- (d) Separation of Scheme, Accommodation and RCI Points Partner Inventory. The Scheme, the Affiliated Resorts and the providers of RCI Points Partner Inventory are separate and distinct entities and the services provided by the Scheme are separate and distinct from the products or services that are sold by or on behalf of the Affiliated Resort and RCI Points Partner Inventory provider. While the Management Company (or another company in its group) may have entered into an Affiliation Agreement with a Home Resort or Home Group or an agreement with a RCI Points Partner Inventory provider, the Management Company does not have the ability to control the operations of the Home Resort or Home Group or the RCI Points Partner. Thus, the Management Company cannot be responsible or liable for the actions or omissions of Affiliated Resorts or of RCI Points Partner Inventory providers.
- (e) Information on Affiliated Resorts and RCI Points Partner Inventory. Information about Affiliated Resorts and RCI Points Partner Inventory provided by the Scheme is based on information obtained from Affiliated Resorts and RCI Points Partner Inventory providers. While the Management Company will make reasonable efforts to ensure that information provided by the Scheme to the Members is accurate and complete as of the date such information is published by the Scheme, RCI expressly disclaims any liability for inaccurate, incomplete or misleading information concerning any Affiliated Resort or RCI Points Partner Inventory.
- (f) Cancellation by Management Company. Reservations may be cancelled by the Management Company in respect to any resort which ceases to be an Affiliated Resort. Upon any such cancellation, the relevant Points will be returned to the Member. The Management Company may also cancel a Reservation or withhold the allocation of Points due to a natural disaster, act of God, civil unrest or other unforeseeable circumstance outside the control of the Management Company which renders the Unit uninhabitable or unusable. Upon any such cancellation, the Member will not receive a refund of Points used or any transaction fee paid for that Reservation. In addition, the Management Company may cancel a Reservation following the suspension or termination of a Member's membership in the Scheme. Upon any such cancellation, the Member will not receive a refund of Points used for that Reservation.
- (g) Withdrawal of Benefits. The Management Company may withdraw benefits, including Accommodation at Affiliated Resorts and RCI Points Partner Inventory, or suspend or terminate the affiliation of Home Resorts or Home Groups with the Scheme in accordance with the following:
 - (i) A resort may be terminated as an Affiliated Resort if it is not operated in a commercial or reasonable manner that enables it to meet its obligations or is otherwise not in compliance with the rules, regulations, policies and procedures of the Scheme or the termination of the Affiliation Agreement;
 - (ii) If a resort is destroyed or condemned or otherwise not suitable for use, the Resort may be withdrawn from the Scheme;
 - (iii) If the legal existence of the property regime at the resort is terminated, then the resort may be withdrawn;
 - (iv) In the event the Affiliation Agreement is terminated or expires, or the Affiliated Resort is otherwise terminated from its relationship with the Scheme, the Affiliated Resort will no longer be considered an Affiliated Resort. In such event, the Management Company shall use reasonable efforts to seek to make available alternative accommodations for Members whose confirmed Reservations are cancelled; provided, the Management Company has no obligation to reimburse a Member for any cost or expenses or otherwise satisfy specific requests;
 - (v) In the event that the agreement between the RCI Points Partner Inventory provider and the Scheme either expires or is terminated; or
 - (vi) In the event that the Management Company terminates the operation of the Scheme.
- (h) Re-Enrolment. If a Member's membership terminates or is terminated by the Management Company for any reason, and the Member desires re-enrolment in the Scheme, the Member must execute a new Acquisition Agreement. The Member's re-enrolment is subject to the Management Company's right to refuse any Acquisition Agreement and the applicable fees that are presented to it.
- (i) Non-Commercial Use. Scheme use by a guest or a Member may not be for commercial purposes, including rental or sale.
- (j) Failure to Pay. Membership Fees shall be paid when billed by the Management Company. If not paid within thirty (30) days after date of the bill, Membership Fees will accrue interest and late fees at such rates as shall be published by the Management Company from time to time.
- (k) Additional Fees, Damages. Members are responsible for payment of applicable taxes, personal expenses, utility charges, security deposits and other fees or charges levied with respect to Accommodation at an Affiliated Resort or RCI Points Partner Inventory. Members are also responsible for any damages caused by themselves or their guests.

- (l) Monitoring. Communications to and from representatives of the Scheme may be recorded for training or quality control purposes.
- (m) Additional Products, Services. Representatives of the Scheme may on occasion offer products and services through telephone solicitations. By participating in the Scheme, each Member consents to such solicitation, including but not limited to solicitation through automatic dialling equipment and/or pre-recorded messages. Further, each Member consents to being informed of such products and services even if his membership has been suspended or has otherwise expired or been terminated.

19. **MEMBER SUSPENSION AND TERMINATION.**

- (a) Suspension. A Member may be suspended by the Management Company from participation in the Scheme and use of his allocated Points if: (i) the Member breaches any provision of the Scheme Documents or these Rules; (ii) the Member fails to pay any fees due and outstanding to the Scheme or any Affiliated Resort, including without limitation Individual Management Charges and/or maintenance or owners' association fees payable to such resorts; (iii) the Member fails to remain current in the payment of any purchase money obligations in respect of Accommodation Deposited by that Member; or (iv) the Affiliated Resort associated with the Member's Deposited Accommodation is not then in good standing with the Scheme. If a Member is suspended, the Member may not avail him or herself of the benefits of the Scheme, including the following:
 - (i) the Member may not obtain Reservations;
 - (ii) the Management Company may cancel confirmed Reservations and remove the Member from any wait lists; and
 - (iii) the Member may not be allocated Points for a respective Use Year during suspension.

Any suspension of use of Points shall not release a Member or his Accommodation from his obligations under the Acquisition Agreement.
- (b) Termination. The Management Company may terminate a person's membership or a particular Acquisition Agreement upon the occurrence of any of the following:
 - (i) upon the termination or expiration of all the Member's outstanding Acquisition Agreements;
 - (ii) following suspension if the Member fails to cure the reasons for such suspension within such time as determined by the Management Company;
 - (iii) in the event that the Scheme terminates, all memberships shall terminate; or
 - (iv) the Affiliated Resort at which the Member Deposited his Accommodation is no longer an Affiliated Resort.

Notwithstanding the termination of the Member, all fees and other amounts owing to the Management Company by such Member shall be immediately due and payable to the Management Company. Upon termination, use rights associated with the Accommodation will remain subject to the assignment to the Scheme pursuant to the terms of the relevant Acquisition Agreement, unless released by the Management Company.

- 20. **MEMBER WITHDRAWAL.** A Member may not withdraw from the Scheme until either the expiration of all of the Member's outstanding Acquisition Agreements or the valid transfer of his/her Point Rights or surrender of Use Rights Deposited in the Scheme in accordance with the Articles of Association of the Company. The surrender of Use Rights requires a minimum of twelve months notice in writing from the Member to the Management Company and Use Rights may not be surrendered by Members where the Member has any outstanding Reservation or where the Use Rights have been allocated to any third party.
- 21. **LIMITATION OF LIABILITY.** The Scheme liability, including the liability of the Management Company, to a Member or guest with respect to their use of or inability to use the Scheme shall be limited to the fees paid to the Management Company for the relevant use. In no case shall the Scheme, the Association or the Management Company be liable for special, consequential or punitive damages.
- 22. **RIGHTS OF THE MANAGEMENT COMPANY.** The Management Company may waive the application of any requirement, including Transaction fees, otherwise existing in the Scheme Documents. When a Member uses his Points to make a Reservation of RCI Points Partner Inventory, those Points are assigned to the Management Company for its use in promoting and operating the Scheme. The Management Company may use those Points to make a Reservation of Accommodation, to make those Points available for Associate Members, or to otherwise use or dispose of those Points in its sole discretion. Based upon anticipated demand, the Management Company may exchange Accommodation in the Scheme for Accommodation in the External Exchange Programme. Further, the Management Company may, at any time, dispose of Accommodation it reasonably determines will likely go unused. Finally, the Management Company may, in its sole discretion, accept or reject any Acquisition Agreement.
- 23. **SCHEME INTEGRITY.** In addition to all other rights provided to the Management Company in the Scheme Documents, the Management Company shall have the right to take such actions, as determined by the Management Company in its discretion, to ensure the continuing integrity of the Scheme. Such actions may include, but not be limited to, restricting Members' ability to access RCI Points Partner Inventory, restricting the timing or amount of Points that may be saved, borrowed, transferred or rented, and adjusting the Points value of Accommodation and of RCI Points Partner Inventory.
- 24. **AMENDMENT.** The Management Company may amend these Rules at any time. Notice of any

amendment affecting Members shall be delivered by the Management Company to each Member at the last known mailing address as set forth in the records of the Management Company. Alternatively, notice of amendments may be made by newsletter, publication or annual mailings. An amendment to any Scheme Documents will be effective on publication or mailing.

25. **EXCLUSIVE JURISDICTION.** These Rules shall in all respects be interpreted and construed in accordance with and governed by the laws of England, and any action at law or in equity under this Agreement shall be submitted to the jurisdiction of the English courts (to whose jurisdiction the Affiliate expressly consents) unless RCI determines in its sole discretion that, because of the injunctive or other relief sought by it, the action should be brought in a jurisdiction in which the Affiliate or the Resort are located.

SCHEME REGULATIONS

1. DEFINITIONS

In these Regulations, capitalised words shall, unless the context otherwise requires, have the meaning ascribed to them in the Articles of Association of RCI Points Limited or the Scheme Rules.

2. MEMBERS' OBLIGATIONS

2.1 In addition to any other obligations, Members:

- 2.1.1 shall not use nor permit the use of any Scheme Accommodation in any manner or for any purpose which might adversely affect the reputation of any Resort or of the Scheme;
- 2.1.2 shall not contravene or permit contravention of any law, bylaw, ordinance, proclamation, statutory regulation or condition of any licence relating to occupation of any building in which the Scheme Accommodation is situated;
- 2.1.3 shall not make any alterations to any Scheme Accommodation;
- 2.1.4 shall not do anything which may aesthetically detract from or alter any Scheme Accommodation;
- 2.1.5 shall permit authorised persons access to any Scheme Accommodation including for the purpose of conducting inspections, carrying out maintenance, executing repairs or making alterations;
- 2.1.6 shall at no time permit occupation of any Scheme Accommodation by unauthorised persons, or by more persons than any maximum prescribed number;
- 2.1.7 shall not in any way alter or remove or tamper with any Movable contained in or outside of any Scheme Accommodation, or tamper or interfere with the Common Facilities;
- 2.1.8 shall not keep in or about any Resort any substances of a flammable nature or do or omit doing anything which may cause a fire hazard or may vitiate any fire insurance or constitute any other form of public hazard at any time;
- 2.1.9 shall inform a representative of the Management Company and the relevant Resort of any breakages which occur or become apparent during their period of use;
- 2.1.10 shall keep the Scheme Accommodation and all fixtures and fittings and other Movable in the same good clean state and condition and repair as they were at the commencement of the period of occupation by the Member;
- 2.1.11 shall not keep any animals at the Scheme Accommodation unless permitted by the relevant Resort;
- 2.1.12 shall ensure that all furniture, equipment, effects and other Moveables shall be left in the rooms or places in which they were at the commencement of the period of occupation by the Member;
- 2.1.13 shall at no time carry on or permit to be carried on from the Scheme Accommodation any profession, trade or business whatsoever;
- 2.1.14 shall not do or allow to be done any act or thing which may be a nuisance or annoyance to the occupiers of adjoining Accommodation or other premises in the vicinity, including and in particular and without prejudice to the foregoing not use or play any electrical or musical instruments of any kind or practice any singing in the Scheme Accommodation between the hours of 11 pm and 9 am;
- 2.1.15 shall not affix or permit or suffer to be affixed or exhibited on or from the Scheme Accommodation so as to be visible outside the Scheme Accommodation any aerial or transmitter, flag, placard, sign or poster of any description.

2.2 Members shall additionally comply with such rules as may be in force in respect of and governing specific Resorts and the occupancy of Accommodation and use of Common Facilities in such Resorts.

3. RISK

3.1 Members shall, whilst in occupation of Scheme Accommodation, be responsible for damage to such Scheme Accommodation and Movable.

3.2 The use of Scheme Accommodation, Common Facilities, Movable and services at Resorts shall be at the sole risk of the Members using the same and the Association shall not (insofar as this does not relate to death or personal injury caused as a result of the negligence of employees or agents of RCI Points Limited) be in any way responsible for any damage or loss of whatever nature sustained by any person whomsoever and whether consequent upon or caused by human or animal agency, natural phenomena or otherwise.

