

CLUB MEMBERSHIP RULES

NOTE: When you have paid the purchase price and your application to become a Club Member of Four Seasons Vilamoura Limited (the Club) is accepted you are automatically bound by these Club Membership Rules. They are a contract between you, the Club and the other Club Members and among other things, commit the Club to allow you to exercise your Membership Rights and commit you to pay annual membership fees. You will find definitions of the terms used in these Rules in Rule 15. below.

1. CONSTITUTION

- 1.1 These Club Membership Rules and the Regulations supplement and are in addition to the regulations set out in the Articles of Association of the Club.

2. CLUB MEMBERS

Your Membership Rights

- 2.1.1. You shall be issued with a Club Membership Certificate (see Appendix I.) which will state your class of Membership Rights. The periods of your occupation and Unit shall be allocated in accordance with Rule 3. You will also have the right to use the Resort Facilities during your periods of occupation. Membership Rights continue for so long as they are a Club Member, subject only to these Rules.
- 2.1.2. Subject to any Regulations made by the Club (see Rule 6) you may invite Guests to occupy your Unit and/or use