4.

INDEMNITY

Each and every Member individually shall indemnify and hold harmless the Association and the Trustee against any and all claims of whatsoever nature and which may be brought against the Association or the Trustee by a Member, member of his family or other person in respect of damage including all consequential damage and losses of whatsoever nature and howsoever arising, consequent upon the use of the Scheme Accommodation or the Common Facilities.

5.

AMENDMENT.

The Management Company may amend these Regulations at any time. Notice of any amendment affecting Members shall be delivered by the Management Company to each Member at the last known mailing address as set forth in the records of the Management Company. Alternatively, notice of amendments may be made by newsletter, publication or annual mailings. An amendment to any Scheme Documents will be effective on publication or mailing.

MEMORANDUM OF ASSOCIATION
of
RCI Points Limited

Company No: 3308467

Incorporated the 28th day of January 1997

1. **NAME**

The name of the Company is RCI Points Limited.

2. **REGISTERED OFFICE**

The Company's registered office is to be situated in England.

3. **PRIVATE COMPANY**

The Company is a private company limited by guarantee.

4. **THE COMPANY'S OBJECTIVES**

The Company's objectives are:-

- (1) To acquire interests in property ownership or use schemes or specific property or accommodation including rights to occupy specific properties and accommodation; to secure for its members common rights of ownership of interests in property ownership or use schemes or specific property or accommodation; to make available to its members in any way or manner rights to occupy, use and enjoy specific properties or accommodation; to administer or direct the administration of such system or systems whether or not based on an allocation of points in respect of such property interests and occupancy rights as will secure occupancy and use rights for its members in a just and equitable manner; to sell, lease, let, exchange or otherwise dispose of or grant occupancy and use rights in respect of such property interests and occupancy rights to generally deal with and manage such property interests and occupancy rights; to receive all income arising from such property interests and occupancy rights and to receive monies from its members and apply such income and monies as provided in the Company's Memorandum and Articles of Association from time to time.
- (2) To carry on all activities connected therewith or ancillary or complimentary thereto.
- (3) To purchase, feu, take on lease, exchange, hire or otherwise acquire and hold for any estate or interest and any real or personal or heritable or moveable property and any rights, privileges business undertakings or concessions which the Company may think necessary or convenient for its purposes.
- (4) To borrow or raise money in such manner and upon such terms and on such security as the Company shall think fit and in particular by the issue (whether at par or at a premium or discount and for such consideration as the Company may think fit) or deposit of notes, bonds, debentures or debenture stock (payable to bearer or otherwise), mortgages or charges, (whether perpetual or not) and if the Company thinks fit to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the whole or any part of the undertaking property and assets of the Company, both present and future.
- (5) To apply for, register, purchase or otherwise acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere, any designs, brevets (di-invention), trade marks, patents, licences, concessions, copyrights, rights of agency or distributorship and the like, conferring any exclusive or non-exclusive or limited right of user or any secret or other information as to any invention, process, development or the like which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company. To use, exercise, develop, grant licences or privileges in respect of or otherwise turn to account of the same, and with a view to the working and development of the same to carry on any business whatsoever, whether manufacturing or otherwise, which the Company may think is calculated directly or indirectly to achieve these objects and to apply for, register or by other means protect, prolong and renew whether in the United Kingdom or elsewhere any of the same.
- (6) To purchase, subscribe for or otherwise acquire and hold, sell and deal with any shares, stocks, or other securities of any other company constituted or carrying on business in any part of the world.
- (7) To purchase or otherwise acquire all or a part of the business, goodwill, assets, property and liabilities of:
 - a) any company or firm carrying on or proposing to carry on any business within the objects of the Company or

- b) any person carrying on any business within the said objects and to conduct and carry on, or liquidate and wind up, any such business.
- (8) To pay for any property or rights acquired by the Company on such terms and in such manner as the Company may determine.
- (9) To accept payment for any property or rights sold or otherwise disposed of or dealt with or for any services rendered by the Company, either in cash, by instalments or otherwise, or in shares of any company with or without deferred or preferred rights in respect of dividend or repayment of capital or otherwise, or by means of a mortgage or by debentures or debenture stock of any company or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, deal with or dispose of any consideration so received in such manner as the Company may think fit.
- (10) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.
- (11) To invest and deal with the monies of the Company not immediately required for the purposes of its business in or upon such investments and securities (including land of any tenure in any part of the world) and in such manner as may from time to time be considered expedient and to dispose of or vary any such investments or securities.
- (12) To lend and advance money or give credit on any terms and with or without security to such person, firm, company (including without prejudice to the generality of the foregoing any company associated in any way with the Company), syndicate or other bodies of all kinds and on such terms as may be considered expedient and to receive money on deposit or loan from and enter into guarantees, contracts of indemnity and suretyships of all kinds whether secured on any assets of the Company or not and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such associated company as aforesaid).
- (13) To finance or assist in financing the sale of goods, articles or commodities of all and every kind of description by way of hire purchase or deferred payment, or similar transactions, and to institute, enter into, carry on, subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever, to acquire and discount hire purchase or other agreements or any rights thereunder (whether proprietary or contractual) and generally to carry on business and to act as bankers, financiers, traders, commission agents, or in any other capacity, and to import, export, buy, sell, barter, exchange, pledge, make advances upon or otherwise deal in goods, produce, articles and merchandise.
- (14) To enter into any arrangement with any government or other authority, supreme, municipal, local or otherwise, or any person or company and to obtain from any such government, authority, person or company all rights, concessions, and privileges which may seem conducive to the Company's objects or any of them, or to obtain or to endeavour to obtain, any provisional order, Act of Parliament or other legislative or executive act for the purpose of the Company or any other company or for effecting any alteration or modification of the Company's constitution.
- (15) To apply for, promote and obtain any Act of Parliament, order or licence of the Department of Trade and Industry or other authority for enabling the Company to carry any of its objectives into effect or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interest and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interest.
- (16) To enter into partnership or into any arrangements for joint working in business or for sharing profits or to amalgamate with any person or company carrying on or proposing to carry on any business which the Company is authorised to carry on or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.
- (17) To subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any useful object of a public or general nature.
- (18) To act as agents or brokers and as trustees for any person, firm or company and to undertake and execute any trusts the undertaking whereof may seem desirable, and either gratuitously or otherwise.
- (19) To sell, mortgage, charge, pledge, grant or surrender rights over, exchange, lease, dispose of, turn to account or otherwise deal with the whole or any part of the property, assets, business or undertaking of the Company for such consideration (if any) as may be considered expedient, including consideration in cash, whether by instalments or otherwise, or in kind, or in shares (with or without deferred or preferred rights in respect of dividends or repayment of capital or any other matter) or debentures, mortgage debentures, debenture stock or loan stock (secured or otherwise) of any company, corporation or body of persons, or in the form of any property, real or personal, tangible or intangible, or of any right, pledge or claim, or of any undertaking to do or

abstain from doing any act, or to supply any services or goods or any other consideration, or in any combination of the above.

- (20) To build upon any land, and to alter, enlarge, maintain, rebuild, repair, decorate or otherwise improve any buildings, works and machinery.
- (21) To promote, finance or assist any other company for the purpose of acquiring all or any part of the property, rights and liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.
- (22) To pay all costs, charges and expenses incurred or sustained in or about the promotion or establishment of the Company, or which the Company shall consider to be in the nature of preliminary expenses including therein the cost of advertising, printing and stationery, and the legal and other expenses of the promoters.
- (23) To remunerate any person or company rendering services to the Company, or in or about its formation or promotion in such manner as may be thought expedient.
- (24) To draw, make, accept, endorse, discount, negotiate, execute, and issue promissory notes, bills of exchange, bills of lading, scrip, warrants and other transferable or negotiable instruments.
- (25) To effect, purchase, or otherwise acquire and keep up, at the cost of the Company, any policy or policies of assurance upon the life or lives of any persons holding any office or employment under the Company, and to surrender, sell, discharge or give up any such policy as aforesaid.
- (26) To procure the Company to be registered in any country or place.
- (27) To do all or any of the above things in any part of the world either alone or in conjunction with others and either as principals, agents, contractors, trustees or otherwise and either by or through agents, sub-contractors, trustees or otherwise.
- (28) To do all such things as may be deemed incidental or conducive to the attainment of the above objects or any of them.
- (29) To grant indemnities of every description and to undertake obligations of any description.
- (30) To appoint any person or persons, firm or firms, company or companies to be the attorney or agent of the Company and to act as agents, managers, secretaries, contractors or in a similar capacity.
- (31) To amalgamate with any other company whose objects are or include objects similar to those of the Company and on any terms whatsoever.
- (32) To construct, erect, maintain, alter, replace or remove any buildings, works, offices, erections, plant, machinery tools or equipment as may seem desirable in the interests of the Company, and to buy, sell and severally deal in any plant, tools, machinery or equipment or things of any description which may be conveniently dealt with for correction with any of the Company's objects.

The objects set forth in any sub-clause of this clause shall not be restrictively construed but the widest interpretation shall be given thereto, and they shall not, except when the context expressly so requires, be in any way limited to or restricted by reference to or inference from any other object or objects set forth in such sub-clause or from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses or the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause, but the Company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

5. **WINDING UP OR DISSOLUTION**

If upon winding up or dissolution of the Company there remains, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the Members of the Company but shall be given or transferred to some other institution or institutions having objects similar to the objects of the Company, such institution or institutions to be determined by the Members of the Company at or before the time of dissolution and if and so far as effect cannot be given to such provision, then to some charitable object.

6. **INTERPRETATION**

It is hereby declared that where the context so admits the word "company" in this clause shall be deemed to include any partnership, firm or other body of persons whether or not incorporated and, if incorporated, whether or not a company within the meaning of the Companies Act 1985.

7. **LIMITED LIABILITY**

The liability of the Members is limited.

8. **GUARANTEE**

Every Member of the Company undertakes to contribute such amount as may be required (not exceeding 1 pound sterling) to the assets of the Company in the event of its being wound-up while he is a Member or within 1 (ONE) year after he ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he ceases to be a Member, and the costs, charges and expenses of the winding-up and for the adjustment of the rights of the contributors amongst themselves.

We, the subscriber to this Memorandum of Association:

- (a) wish to be formed into a company pursuant to this Memorandum;
- (b) agree to become a Member of the Company;
- (c) declare that all the requirements of the Companies Act 1985 (UK) (as amended by the Companies Act 1989) in respect of matters relating to registration and of matters precedent and incidental thereto have been complied with.

ARTICLES OF ASSOCIATION**of****RCI Points Limited**

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1. **PRELIMINARY**

The regulations contained in Table C in the Schedule to the Companies Act (Tables A to F) Regulations 1985 will not apply to the Company.

2. **DEFINITIONS AND INTERPRETATION**

2.1 In these Articles the following words shall, unless the context otherwise requires, have the following meanings:

Accommodation	means Units and/or Use Rights;
Acquisition Agreement	means any agreement pursuant to which a person applies to acquire Point Rights from a Vendor Company or applies for Membership and to purchase Point Rights from a Vendor Company conditional upon becoming a Member;
Act	means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;
Annual General Meeting	has the meaning given to it in the Act;
Association	means RCI Points Limited;
Articles	means these Articles of Association (and where appropriate, includes the Memorandum of Association) as amended from time to time;
Auditors	means the Auditors from time to time of the Association;
Board	means the Board of directors of the Association as constituted from time to time;
Chairman	means the chairman from time to time of the Board appointed pursuant to Article 24;
Common Facilities	means facilities and amenities designated for common or communal use by occupiers of Accommodation in Resorts;
Extraordinary General Meeting	has the meaning given to it in the Act;
Financial Year	means the financial year of the Association;
Form of Surrender and Request	means a document in a form approved and issued by the Association by which a Member may request a surrender or transfer of his Point Rights;
General Meeting	means an Annual General Meeting or an Extraordinary General Meeting (as the case may be);
Individual Management Charge	has the meaning given to it in Article 11.4
Intellectual Property Owner	means The Leisure Corporation Limited registered number 084605C whose registered office is at 28 Finch Road, Douglas, Isle of Man, or its nominee, assignee or successor in title;
Interest	means interest at the rate of 4% over the base rate of Barclays Bank plc or such other rate as may be specified by the Board from time to time;
Management Agreement	means the Management Agreement from time to time in terms of which the Management Company undertakes the general management of the affairs of the Association;
Management Charges	means all and any sums which Members are liable to pay to the Association in accordance with these Articles in respect of the Scheme or the Scheme Accommodation including without limitation costs incurred by the Association and all expenditure of the Association whether estimated or actually incurred;
Management Company	means the company appointed from time to time pursuant to the provisions of these Articles and the Management Agreement;
Members	means the subscribers to the Memorandum of Association of the Company and such other persons as are admitted to Membership in accordance with the Articles;
Membership	means membership of the Association;
Membership Certificate	means a certificate issued to a Member pursuant to Article 4.2;
Membership Fee	means a fee fixed at the discretion of the Board from time to time for the purpose of establishing and operating membership communications centres;
Membership Register	means the register of Members in accordance with the Act;
Movables	means the furnishings, equipment, utensils and all other such things contained in and forming part of the Accommodation;

Non-Scheme Accommodation	means Accommodation, Title to which is not vested in an Owning Company;
Notice	means any notice given in terms of these Articles which (unless specifically provided to the contrary): <ul style="list-style-type: none"> (i) shall be in writing; (ii) shall be delivered by hand or posted to the addressee (and in the case of a Member to his address as recorded in the Membership Register) by pre-paid post; and (iii) shall, if posted, be deemed to have been received 7 days after the date of its posting;
Occupancy Rights	means rights to the exclusive use and occupation of Scheme Accommodation for the duration of a Time Module subject to and in accordance with the provisions of these Articles, the Scheme Rules and the Scheme Regulations;
Ordinary Resolution	means a resolution passed by a simple majority of Members attending or represented by proxy and entitled to vote at a General Meeting;
Owning Companies	means the non-trading companies, controlled by the Trustee, whose purpose is to hold the Scheme Accommodation on behalf of the Trustee and whose details shall be as set out in the Schedules from time to time;
Points	means the units in which the extent of Occupancy Rights to which a Member is entitled are expressed;
Points Grading	means, in relation to any Accommodation, the allocation of Points to Time Modules which allocation may vary according to the size and quality of the Accommodation and the season and demand for the relevant Time Module;
Point Rights	means the right of a Member to be credited each year with Points in accordance with the Point Rights Register;
Point Rights of Limited Duration	means Point Rights which arise from the introduction of Accommodation into the Scheme for a limited duration and which expire upon the removal of the said Accommodation from the Scheme;
Point Rights Certificate	means a certificate issued to a Member specifying his Point Rights;
Point Rights Register	means the register reflecting the nature, extent and duration of the Point Rights held by each Member;
Resorts	means resort developments throughout the World and where applicable shall include movable Accommodation;
Resort Points Value Guide	means any Schedule headed as such which indicates the description of Accommodation in one or more Resorts (whether or not Accommodation in such Resorts is included in the Scheme) and the Time Module and Points Grading attributable to each Unit comprised in that Accommodation;
Schedules	means such Schedules issued by or under authority of the Board from time to time, which shall be in writing, may be contained in separate documents and shall include <ul style="list-style-type: none"> (i) Scheme Accommodation Tables; (ii) Resort Points Value Guides; (iii) Estimates of Management Charges for the Financial Year and the manner and method of calculation thereof; (iv) Such other information as the Board or any Trustee may prescribe;
Scheme	means the leisure property occupation scheme conducted in terms of these Articles, the Scheme Regulations and the Scheme Rules;
Scheme Accommodation	means any Accommodation, Title to which is vested in an Owning Company in accordance with the provisions of the Trust Deed;
Scheme Accommodation Tables	means the Schedules which indicate the Scheme Accommodation, the number of Points in the Scheme relative to each Resort and descriptions of the Accommodation;
Scheme Methods	means the methodology of operation of the Scheme including, without limitation, the methods, know-how, technology, systems, documentation, computer programmes, software, copyright, trade marks, trade names, patents and all other intellectual property relating to the conduct of the Scheme in general and the Points system in particular;
Scheme Regulations	means such regulations as may be issued by or under authority of the Association or the Board from time to time pursuant to these Articles, and

	regulating inter alia, the rights and obligations of Members in exercising their Occupancy Rights;
Scheme Rights	means the Intellectual Property Owner's rights in the Scheme Methods and its right to operate the Scheme, including the right to introduce Accommodation into the Scheme and the right to grant licences to Vendor Companies to use and exploit the Scheme and the Scheme Methods;
Scheme Rules	means the rules referred to in Article 44;
Special Resolution	means a resolution passed by a majority of not less than three fourths of the Members attending or represented by proxy and entitled to vote;
Special Management Charge	means any expenses actually and necessarily incurred or reasonably expected to be incurred by the Association which were not included, or not adequately provided for, in the Management Charge;
Time Module	means, in relation to any Accommodation, a period of consecutive days shown in relation to that Accommodation in the relevant Resort Points Value Guide;
Title	means: <ul style="list-style-type: none"> (i) in respect of a Unit, unencumbered legal title and without prejudice to the generality of the foregoing, includes registered freehold title, leasehold title, and vested rights under any contractual or club scheme, together with any rights attaching or pursuant to such legal title; and (ii) in respect of Use Rights means the exclusive entitlement to a Use Right;
Trust Deed	means any deed of trust made in favour of the Association for the purpose of securing Accommodation for the benefit of the Association;
Trustee	means the trustee referred to in the Trust Deed or any replacement trustee;
Trust Property	means all Scheme Accommodation and any other assets held by the Trustee in terms of the Trust Deed from time to time;
Unit	means any or all of: <ul style="list-style-type: none"> (i) movable property comprising an accommodation unit or units in a cruise ship, yacht, canal boat, barge, caravan or other recreational vehicle; and (ii) immovable property comprising a residential unit or units such as a chalet, apartment, house or cottage, suite; and (iii) any other structure intended for habitation by one or more persons primarily for leisure purposes, including if applicable the fixtures and fittings and Movables therein; and (iv) any real property right or any other right relating to the use of one or more of any of the properties described in (i) to (iii) above for a specified or specifiable period of the year.
Use Rights	means any rights of use and enjoyment of a Unit which are capable of assignment or (as the case may be) are assigned to an Owning Company but where the Title to the Unit remains vested in the assignor of the rights;
Vendor Company	means any person which is licensed by the Intellectual Property Owner from time to time to use and commercially exploit the Scheme and the Scheme Methods by introducing Accommodation and/or Use Rights into the Scheme in accordance with the provisions of the Trust Deed and these Articles and to be issued with and to market, sell or otherwise dispose of Point Rights in the Scheme;
Year	means a calendar year.
2.2	References to any English statutory provision or English legal term for any action, remedy, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English statutory provision or English legal term. Unless the context otherwise requires, words and expressions: <ul style="list-style-type: none"> 2.2.1 importing the singular shall include the plural and vice versa and words importing one gender only shall include the other, 2.2.2 denoting natural persons shall include legal persons and vice versa; 2.2.3 contained and not defined herein shall, if the context so admits, bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles are registered.

3. **MAINTENANCE, MANAGEMENT AND INSURANCE**

- 3.1 The Association shall manage and administer the Scheme in accordance with these Articles for the benefit of Members insofar as it lies within its competence and powers.
- 3.2 The Association shall
 - 3.2.1 procure insurance of the Scheme Accommodation to the extent that it is not, in the sole discretion of the Association, sufficiently insured or insured at all by the management of a Resort, for its full replacement value against such risks as the Association may determine from time to time;
 - 3.2.2 forthwith apply or procure that any insurance money received in respect of damage to the Scheme Accommodation be applied for rebuilding, reinstating and/or replacing the same, insofar as this may be effected;
 - 3.2.3 pay the premiums on any policy of insurance effected by it;
 - 3.2.4 on the written request of any Member and payment of a reasonable administrative and copying fee, produce to that Member or any person authorised in writing by him, the policy or policies of insurance so effected and the receipt or receipts for the last premium or premiums in respect thereof;
 - 3.2.5 procure the proper maintenance of the Scheme Accommodation and ensure that the Scheme Accommodation remains in a state of good repair insofar as it is within its power so to do;
 - 3.2.6 procure compliance with any notice or order by any competent authority requiring any repairs to or work to be done in respect of any Scheme Accommodation or any part thereof insofar as it is within its power so to do;
- 3.3 The Association shall maintain accurate written records of all its financial transactions and affairs, and shall deposit all money received by it into a bank or building society account in its name, or into a trust account operated by the Management Company.

4. **MEMBERSHIP / MEMBERSHIP REGISTER/ MEMBERSHIP CERTIFICATES**

- 4.1 The Board (or the Management Company on behalf of the Board) shall, at its absolute discretion, have power to admit persons to Membership of the Association and may admit any person (not being a minor) who has applied to be a Member and who has agreed to acquire Point Rights and every person so admitted shall be entitled to have his name entered in the Membership Register. Every person who wishes to become a Member shall deliver to the Association an application for membership in such form as the directors require, executed by him.
- 4.2 Membership Certificates:
 - 4.2.1 shall be in such form as the directors may require;
 - 4.2.2 shall be issued to Members following entry of their names in the Membership Register;
 - 4.2.3 shall bear the signature of a Board member (or the Management Company on behalf of the Board);
 - 4.2.4 may, if defaced, lost or destroyed, be replaced on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Association as the directors may determine and (in the case of defacement) on delivery up of the old certificate.
- 4.3 In the case of joint Members, the senior of them shall be deemed to be the Member and seniority shall be determined by the order in which the names of the holders stand in the Membership Register. Joint Members shall be jointly and severably liable for all obligations of a Member;
- 4.4 Should a Member cease to be the holder of a Point Rights Certificate or cease to be entitled to Point Rights, he shall ipso facto cease to be a Member provided that any continuing or other obligation to the Association or a Vendor Company arising prior to such person ceasing to be a Member, shall continue to bind the Member until such obligation is extinguished;
- 4.5 A Member shall have no rights in respect of the Movables other than the right to use the Movables contained in Scheme Accommodation during his occupation of the Scheme Accommodation.
- 4.6 No person may acquire Point Rights unless he shall first become a Member of the Association.

5. **POINT RIGHTS / POINT RIGHTS REGISTER / POINT RIGHTS CERTIFICATES**

- 5.1 The Intellectual Property Owner shall determine the number of Points applicable to all Scheme Accommodation which shall be capable of issue and allotment as Point Rights in accordance with the provisions of these Articles and the Scheme Rules.
- 5.2 Vendor Companies shall be entitled to market sell or otherwise dispose of Point Rights in accordance with these Articles, the Trust Deed and the licence granted to them by the Intellectual Property Owner.

- 5.3 Point Rights shall revert to the Vendor Company which introduced the Accommodation into the Scheme in respect of which they were originally issued following the expiry of the period of duration of such Point Rights specified in the Acquisition Agreement allocating them to a Member who is not a Vendor Company.
- 5.4 The Association shall keep the Point Rights Register at its office and shall enter therein and keep up to date a description of the nature, extent and duration of the Point Rights allocated to and held by each Member.
- 5.5 Point Rights Certificates shall be issued to Members following entry of their names in the Point Rights Register, and additional Point Rights Certificates shall be issued to Members who acquire additional Point Rights. Each Point Rights Certificate shall bear the signature of a Board member (or the Management Company on behalf of the Board)
- 5.6 A Replacement Point Rights Certificate shall be issued to a Member who disposes of part only of his Point Rights.
- 5.7 Where in accordance with these Articles Point Rights should revert to a Vendor Company and the Board, having made all reasonable enquiries, cannot identify the Scheme Accommodation in respect of which any such Point Rights were originally allocated and/or the Vendor Company to which the Point Rights were originally allocated (as the case may be), then those Point Rights shall be allocated to the Intellectual Property Owner.

6. TRANSFER OF POINT RIGHTS

- 6.1 Any Point Rights acquired by a Member pursuant to an Acquisition Agreement in terms of which the Member agreed to transfer or to assign Use Rights to the Trustee and/or an Owning Company in exchange for such Point Rights (in this Article 6, "Conversion Point Rights"), shall not be capable of being sold or otherwise disposed of by the Member unless Title to the Unit from which such Use Rights derive is transferred to the Trustee and/or an Owning Company or on other conditions that may be imposed by the Board or the Management Company on behalf of the Board.
- 6.2 Subject to Articles 6.3 and 6.4, any Member may bequeath, sell or otherwise dispose of Point Rights to any person (a "Transferee") which are not Conversion Point Rights provided that -
 - 6.2.1 he has paid all amounts which may be owing by him to the Association or Vendor Company; and
 - 6.2.2 he is not in breach of any of the provisions of these Articles; and
 - 6.2.3 the Transferee has applied for Membership of the Association; and
 - 6.2.4 the prior consent to or subsequent ratification of the disposal by the Board has been granted in writing.
- 6.3 In the event of a Member wishing to transfer all of his Point Rights:
 - 6.3.1 he shall not in any way dispose of his Point Rights unless the proposed Transferee has applied for Membership of the Association;
 - 6.3.2 he shall deliver the Point Rights Certificate to the Association or Management Company on its behalf together with a Form of Surrender and Request duly executed by him and by the Transferee and, upon payment of the applicable fee and approval by the Board of the Transferee's application for Membership, the Association shall:
 - 6.3.2.1 procure that his Membership is cancelled and that the Transferee is admitted to Membership of the Association; and
 - 6.3.2.2 procure that the Transferee's details are entered in the Membership Register and the Point Rights Register; and
 - 6.3.2.3 procure that the Transferee is issued with a Point Rights Certificate;
- 6.4 In the event of a Member wishing to sell or dispose of part only of his Point Rights, the provisions of Article 6.3. shall apply mutatis mutandis in respect of such part provided that he shall not be entitled to dispose of fractions of Point Rights or any number of Point Rights lower than the minimum number of Point Rights transferable which shall be determined from time to time by the Board. On acceptance by the Association of the Form of Surrender and Request, the Management Company shall be instructed to issue or procure the issue of a new Point Rights Certificate in favour of the Transferee, and an amended or new Point Rights Certificate in the name of the Member reflecting the balance of Point Rights still held by him, and the Point Rights Register shall be amended accordingly.
- 6.5 The transferor of Point Rights shall remain a Member and be entitled to the Point Rights until the Transferee is registered as a Member and his name is entered in the Point Rights Register and a Point Rights Certificate has been issued in favour of the Transferee.
- 6.6 A Transferee entitled to the Point Rights of a deceased Member shall, within two years of the death of that Member, deliver the relevant Point Rights Certificate to the Association or Management Company together with such evidence of the Member's death and the Transferee's entitlement to the Point Rights as the directors may require and a completed application for transfer in a form approved by the Board from time to time and upon payment of the applicable fee and approval of the Transferee's application for Membership, the Association shall:

- 6.6.1 procure that the Transferee is admitted to Membership of the Association; and
- 6.6.2 procure that the Transferee's details are entered in the Membership Register and the Point Rights Register; and
- 6.6.3 procure that the Transferee is issued with a Point Rights Certificate.

7. CESSATION OF MEMBERSHIP

- 7.1 A Member shall cease to be a Member:
 - 7.1.1 when he ceases to be the registered holder of Point Rights in the Point Rights Register; or
 - 7.1.2 on his death.
- 7.2 A Member may at any time withdraw from the Association by giving at least 28 days clear notice to the Association.
- 7.3 If a Member ceases to be a Member his Point Rights shall, except as provided in Articles 5.7, 6.2, 6.6, and Article 12.2 revert to the Vendor Company which introduced the Scheme Accommodation into the Scheme in respect of which those Point Rights were allocated. If such Vendor Company has ceased to exist at that time then the Point Rights shall revert to the Intellectual Property Owner.
- 7.4 Upon the Member ceasing to be a Member, neither he nor any of his successors, executors, personal representatives, trustees or liquidators shall, have any claim upon or interest in or rights to the funds or other property of the Association;
- 7.5 The Association shall be entitled to claim from any Member or his estate any Management Charges and other sums due from him, together with Interest from the date upon which such amounts are due and payable until the date of payment in full.

8. POINT RIGHTS OF LIMITED DURATION

- 8.1 Point Rights of Limited Duration shall be allocated in respect of any Accommodation introduced into the Scheme, Title to which will not be held by an Owning Company in perpetuity (whether by reason of the expiry of such Accommodation, its reversion to a third party or any other reason whatsoever).
- 8.2 Point Rights of Limited Duration shall be recorded as such, together with their date of expiry, on the Point Rights Register. They shall exist only for a period equal to the period during which Title to the Scheme Accommodation in respect of which they are allocated is vested in an Owning Company. Upon their expiry they shall cease to exist.
- 8.3 Upon the expiry of Point Rights of Limited Duration, the Member entitled to such Point Rights shall cease to be the registered holder of them in the Point Rights Register and the provisions of Article 7.1 shall apply if appropriate.

9. OCCUPANCY RIGHTS

- 9.1 Title to the Scheme Accommodation shall vest in the Owning Companies on trust for the Members in accordance with the provisions of the Trust Deed.
- 9.2 Ownership of Point Rights shall entitle a Member to Occupancy Rights.
- 9.3 Occupancy Rights shall be exercisable during a Time Module, and:
 - 9.3.1 in respect of any Scheme Accommodation, the duration of available Time Modules shall be shown on the Resorts Points Value Guide together with the number of Points necessary to exercise the Occupancy Rights in respect of each such Time Module;
 - 9.3.2 the Points Grading of Scheme Accommodation shall be determined by the Intellectual Property Owner in the manner prescribed in these Articles and the Scheme Rules.
- 9.4 Points Rights allocated by the Association in respect of Accommodation introduced into the Scheme shall vest in the first instance in a Vendor Company, in accordance with the provisions of the Trust Deed and these Articles, and the Vendor Company shall thereupon be admitted to Membership.

10. DUTIES OF MEMBERS OCCUPYING ACCOMMODATION

A Member shall:

- 10.1 when occupying Scheme Accommodation, permit any person authorised in writing by the Board (or the Management Company on its behalf), at all reasonable times on notice, except in case of emergency when no notice shall be required, to enter the Scheme Accommodation for purposes of inspection, maintenance and repair or to ensure that the provisions of these Articles are being observed;
- 10.2 not have any claim whatsoever against the Association as a consequence of any disturbance or interference with his Occupancy Rights should the operations referred to in Article 10.1 be such as to deprive a Member or any person lawfully exercising the Member's Occupancy Rights of them, save that the Board may, at its discretion, refund to the Member some or all of the Points used by him to exercise such Occupancy Rights;

- 10.3 use Common Property in such a manner as not to interfere unreasonably with the use and enjoyment thereof by other Members or other persons lawfully entitled thereto;
- 10.4 not use Scheme Accommodation or permit it to be used in such a manner or for such purpose as will cause a nuisance to other Members or to any other persons lawfully entitled to the use thereof or of the Resorts, and shall ensure compliance with the Scheme Regulations by any occupant, including servants, guests and any member of the family of any Member or occupant;
- 10.5 not use the Scheme Accommodation or permit it to be used in such a manner or for such purpose as shall be injurious to the reputation of the Scheme or the Resort;
- 10.6 exercise reasonable care in the use of the Movables;
- 10.7 for the duration of his Occupancy Rights, be solely responsible for
 - 10.7.1 any risk of loss or damage to the Scheme Accommodation or to the Movables;
 - 10.7.2 the proper maintenance and upkeep of the Scheme Accommodation;
- 10.8 not while exercising Occupancy Rights, contravene or permit the contravention of any law, by-law, ordinance, proclamation, regulation or the conditions of any licence relating to or affecting the Scheme Accommodation or the Common Property or the carrying on of business in such buildings or the conditions of title applicable thereto;
- 10.9 not make any alterations or cause any damage to the Scheme Accommodation.

11. MANAGEMENT CHARGES AND SPECIAL CHARGES AND CALCULATION THEREOF

- 11.1 Members shall pay the Management Charges and any charges which the Board may raise by way of Special Management Charges as provided by Article 11.
- 11.2 Prior to the end of each Financial Year the Board shall in accordance with Article 27, prepare or procure the preparation of an estimate of the anticipated expenditure of the Association for the following Financial Year.
- 11.3 Such estimates shall be prepared in accordance with generally accepted accounting principles and shall take into account any financial forecasts provided by the Auditors and may include provision for such contingencies and other charges as the Board may regard appropriate including such sums over and above the actual or envisaged expenses in respect of the Financial Year as the Board may deem necessary or prudent for the purposes of establishing a reserve fund against long term or extraordinary expenses. Once approved by the Board, the estimate shall become the Management Charge for the forthcoming Year.
- 11.4 The Management Charge shall be apportioned amongst Members (the "Individual Management Charge") in accordance with the Scheme Rules.
- 11.5 The Board may, during the course of any Financial Year, recover from Members a Special Management Charge.
- 11.6 Individual Management Charges shall include any costs and charges solely attributable to a Member arising from his exercise of Occupancy Rights or specific services rendered at his instance or on his behalf;
- 11.7 Each Member shall furthermore be liable to pay to the Association an annual Membership Fee which shall be determined by the Board and which shall be charged to each Member regardless of whether or not he reserves Scheme Accommodation or exercises Occupancy Rights during that year.
- 11.8 A certificate at any time issued under the hand of a Board member or by the Management Company on behalf of the Board certifying any amount payable by a Member in terms of these Articles, shall be sufficient evidence of any amount so due by a Member, whether in respect of Individual Management Charges or any other charges due to the Association.

12. SECURITY

- 12.1 Each Member shall be deemed to have assigned to the Association by way of security all his rights to and arising out of his Point Rights for the due and punctual performance by him of his obligations under these Articles;
- 12.2 Should any debt due from a Member to the Association be due and payable but unpaid despite demand for payment, the Association shall be entitled to exercise all rights pertaining to the Member's Point Rights to the extent necessary to recover such debt. More particularly, should a Member:
 - 12.2.1 fail to pay any amount owing to the Association within twenty-eight days following the issue of a notice of demand by the Association to the Member to pay such amount; or
 - 12.2.2 be in breach of any of his obligations where such breach is capable of being remedied and fail to remedy the same within twenty-one days following the issue of a notice of demand by the Association to the Member requiring him to remedy the breach; or

- 12.2.3 be in breach of any of his obligations, which breach is not capable of being remedied either within the period of notice contemplated above or at all; or
 - 12.2.4 being a company, or other corporate body, be wound up or cease to trade or be unable to pay its debts as and when they fall due, or should a receiver, administrator or manager be appointed in respect of some or all of the undertakings of the Member; or
 - 12.2.5 being an individual, go into bankruptcy, enter into any arrangement with his creditors or have a receiver or trustee appointed over some or all of his assets or become subject to any other form of insolvency proceedings; then the Association or Management Company on the Association's behalf shall be entitled, without prejudice to any other rights which it may have and subject only to any rights of the Vendor Company in terms of an Acquisition Agreement:
 - 12.2.6 to declare all amounts owing by the Member to the Association, whether then due and payable or not, as being immediately due and payable and the Member shall in such event be liable to make immediate payment of such amounts; and/or
 - 12.2.7 to obtain possession of the Point Rights Certificate from such Member and to remove his name as registered holder of Point Rights from the Point Rights Register in which case the provisions of Article 7.1 shall apply, provided that, should a Member fail or refuse to deliver the Point Rights Certificate, the Association or Management Company on its behalf shall be entitled to cancel the Certificate and to issue a new Certificate in replacement thereof; and/or
 - 12.2.8 as agent for and on behalf of the Member, without being under an obligation to do so, to rent or let Scheme Accommodation during any relevant Time Module by redeeming the Member's Points for Occupancy Rights, and to collect all rental and monies payable under such rent or letting and to set off against or deduct from such monies any sums whatsoever that may be owed by the Member to the Association; and/or
 - 12.2.9 to cancel or sell or dispose of or realise in any other manner and on such terms and conditions as the Board may in its discretion deem fit, the Member's Point Rights.
- 12.3 The Member irrevocably appoints the Board or Management Company on its behalf as his lawful attorney and agent in his name, place and stead to sign all and any documents and do all and any such things as may be required or requisite to give effect to the provisions of this Article 12.
- 12.4 Nothing contained in this Article 12 shall be construed as prohibiting Members from ceding or pledging their Point Rights Certificates to third parties as security for loans or advances to Members to discharge their obligations in terms of Acquisition Agreements concluded with a Vendor Company and in such event they shall notify such third party of the prior security created by Article 12.1, and shall notify the Association (or the Management Company on its behalf) and the Trustee in writing of the name and address of the lender in the form required from time to time by the Management Company;
- 12.5 References in this Article 12 to the indebtedness from time to time of the Member shall be deemed to include Interest on such indebtedness and the legal costs of the Association (on a full indemnity basis) incurred in connection with the recovery of all sums due from the Member for which costs the Member hereby indemnifies the Association.

13. **POWERS OF THE BOARD OF THE ASSOCIATION**

- 13.1 The Association shall appoint a Board who shall, unless specifically provided otherwise herein or in the Act, exercise the powers and fulfil the duties of the Association on behalf of the Association in accordance with the provisions of these Articles, which shall include the power:
- 13.1.1 to establish a Management Charge fund sufficient in the opinion of the Board for the control, management and administration of the Scheme and, whether directly or indirectly, for the maintenance, repair and upkeep of the Scheme Accommodation, for the replacement, repair and upkeep of the Movables, the payment of all amounts owing in respect of the accommodation of staff, the supply of electric current, gas, water, fuel, sanitary and other services to the Scheme Accommodation, any premiums of insurance and for the discharge of any duty or other obligation of the Association, which fund may include a reserve in respect of maintenance;
 - 13.1.2 to determine from time to time the amounts to be raised for the purposes aforesaid;
 - 13.1.3 to realise the amount so determined by levying contributions on Members in accordance with the Point Rights held by Members subject to the provisions of Article 11;
 - 13.1.4 to require from Members that they make contributions to any such fund established pursuant to Article 13.1.1 for the purposes of satisfying any claims against the Association whenever the Association shall deem it necessary, and to charge interest, and to determine the rate of interest, payable by any Members who fail to pay Individual Management Charges by the date on which they fall due;
 - 13.1.5 to open and operate current accounts and/or savings or other interest-bearing accounts with a banking institution or a building society;
 - 13.1.6 to appoint such employees as it may deem fit;

- 13.1.7 to enter into such agreements as it may consider necessary in connection with the control, administration and management of the Scheme and to do all such things as may be necessary to give effect thereto;
 - 13.1.8 to maintain or ensure the maintenance of the Scheme Accommodation;
 - 13.1.9 to borrow monies required by it in the performance of its duties or the exercise of its powers and in pursuance of its business;
 - 13.1.10 to secure the repayment of monies borrowed by it and the payment of interest thereon, in any manner whatsoever;
 - 13.1.11 to invest any surplus monies of the Management Charge fund remaining after giving effect to the provisions of this clause for the benefit of the Management Charge fund;
 - 13.1.12 where appropriate to enter into agreements with any authority or any person or body for the supply to the Scheme Accommodation of electric current, gas, water, fuel, sanitary and other services;
 - 13.1.13 where appropriate to enter into agreements with any party for the provision of amenities or services in respect of the Scheme Accommodation;
 - 13.1.14 to do all things reasonably necessary for the enforcement of these Articles and the Scheme Regulations and the Scheme Rules and generally in relation to the control, management and administration of the Scheme;
 - 13.1.15 to deny any Member the use of any Scheme Accommodation for any period during which such Member is in arrears in payment of any monies due by such Member to the Association, or during which such Member is otherwise in breach of any of his obligations under these Articles;
 - 13.1.16 to prohibit the transfer of any Point Rights or the exercise of any Occupancy Right by any Member unless all monies due to the Association by that Member have been paid or provision has been made to the satisfaction of the Association for payment thereof;
 - 13.1.17 to make house rules from time to time for the control, use, safety and cleanliness of the Scheme Accommodation which house rules shall be reasonable, shall apply (insofar as practicable) equally to all Members, and shall not conflict with the provisions of these Articles;
 - 13.1.18 to delegate to one or more of the Board members such powers and duties as the Board may deem fit, and at any time to revoke such delegation;
 - 13.1.19 generally to do or perform, or cause to be done or performed, any act deemed necessary for the furtherance of the objects of the Association, including the right to prohibit, restrict or control use of any of the Scheme Accommodation or any part thereof as may from time to time be necessary or expedient.
- 13.2 Any contributions levied under Articles 13.1.1 to 13.1.4 shall be due and payable at such time as shall be specified by the Board, and may be recovered by action in any court of competent jurisdiction from persons who are Members at the time such contributions are levied.
- 13.3 The Board shall have the right to delegate to a Management Company any of its rights, powers and obligations in terms of these Articles and, unless otherwise stated herein, the duties and powers of the Association may be fulfilled and exercised by the Board as fully and effectually as if exercised by the Association.
- 13.4 The Board may from time to time make Scheme Regulations:
- 13.4.1 governing and regulating the use and manner of use by Members, the members of their households or their guests, of Scheme Accommodation;
 - 13.4.2 governing and regulating the exercise by Members of Occupancy Rights;
 - 13.4.3 where Point Rights are owned by joint Members, regulating the exercise of the Occupancy Rights by them;
 - 13.4.4 setting out the basis of calculation of Management Charges and the apportionment of Individual Management Charges between Members, including the computation and nature of costs to be included therein;
 - 13.4.5 such other matters as the Board may from time to time deem necessary or expedient for purposes of fulfilling the powers and duties of the Association; and for the purposes of enforcement of any such regulations, the Board may take such action, including the issue of proceedings or the imposition of a reasonable financial penalty by way of liquidated damages, as it may deem fit.
- 13.5 To the extent permissible by law, neither the Association nor the Board, nor any of their officers, servants, agents or employees, shall be responsible for any loss or damage which a Member may sustain by reason of any act or omission on the part of the Association, the Board or any of their officers, servants, agents or employees, or arising from any other cause, whether or not any such act or omission relates to the performance or non-performance by the Association or the Board of their duties in terms of these Articles or otherwise.

14. **ELECTION OR APPOINTMENT OF BOARD**

- 14.1 There shall be no less than two and no more than five directors. It shall not be necessary for a director to be a Member of the Association.
- 14.2 At the first General Meeting of the Association held after the adoption of these Articles:
- 14.2.1 the Members (other than any Vendor Company) shall elect up to two directors;
- 14.2.2 the Intellectual Property Owner shall appoint up to three directors, and thereafter;
- 14.2.3 up to two directors shall be elected by the Members at each Annual General Meeting and shall hold office until the next Annual General Meeting, but shall be eligible for re-election;
- 14.2.4 the Intellectual Property Owner shall be entitled to appoint up to three directors on notice in writing to the Association lodged at the office of the Association, who shall hold office until they cease to hold office for any of the reasons set out in Article 21.

15. **NOMINATIONS OF DIRECTORS**

Nominations by Members for the election of the directors referred to in Article 14.2.3 shall be given in writing, accompanied by the written consent of the person nominated, so as to be received at the office of the Association not later than 56 days before the Annual General Meeting, provided that, should there be no or insufficient nominations before the meeting, nominations may be called for and accepted at the Meeting.

16. **VACANCY ON BOARD AND CO-OPTION**

- 16.1 The Board may fill any vacancy in its number caused by a director ceasing to be a director which director was appointed in accordance with Articles 14.2.1 or 14.2.3.
- 16.2 Any director so appointed shall, subject to Article 21, hold office until the next Annual General Meeting when he shall retire and be eligible for re-election as though he had been elected at the previous Annual General Meeting.

17. **ALTERNATE DIRECTORS**

- 17.1 A director may appoint in writing any other director, or any other person, reasonably acceptable to the Board, whether or not such other person is a Member, to act as an alternate director and may remove from office an alternate director so appointed by him.
- 17.2 An alternate director shall have the power and be subject to the duties of the director by whom he was appointed.
- 17.3 An alternate director shall cease to be an alternate director if his appointer ceases to be a director.

18. **REMUNERATION OF DIRECTORS**

- 18.1 The Association shall reimburse directors all disbursements and expenses actually and reasonably incurred by them in carrying out their duties and exercising their powers.
- 18.2 The Association may remunerate directors at such rate as may be approved by the Association in General Meeting, provided always that an alternate director shall look for his remuneration, if any, to his appointer and not to the Association unless the Association be instructed in writing by the appointer to pay any portion of his

19. **VALIDITY OF ACTS OF BOARD AND COMMITTEE MEMBERS**

Any act performed by the Board or a committee of the Board shall, notwithstanding that after the performance of the act it is discovered that there was some defect in the appointment or continuance in office of any director, be as valid as if every such person had been duly appointed or had duly continued in office.

20. **INDEMNITY**

- 20.1 Every director, agent or other officer or servant of the Association is hereby indemnified by the Association against all costs, losses, expenses and claims which he may incur or become liable for by reason of any act done by him in the discharge of his duties, unless such costs, losses, expenses or claims are caused by the negligence, wilful default or fraudulent act of such person;
- 20.2 The indemnity referred to in Article 20.1 shall apply in favour of any Management Company appointed in terms of these Articles.
- 20.3 The directors may at their discretion and on such terms as they think fit purchase and maintain for the Association or for any director, secretary or other manager or officer other than the auditor of the Association insurance against any liability which might by virtue of any rule of law attach to such director, secretary, or other manager or officer in relation to any negligence, default, breach of duty or breach of trust in relation to the Association or its business or affairs or to any subsidiary and against such liability as mentioned in Article 20.1.

21. **DISQUALIFICATION OF DIRECTORS AND REMOVAL FROM OFFICE**

- 21.1 A director shall cease to hold office as such
 - 21.1.1 if by notice in writing to the Association he resigns from his office;
 - 21.1.2 he is, or may be, suffering from mental disorder and either:
 - 21.1.2.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - 21.1.2.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - 21.1.3 if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - 21.1.4 if he is convicted of an offence which involves dishonesty;
 - 21.1.5 if, in the case of a director elected pursuant to Article 14.2.3, he is removed from his office by Ordinary Resolution of the Members (excluding any Vendor Company) at a General Meeting of the Association, (provided however that the intention to vote on such removal from office is specified in the notice convening the meeting), in which event the Members (excluding any Vendor Company) shall be entitled to appoint another director in his place to hold office for the unexpired part of his term of office;
 - 21.1.6 if, in the case of a director appointed by the Intellectual Property Owner pursuant to Article 14.2.4 the Intellectual Property Owner lodges a notice at the office of the Association terminating his appointment;
 - 21.1.7 if he is or becomes disqualified from being appointed or acting as a director of a company by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - 21.1.8 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

22. **MEETINGS OF THE BOARD**

- 22.1 The Board may give notice convening meetings, meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 22.2 A director may and the secretary at the request of a director shall at any time convene a meeting of the Board by giving to the other Board members not less than twenty one days' written notice of a meeting proposed by him, which notice shall specify the reason for calling such a meeting, provided that in cases of urgency such shorter notice as is reasonable in the circumstances may be given and in any event if all of the directors indicate their willingness to accept shorter notice of a meeting then the meeting shall be validly convened upon such notice.
- 22.3 A meeting of the directors may, subject to notice of it having been given or dispensed with in accordance with these Articles, be for all purposes deemed to be held when a director is, or directors are, in communication by telephone, television or some other audio visual medium with another director or other directors and all of those directors agree to treat the meeting as properly held, provided always that the number of the said directors participating in the communication constitutes a quorum of the board as stipulated by these Articles. A resolution made by a majority of the said directors in pursuance of this Article 22.3 will be as valid as it would have been if made by them at an actual meeting duly convened and held.
- 22.4 A resolution in writing, signed or approved by letter, telegram, confirmed facsimile, tele-message or telex by all the directors will be as valid and effective as if it had been passed at a meeting of directors, or (as the case may be), a committee of directors duly convened and held. The resolution may consist of several documents in the same terms each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointer and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

23. **QUORUM OF BOARD**

- 23.1 Until the holding of the first General Meeting of the Association, a quorum at a meeting of the Board shall be the two of the directors appointed by the Intellectual Property Owner in accordance with Article 14.2.4.
- 23.2 After the first General Meeting of the Association a quorum at a meeting of the Board shall be two directors, of whom one shall have been appointed pursuant to Article 14.2.1 or 14.2.3 and one pursuant to Article 14.2.4.

- 23.3 If the number of directors falls below the number necessary to form a quorum, the remaining directors may continue to act but only for the purpose of convening a General Meeting of Members to elect further directors.
- 23.4 If at any meeting of the Board a quorum is not present within thirty minutes of the appointed time of the meeting, such meeting shall stand adjourned to the next business day at the same time and the Board members then present shall form a quorum.

24. **CHAIRMAN OF BOARD AND SECRETARY**

- 24.1 At the commencement of the first meeting of the Board after each Annual General Meeting, the directors shall elect a Chairman from among their number who shall hold office as such until the next Annual General Meeting and who shall have a casting as well as an ordinary vote.
- 24.2 The Association may at a General Meeting in respect of which the requisite notice of special business has been given, remove the Chairman from his office as such. A Chairman shall relinquish his office as such if he becomes disqualified to be a Board member in terms of Article 21.
- 24.3 If any Chairman elected in terms of Article 24.1 above vacates his office as Chairman or no longer continues in office by virtue of the provisions of Article 24.2, the Board shall elect another Chairman who shall hold office as such for the remainder of the period of office of the first-mentioned Chairman and who shall have the same rights of voting.
- 24.4 If any Chairman vacates the chair during the course of a meeting or is not present or is for any other reason unable to preside at any meeting, the Board members present at such meeting shall choose another Chairman for such meeting who shall have the same rights of voting as the Chairman.
- 24.5 Subject to the provision of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

25. **VOTING BY BOARD**

- 25.1 All matters at any meeting of the Board shall be determined by a majority of the votes of the directors present and voting.
- 25.2 No directors shall be disqualified from voting in respect of any contract or proposed contract or any litigation or proposed litigation involving the Association by virtue of any interest he may have therein, provided he declares in writing the nature and extent of his interest which must thereupon be noted in the minutes of the meeting.
- 25.3 A resolution in writing signed by all the directors for the time being shall be as valid and effective as if it has been passed at a meeting of the Board (or as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors.
- 25.4 Where a Chairman is appointed he shall have a casting vote.

26. **SIGNING OF INSTRUMENTS**

Any instrument signed on behalf of the Association shall be valid and binding if it is signed by two directors, one director and the secretary, or by a director and the Management Company.

27. **DUTIES OF BOARD**

The Board:

- 27.1 shall use all reasonable endeavours to procure appropriate insurance in terms of which any loss of monies belonging to the Association or for which it is responsible, sustained as a result of an act of fraud or dishonesty committed by any person in the service of the Association or any director will be made good up to a total sum as determined by the Association from time to time.
- 27.2 shall, prior to the end of each Financial Year, prepare or procure preparation of an estimate of the anticipated income and expenditure of the Association for the ensuing Financial Year, which may include a reasonable provision for reserves and contingencies;
- 27.3 may from time to time make Special Management Charges upon the Members or call upon them to make special contributions in respect of all such expenses which are not included in any estimates made in terms of Article 27.2 and such Special Management Charges and contributions may be made payable in one sum or by such instalments and at such time or times as the Board shall think fit;
- 27.4 shall keep a record of the Scheme Regulations and the Scheme Rules and all house rules in force from time to time;
- 27.5 shall on the application of a Member supply to such Member a copy of the Scheme Regulations, Scheme Rules and house rules in force and may require him to pay a reasonable charge therefor;

- 27.6 shall:
- 27.6.1 keep minutes of their proceedings and all resolutions passed in a minute book;
 - 27.6.2 cause a record to be kept of all minutes of meetings or resolutions passed by the Members in a minute book kept for that purpose;
 - 27.6.3 keep all minute books, or microfilmed or other copies thereof;
 - 27.6.4 on the written application of a Member make the minutes of meetings of the Association, or copies thereof, available for inspection by such Member at the cost of the Member;
- 27.7 shall cause proper accounts and records to be kept in accordance with the Act;
- 27.8 shall, on the application of any Member, make all or any of the accounts and records referred to in Article 27.7, or copies thereof, available for inspection by such Member at the cost of the Member;
- 27.9 shall cause all accounts and records, or microfilmed or other copies thereof, to be retained for a period of at least 7 years after completion of the transactions, acts or operations to which they relate;
- 27.10 shall cause to be prepared and shall lay before every Annual General Meeting for consideration in terms hereof, audited accounts in accordance with the Act;
- 27.11 shall further cause to be prepared and shall lay before every Annual General Meeting for consideration a report signed by the Chairman reviewing the affairs of the Association during the past year;
- 27.12 shall prior to the first General Meeting appoint an auditor of the Association and fix his remuneration;
- 27.13 shall cause all moneys received by the Association to be deposited to the credit of an account or accounts with a registered commercial bank or building society in the name of the Association and, subject to any direction given or restriction imposed at a General Meeting of the Association, such monies shall only be withdrawn for the purpose of payment of the expenses of the Association or investment in terms of Article 27.14;
- 27.14 may invest or cause the investment of any funds not immediately required for disbursement in an interest-bearing account in order to accumulate a reserve for future expenditure;
- 27.15 shall generally perform any such other duties as may be required to be performed by the Association.

28 **MEETINGS OF MEMBERS - GENERAL MEETINGS WHEN AND WHERE TO BE HELD**

- 28.1 Annual General Meetings of the Association shall be held once every Financial Year, by not later than 31 December in England or elsewhere if so determined by the Board.
- 28.2 The Board may, whenever it thinks fit and shall upon request in writing made either by the Trustee or by Members holding Point Rights representing 10% (ten per cent) of the total number of Point Rights in the Scheme at that time, convene a General Meeting.
- 28.3 If the Board fails to convene a meeting so requested within 14 (fourteen) days of receipt of the request by the Trustee or the Members concerned, the Trustee or the Members concerned shall be entitled themselves to call the meeting.

29. **NOTICE OF GENERAL MEETINGS**

- 29.1 At least twenty eight days' notice of every General Meeting specifying the place, the date and the hour of the meeting and the general nature of the business to be transacted, and in the case of an Annual General Meeting, specifying the meeting as such, shall be given to all Members, the Management Company the Trustee, the directors and the auditors.
- 29.2 The Management Company and Trustee shall have the right to attend the General Meetings and to speak at such meetings, but shall not, in their capacity as such, be entitled to vote thereat.
- 29.3 The notice referred to in Article 29.1 shall be deemed to have been sufficiently given and delivered if dispatched in accordance with the provisions of Article 42.
- 29.4 The notice referred to in Article 29.1 shall be accompanied by copies of the documents referred to in Article 27.10 and 27.11 when it is given in respect of an Annual General Meeting.
- 29.5 Inadvertent omission to give the notice referred to in Article 29.1 hereof to or the non-receipt of such notice by any person entitled to such notice shall not invalidate the proceedings at any such meeting.

30. **ANNUAL MEETINGS**

The business which shall be transacted at an Annual General Meeting is

- 30.1 the election of the Board in terms of Article 14.2.3;

- 30.2 the appointment or re-appointment of the auditor of the Association;
- 30.3 the consideration of the estimate referred to in Article 27.2 and the accounts and reports referred to in Articles 27.10 and 27.11;
- 30.4 the consideration of the schedule of replacement values of the Scheme Accommodation;
- 30.5 any other business of which due notice has been given in terms hereof.

31. **QUORUM**

- 31.1 No business shall be transacted at any General Meeting unless a quorum is present in person or by proxy at the time when the meeting proceeds to business.
- 31.2 A quorum at a General Meeting shall be three persons present in person each being a Member or a proxy for a Member and entitled to vote upon the business being transacted.
- 31.3 If within half an hour from the time appointed for a General Meeting a quorum is not present, the meeting shall stand adjourned until the same day in the next week at the same place and time, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present in person or by proxy and entitled to vote shall be a quorum.

32. **CHAIRMAN OF GENERAL MEETINGS**

- 32.1 The Chairman, if any, of the Board shall preside as chairman at every General Meeting of the Association.
- 32.2 If there is not such a Chairman, or if at any General Meeting the Chairman of the Board is not present within fifteen minutes after the time appointed for the holding of the meeting, or if he is unwilling to act as chairman, the directors present shall elect one of their number to be chairman. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman.

33. **VOTING AT GENERAL MEETINGS AND POLLS**

- 33.1 At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, either prior to or on the declaration by the chairman of the result of the show of hands, a poll is demanded by any person entitled to vote at such a meeting.
- 33.2 Unless a poll be so demanded a declaration by the chairman that a resolution has on the show of hands been carried shall be conclusive evidence of that fact without proof of the number or proportion of votes recorded in favour of or against such resolution.
- 33.3 A demand for a poll may be withdrawn.
- 33.4 A poll, if demanded, shall be taken in such a manner as the chairman thinks fit, and the result of the poll shall be deemed to be a resolution of the meeting at which such poll was demanded.
- 33.5 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

34. **VOTES**

- 34.1 Subject to Article 34.3, on a show of hands each Member present and entitled to vote shall have one vote.
- 34.2 Subject to Articles 34.3 and 34.4, on a poll each Member present in person or by proxy and voting at the meeting shall be entitled to one vote for each Point Right to which he is entitled.
- 34.3 No resolution (whether conditional or unconditional) of the Association:
 - 34.3.1 to appoint or terminate the appointment of the Management Company; or
 - 34.3.2 to appoint or terminate the appointment of the Trustee; or
 - 34.3.3 to terminate the Membership of the Intellectual Property Owner; or
 - 34.3.4 to wind-up the Association; or
 - 34.3.5 to amend this Article 34.3shall be passed unless the Intellectual Property Owner votes in favour thereof.

35. **NO VOTE IN CERTAIN CIRCUMSTANCES**

Except in cases where a Special Resolution or a Unanimous Resolution is required under these Articles, a Member shall not be entitled to vote at any General Meeting if:

- 35.1 any Management Charges payable by him have not been duly paid; or

35.2 he has persisted in breach of any of the Scheme Regulations, of any of the house rules referred to in these Articles, or of any of the terms of these Articles notwithstanding notice in writing from the Board or Management Company to refrain from or remedy such breach.

36. **JOINT VOTERS**

36.1 Where two or more persons are registered as the joint holders of Point Rights, any one of them, whether in person or by proxy, may vote at a General Meeting as if he is the sole holder thereof.

36.2 If more than one of such joint holders are present at a General Meeting in person or by proxy, only that holder who is present whose name appears first in the Point Rights Register in respect of the Point Rights may vote.

37. **PROXIES**

37.1 Votes at a General Meeting may be cast either personally or by proxy, whether on a poll or on a show of hands.

37.2 An instrument appointing a proxy shall be in writing, in a form approved by the directors executed by or on behalf of the appointer and shall be deposited at the office of the Association or such other place as may be specified from time to time by the Board, not less than 48 hours before the time for the holding of the meeting at which the person named in the instrument proposes to vote, and in default of compliance herewith the instrument of proxy shall not be treated as valid.

37.3 A proxy need not be a Member.

38. **AMENDMENT**

38.1 The provisions of these Articles may, save as set out in Article 38.2 and 34.3, be amended or added to by way of a Special Resolution of the Members.

38.2 The provisions of Articles 14 and this Article 38.2, may be amended or added to only by way of a Unanimous Resolution of the Members.

39. **NO REFUNDS OR DISTRIBUTION OF PROFITS OR ASSETS**

39.1 No Member shall be entitled to a refund of Management Charges lawfully levied upon him and paid by him.

39.2 No portion of the capital or divisible profits of the Association shall be distributed to any Member or any other person except in accordance with the Act.

40. **APPOINTMENT, POWERS AND DUTIES OF MANAGEMENT COMPANY**

40.1 Notwithstanding anything to the contrary herein contained, the Board may from time to time and shall in any event if properly required by the Members in General Meeting, appoint in terms of a written contract a Management Company to manage and administer the Scheme and the Scheme Accommodation and to exercise such powers and duties as may be entrusted to it, including the power to collect Management Charges.

40.2 Any Management Company so appointed shall:

40.2.1 keep full records of its administration and shall report to the Board and the Trustee on all matters which in its opinion may materially adversely affect the value or amenity of the Scheme Accommodation or the Scheme;

40.2.2 attend all meetings of the Members and the Board;

40.2.3 be entitled to, and the Board shall from time to time furnish such Management Company with, copies of the minutes of all meetings of the Members and the Board.

41. **ACCOUNTS**

No Member shall (as such) have any right of inspecting any accounting records or other book or document of the Association except as conferred by statute or authorised by the directors or by Ordinary Resolution of the Association.

42. **NOTICES**

42.1 Any notice required to be given pursuant to these Articles shall be in writing and shall be delivered by hand or addressed to the addressee by pre-paid post and shall be deemed to have been received 14 days after the date of its posting.

42.2 Notice may be given by the Association to any Member, either personally or addressed to such Member at his address as recorded in the Membership Register.

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

43. **DISSOLUTION**

43.1 The Association shall continue in existence without limit as to time unless determined earlier by a Special Resolution accompanied by a direction to the Trustee referred to in Clauses 18.5.3 or 18.5.4 of the Trust Deed, in which event after the provisions of 18.5.3, 18.5.4 and 18.6 of the Trust Deed have been complied with, the Association shall be wound up.

43.2 If the Association is wound up, the provisions of Clause 5 of the Memorandum shall apply and are hereby incorporated in these Articles as if repeated herein.

44. **SCHEME RULES**

The Board shall prepare and issue from time to time Scheme Rules which shall not conflict with these Articles, shall be binding upon all Members and shall regulate, inter alia:

44.1 the introduction of Accommodation into the Scheme by Vendor Companies;

44.2 the determination by the Intellectual Property Owner of Points Gradings, Points and Point Rights in respect of Accommodation introduced or which may be introduced into the Scheme and/or Time Modules and any variations to them which may be necessary;

44.3 the information to be included in Schedules and the preparation and distribution of Schedules to Members;

44.4 the ability of Members to use Point Rights which are not used in a previous Year or which the Member wishes to use in advance of the Year in which he would otherwise be entitled to them; and

44.5 the Management Charges;

44.6 any other matters relating to the Scheme not expressly provided for in these Articles.

45. **TRUSTEE**

45.1 The Trustee shall, in accordance with the provisions of these Articles and the Trust Deed, secure the use and enjoyment of the Scheme Accommodation for the benefit of the Association.

45.2 The Trustee shall maintain an up-to-date schedule of all Scheme Accommodation together with the relative number of Points and the Points Grading of the Scheme Accommodation.

45.3 The Board may exercise any of the rights of the Association under the Trust Deed except where those rights require the passing of a Special Resolution in which case the Board may not exercise such rights until the appropriate Special Resolution has been passed.

45.4 In the event of the termination of the Trust Deed in accordance with its provisions, or if the Trustee should cease to be the Trustee for any reason, the Board shall forthwith recommend a new Trustee to the Association and convene any meeting necessary in order to appoint such a new Trustee.

DEED OF TRUST

OF

RCI POINTS LIMITED

BETWEEN

THE LEISURE CORPORATION LIMITED,

a Company incorporated in The Isle of Man

whose registered office is at 28 Finch Road, Douglas, Isle of Man IM1 2PS

(hereinafter called "the Intellectual Property Owner")

of the first part

and

FIRST NATIONAL TRUSTEE COMPANY LIMITED

a Company incorporated in the Isle of Man

whose registered office is at International House, Castle Hill, Victoria Road, Douglas, Isle of Man IM2 4RB

(hereinafter called "the Trustee")

of the second part

and

RCI POINTS LIMITED,

a Company incorporated in England

whose registered office is at 20 Black Friars Lane, London EC4V 6HD

(hereinafter called "the Association")

of the third part.

WHEREAS :-

- A. The Intellectual Property Owner has established the Association to secure for the Members of the Association exclusive rights of occupation of holiday resort accommodation in the properties detailed in the Scheme Accommodation Tables (as defined in the Articles) for specific periods of time as set forth and in accordance with the Memorandum and Articles from time to time of the Association ("the Articles"), the Scheme Rules and the Scheme Regulations made pursuant to the Articles.
- B. The ownership and control of the Owing Companies (as defined in the Articles) has been or shall be transferred to the Trustee or as the Trustee may direct (all of such Owing Companies together with their assets including, without limitation, all Scheme Accommodation and all other property which may from time to time be transferred to the Trustee or otherwise to be held for the benefit of the Association upon the trusts of this Deed shall be hereinafter called "the Property") and the Trustee has agreed to hold the same upon the trusts and terms set out in this Deed.

NOW THEREFORE THIS DEED WITNESSETH AND IT IS HEREBY AGREED as follows:-

1. **DEFINITIONS**

In this Deed, unless specifically provided to the contrary, or the context indicates otherwise,

- 1.1 any words or expressions used shall have the meanings ascribed to them in the Articles;
- 1.2 words and expressions
 - 1.2.1 importing the singular shall include the plural and vice versa;
 - 1.2.2 importing one gender shall include the other;
 - 1.2.3 denoting natural persons shall include legal persons and vice versa;
- 1.3 Headings are used in this Deed for convenience only and shall not affect the construction or interpretation of the clauses.
- 1.4 References to any English statutory provision or English legal term for any action, remedy, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English statutory provision or English legal term.
- 1.5 References to "indemnify" and to "indemnifying" any person against any circumstance shall include indemnifying and keeping him harmless from all actions, claims and proceedings from time to time made against that person and all loss or damage and all payments, costs or expenses made or incurred by that person as a consequence of or which would not have arisen but for that circumstance.

2 **GENERAL**

Where reference is made in this Deed to directions of the Board the Trustee shall be entitled to rely on and accept decisions of the Board which are stated by the Chairman presiding at the meeting at which the relevant decision was reached to have been so reached in accordance with the relevant articles of the Articles and without prejudice to the generality of the foregoing the Trustee shall not be concerned to satisfy itself in any way as to the election of the Board or of the Chairman of the Board or the calling of Board meetings or the procedure adopted or the reaching of decisions by the Board.

3. **APPOINTMENT**

The Intellectual Property Owner and the Association hereby appoint the Trustee and the Trustee hereby agrees to act as Trustee on behalf of the Association on the terms set out in this Deed.

4. **OWNING COMPANIES**

- 4.1 The Trustee shall hold the ownership and control of the Property upon trust to secure for the Members the rights of occupation in the Scheme Accommodation under and in accordance with and subject to the provisions of the Articles.
- 4.2 To the extent that any Owing Companies are constituted with a share capital no person or body other than the Trustee or its nominee shall be or become entitled to the shares forming that share capital (in this Deed the "Shares") or to any interest therein and the rights or interests of the Association or the Members shall not include any rights to or interest in the Shares.

5. **INTRODUCTION OF ACCOMMODATION**

The Intellectual Property Owner is solely entitled to license any Vendor Company to introduce Accommodation into the Scheme and the Intellectual Property Owner shall procure that any such Vendor Company covenants to transfer unencumbered Accommodation to an Owing Company on the terms of this Trust Deed and the Articles and prior to such transfer the Intellectual Property Owner shall procure that the Vendor Company shall enter into an agreement with the Trustee in a form materially similar to that annexed to this Deed. The Trustee shall be under no obligation to investigate title to any Accommodation transferred to an Owing Company as provided by this Clause 5.

6. **ACCEPTANCE OF UNITS AND USE RIGHTS**

- 6.1 The Trustee shall accept into trust all Accommodation introduced by a Vendor Company (or Member) in accordance with this Deed.
- 6.2 The Trustee shall also accept Accommodation into trust for a specified limited duration, subject to the provisions of clause 8.5 of this Trust Deed.

7. **COSTS RELATING TO INTRODUCTION OF ACCOMMODATION OR USE RIGHTS**

The Intellectual Property Owner shall procure that any Vendor Company shall agree to bear all reasonably incurred costs, interest, legal fees, taxes, duties and other expenses of whatever nature (including, but without limitation, all costs including the purchase price) in connection with the acquisition and transfer or introduction of Accommodation into trust pursuant to clause 5.

8. **POINT RIGHTS**

- 8.1 On the transfer or introduction of any Accommodation into trust, in accordance with this Deed, the Point Rights arising from such Accommodation shall be issued by the Association to the Vendor Company concerned.
- 8.2 A Vendor Company shall, prior to the transfer of Accommodation into trust notify the Trustee in writing of the Points Grading determined by the Intellectual Property Owner of such

Accommodation and the number of Points to be introduced into the Scheme arising from such Accommodation.

- 8.3 The Trustee shall maintain an up-to-date schedule of all Scheme Accommodation together with the Points Grading and Point Rights relating to such Scheme Accommodation.
- 8.4 A Vendor Company shall notify promptly the Trustee and the Association of all sales or other disposals of whatever nature of Point Rights.
- 8.5 In the event of any Accommodation being transferred into trust for a specified limited duration in terms of clause 6.2 of this Trust Deed, then all Point Rights arising from such Accommodation shall be clearly designated as being of the same limited duration, and such Point Rights shall expire on the same date as that on which the Owing Company's Title to the Unit or the Use Rights, expires.

9. INCOME

Any income arising from the Property from time to time, shall accrue for the benefit of and be paid over by the Trustee to the Association.

10. TRUSTEE'S FUNCTIONS AND POWERS

- 10.1 The Trustee shall hold or procure that the Owing Companies hold the Property on trust to secure the use and enjoyment of the Scheme Accommodation by the Members in accordance with the Articles and the Scheme Rules.
- 10.2 The Trustee shall preserve the Property and notwithstanding anything contained in this Deed, shall not allow the Owing Companies to trade in or otherwise carry on business and, subject to clause 15, the Trustee shall not have the power to alienate, dispose of, mortgage or otherwise encumber or in any manner whatsoever deal with the Property except as expressly provided herein or as specifically authorised by the Association.
- 10.3 The Trustee shall not be responsible for the repair, maintenance or management of the Scheme Accommodation or the contents thereof and shall not be liable for any damage or loss or depreciation which may arise as a result of the repairs, maintenance or management of the Scheme Accommodation, or the lack thereof. The Trustee shall furthermore not be responsible for the replacement or renewal of any of the furniture, fixtures or fittings of the Scheme Accommodation.
- 10.4 The Trustee shall not be bound to concern itself in any way with the management of the Association, its assets or finances nor with the rights, duties or obligations of the Members inter se.
- 10.5 The Association shall issue Point Rights Certificates to Members in accordance with the Articles and the provisions of clause 8.1 which Certificates shall also be signed by the Trustee.
- 10.6 The Trustee shall be entitled to obtain legal advice from Solicitors and/or the opinion of counsel and/or any other legal advice on any matter relating to the Property or in relation to the trust hereby constituted or the exercise of the Trustee's powers, rights and discretions hereunder, or the performance of its duties hereunder.
- 10.7 The Trustee shall be entitled to inspect all documents, information, books, accounts and data (however stored) for the purposes of fulfilling its duties hereunder and (without limitation) for the purposes of the protection of the interests of the Association and/or for the preservation or protection of the Property or the Owing Companies' title thereto. The Intellectual Property Owner and the Association separately agree to give the Trustee or its agents or nominees full access to any such documents, information, books, accounts and data at all times and the Trustee hereby undertakes to use any such materials and information only for the performance of his duties in accordance with this Deed and not to reveal or disseminate such materials to any other person except where necessary for the purposes stated.
- 10.8 The Trustee shall take such steps as it deems reasonably necessary to satisfy itself that the total number of Point Rights to which Members are entitled from time to time does not exceed the total number of Points allocated in respect of the Scheme Accommodation and that the Scheme has a prudent and positive balance of Accommodation.
- 10.9 The Trustee shall deliver to the Timeshare Council any audit certificates required by the Timeshare Council in accordance with its code of conduct for points based timesharing systems.

11. COVENANTS OF ASSOCIATION AND THE INTELLECTUAL PROPERTY OWNER

- 11.1 The Association and the Intellectual Property Owner hereby jointly and severally warrant that, save as otherwise ordered by a court of competent jurisdiction or as provided herein, the Trustee shall not by entering into and acting in pursuance of the terms and conditions of this Deed owe any duty or obligation or incur any liability to any person or persons (whether corporate or individual) other than the Association or the Members and that no other person or persons are entitled to require or oblige the Trustee to transfer or deal with the Property or the Accommodation.
- 11.2 The Association and the Intellectual Property Owner hereby jointly and severally warrant that the Trustee's name shall not appear on any literature or document or any advertisement issued by or on behalf of the Association or the Intellectual Property Owner without the prior approval in writing of the Trustee having first been obtained.

INDEMNITIES

- 12.1 The Trustee shall not be responsible for any loss suffered by the Association or any Member arising out of any act or omission on the part of the Trustee or its officers, employees or agents in respect of the Scheme Accommodation or the trust hereby constituted or any Property, unless such loss shall have been caused by or arisen from breach of trust, fraud or negligence on the part of the Trustee or its said officers, employees or agents.
- 12.2 The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or pursuant to any request or advice of the Association, the Board or the Intellectual Property Owner.
- 12.3 The Trustee shall be entitled to rely on and accept any resolution passed by the Members of the Association attending and entitled to vote at a meeting of the Association, as conclusive proof of the Members' wishes, and shall not be concerned to enquire or satisfy itself in any way as to the validity of any meeting at which such resolution was passed, or the manner in which it was passed.
- 12.4 The Trustee shall not be required to take any legal or other action whatever in relation to any matter concerning the Property, unless fully indemnified by the Association to the reasonable satisfaction of the Trustee for all costs and liabilities likely to be incurred or suffered by the Trustee.
- 12.5 The Association hereby indemnifies and holds harmless the Trustee against losses, claims, demands, taxes, actions, damages, costs and expenses made or incurred by the Trustee in connection with the exercise by the Trustee of its powers and the performance of its duties under this Deed.
- 12.6 The Association hereby covenants with the Trustee to pay on demand as the Trustee may direct all outgoings whatsoever (including management fees, rates, service charge, interest, costs, expenses and damages) covenanted or agreed to be paid (whether contingently or otherwise) in respect of the Property, and at all times to observe and perform all the covenants and terms and conditions to which the Scheme Accommodation may from time to time be subject.
- 12.7 The Trustee shall not be responsible for the insurance of the Property and shall not be liable for any damage, loss or depreciation of the Property.
- 12.8 The Association agrees to indemnify and hold harmless the Trustee against all claims, actions, proceedings, charges (including charges to tax), fees, costs, liabilities and expenses to which it may be liable or which may result from or be incurred in connection with the transfer of Accommodation into trust.

13. **LIMITATION ON POWERS**

- 13.1 The Trustee shall not be obliged to concur in or perform any act or acts which in the opinion of the Trustee might be illegal or which are inconsistent with the terms of this Deed or might constitute a breach of trust or be materially prejudicial to the interests of the Association or which might involve the Trustee in any personal liability or in any action which may be improper or disreputable or which may in the opinion of the Trustee constitute a breach of the covenants or conditions affecting the Scheme Accommodation.
- 13.2 Notwithstanding any direction of the Board, the Association or the Intellectual Property Owner the Trustee shall not be obliged to mortgage, charge or otherwise encumber the Scheme Accommodation or any part thereof, nor do anything to prejudice the ownership of the Scheme Accommodation or the Owning Companies.

14. **TRUSTEE'S REMUNERATION**

The Association shall pay to the Trustee as remuneration for the performance of its duties under this Deed such fees as may from time to time be separately agreed upon between the Association and the Trustee and recorded by way of separate memorandum signed by all the parties to this Deed.

15. **RESTRICTION ON ENCUMBRANCES**

- 15.1 The Trustee shall not mortgage, charge or otherwise encumber, nor allow or permit the mortgaging charging or encumbering of any Property held in trust pursuant to the terms of this Deed, except with the prior approval of the Association by way of a special resolution passed in accordance with the Articles.
- 15.2 Notwithstanding a special resolution as referred to in clause 15.1 above, the Trustee shall have the absolute discretion to refuse to mortgage, charge or otherwise encumber or to allow or permit the mortgaging charging or other encumbering of any Property if in the Trustee's opinion such mortgaging charging or encumbering might unduly prejudice the Association or its Members or might prejudice the operation or existence of the Scheme.

16. **DISPOSAL OF UNITS**

- 16.1 If directed by the Board, the Trustee may permit the Association to sell or otherwise dispose of Units or procure the sale or other disposal thereof, and shall hold the net proceeds of such sale or disposal (after deduction of the expenses referred to in clause 12.6) on trust for the Association, provided always that the Trustee shall in its absolute discretion have the right to

refuse to permit the Association to sell or dispose or refuse to procure the selling or disposal of any Unit if in the Trustee's opinion such sale or disposal might unduly prejudice the Association or its Members or might prejudice the operation or the existence of the Scheme, and in particular (but without affecting the generality of the Trustee's discretion) the Trustee shall consider the effect of such disposal on the aggregate number of Point Rights in the Scheme, the number of Point Rights sold or otherwise disposed of by the Vendor Companies, the effect of the loss of Accommodation in a particular Resort, and any other relevant factors.

- 16.2 The Trustee may in its discretion permit the Board to apply the net proceeds of any sale or disposal referred to in clause 16.1:
- 16.2.1 to acquire other Units to be held on trust for purposes of the Scheme, in which event the provisions of clause 16.2.4 shall apply;
 - 16.2.2 for distribution to the Association in accordance with the provisions of clause 18.6.2, provided that in the case of such distribution the Association shall effect a reduction of each Member's Point Rights in proportion to the number of Point Rights removed from the Scheme by the disposal of the Units pursuant to this clause 16, and shall give written notice of such reduction to the Trustee and the Vendor Companies;
 - 16.2.3 to any investment in an interest bearing account with a financial institution;
 - 16.2.4 in the event of Units being acquired in terms of clause 16.2.1, the amount (if any) by which the gross costs and expenses of acquiring such further Units exceeds the net proceeds of the sale or disposal referred to in clause 16.1, shall be payable by the Association either out of accumulated reserves or by way of a special charge raised against the Members pursuant to the provisions of the Articles.
- 16.3 On introduction of new Units into the Scheme in accordance with clause 16.2.1, the provisions of the Articles shall apply, and to the extent that the number of Point Rights allocated to the new Units exceeds the number of Point Rights previously allocated to the Units sold in accordance with clause 16.1, the excess number of Point Rights shall either be allocated to Members in proportion to the number of Point Rights held by them prior to the sale or be sold and the net proceeds applied to the reserve fund of the Association, and the Association shall issue such further Point Rights Certificates as may be required to evidence the further issue.
- 16.4 Nothing contained in this clause 16 shall prevent the Trustee from accepting into trust Accommodation for a specified limited duration in accordance with the provisions of clause 6.2, and, at the expiration of that period, the Trustee shall be entitled to transfer or cede Title to the Accommodation in accordance with the terms of acceptance of such Accommodation.

17. DISPOSAL AT REQUEST OF VENDOR COMPANY

- 17.1 Notwithstanding the provisions of clause 16, a Vendor Company may request the Trustee to sell or dispose of or permit or procure the sale or disposal of Scheme Accommodation introduced into the Scheme by the Vendor Company (such request hereinafter referred to as "a disposal request") PROVIDED THAT:
- 17.1.1 the Vendor Company obtains the prior written approval of the Board;
 - 17.1.2 such disposal does not result in the number of Point Rights sold or otherwise disposed of by the Vendor Company exceeding the number of Point Rights available in the Scheme in respect of Scheme Accommodation introduced by the Vendor Company.
- 17.2 The Trustee shall have the discretion to agree to or refuse a disposal request, and in exercising its discretion the Trustee may take the following matters into consideration:-
- 17.2.1 the number of Points which would be removed from the Scheme if the disposal request were agreed to, in proportion to the aggregate number of Points in the Scheme prior to such disposal and in particular the number of Points that have been sold or otherwise alienated by the Vendor Company prior to the disposed request;
 - 17.2.2 the effect which a disposal of Scheme Accommodation in a particular Resort would have on the general viability of the Scheme, taking into account the nature and quality of the Scheme Accommodation which would remain in the Scheme after such disposal;
 - 17.2.3 the geographical spread of Scheme Accommodation after the disposal;
 - 17.2.4 any recommendation made by the Association and/or the Intellectual Property Owner in respect of such disposal request; and/or
 - 17.2.5 any other matters or considerations which the Trustee in its discretion sees fit to take into account; provided that nothing in this clause 17 shall be construed as derogating from the Trustee's absolute discretion to agree to or to refuse a disposal request made hereunder, or, in agreeing to a disposal request, to impose such conditions as the Trustee may see fit.
- 17.3 In the event of the Trustee agreeing to a disposal request, the net proceeds (and in this clause 17 "net proceeds" means the proceeds less all costs incurred by the Trustee in complying with the disposal request) of the sale or disposal of the Scheme Accommodation pursuant thereto shall accrue to the Vendor Company concerned.

17.4 Nothing in this clause 17 shall be interpreted as preventing or restricting the introduction of further Accommodation into the Scheme by the Vendor Company concerned subject to the provisions of the Articles and this Deed.

17.5 The Trustee shall not be liable to a Vendor Company, the Association or to any Member or any other person as a consequence of the Trustee's agreeing to or refusing a disposal request and the Intellectual Property Owner shall procure that the Vendor Company shall indemnify and hold harmless the Trustee against all claims, actions, proceedings, liabilities, costs, expenses or damages which may result from or be incurred in connection with the disposal or refusal to dispose of Scheme Accommodation as envisaged in this clause.

18. TERMINATION OF TRUST DEED

18.1 The perpetuity period for the purposes of this Deed shall be 80 years from the date of its execution.

18.2 This Deed may be terminated either by the Association giving not less than six months' notice in writing to the Trustee (subject to clause 18.3 below) or by the Trustee giving the Association not less than six months' notice in writing, whichever shall first occur. Any notice given under this clause shall expire on the last day of any calendar month and such notice shall not be given in any event before the expiry of one year from the date hereof.

18.3 No such notice referred to in clause 18.2 shall be given by the Association without the prior special resolution of the Association, such special resolution containing one of the specific directions referred to in clause 18.5.

18.4 Upon termination of this Deed the Association shall pay to the Trustee all remuneration then owing to the Trustee together with any outstanding out-of-pocket expenses incurred by the Trustee in conveying or otherwise disposing of the Property in the manner hereinafter provided. The Trustee shall in the event of this Deed being terminated convey, assign, transfer or cede the Property or procure the same to be conveyed, assigned, transferred or ceded (at the expense of the Association) to any succeeding Trustee or otherwise as the special resolution referred to in clause 18.3 may direct.

18.5 Upon termination of this Deed pursuant to the foregoing provisions or as soon thereafter as is reasonably practicable the Trustee shall as directed by a special resolution referred to in clause 18.3:

18.5.1 transfer the Property to an alternative Trustee of this or any new trust constituted in accordance with the Articles; or

18.5.2 retain the Property upon the terms of any new trust constituted in accordance with the Articles; or

18.5.3 sell or procure the sale or disposal of the Property in such manner as it may choose but so that the Trustee shall not be liable to the Association or the Members or former Members thereof, or to any other person or persons:

18.5.3.1 in the event that the Trustee is unable to find a purchaser for all or part of the Units and/or Use Rights on acceptable terms; or

18.5.3.2 in respect of the adequacy of the consideration received for any such sale or for any loss or damage suffered in respect thereof; or

18.5.4 cede the Use Rights back to the Members who are entitled to the Title to the Accommodation concerned after the Association and the Trustee have procured cancellation of the Points introduced into the Scheme arising from the Use Rights in accordance with the Articles, and sell or procure the sale or disposal of the Units in accordance with the provisions of clause 18.5.3.

18.6

18.6.1 In the event of a direction to the Trustee in terms of clause 18.5.3 or 18.5.4 above, the Trustee shall be entitled to deduct from the consideration received in respect of a sale of the Units or Use Rights all payments due to the Trustee under this Deed, all expenses incurred in connection with any sale, the Trustee's reasonable fees for acting on the termination of the trust, and all taxes or fiscal impositions whatsoever relating to the trust, the Units or Use Rights and the holding or disposal of the Units or Use Rights by the Trustee;

18.6.2 The net assets available for distribution after the provisions of clause 18.6.1 hereof have been complied with shall be distributed by the Trustee to the Association.

19 INVESTMENT POWERS

The Trustee has the following powers in relation to any investment which it may make in accordance with this Deed, which it may exercise in such manner as it thinks fit:

19.1 to invest in, acquire, dispose of or otherwise deal in or undertake to deal in any property, assets, rights, options, contracts or interests; and

19.2 all powers relating to the Property as if the Trustee were absolutely and beneficially entitled to the Property.

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AMENDMENTS TO TRUST DEED

The parties hereto shall be entitled by deed supplemental hereto to modify alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose PROVIDED THAT unless the Trustee shall certify in writing that in its opinion such modification alteration or addition does not prejudice the interests of the Members and does not operate to release the Association or the Intellectual Property Owner from any responsibility to the Members of the Association no such modification alteration or addition shall be made without the sanction of a General Meeting of the Association duly convened and held in accordance with the Articles.

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NOTICES

Any notice which is required to be given to any party hereto in pursuance of any provision of this Deed shall be given or served by pre-paid first class post addressed to the party at its registered office and any notice so posted shall be deemed to have been given or served the day next following the date of posting.

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CHOICE OF LAW ETC.

This Deed shall be governed by and construed in accordance with the laws of England and Wales and the parties hereto irrevocably submit to the non-exclusive jurisdiction of the Courts of England and consent to service of process by mail or in any other manner permitted by the laws of England.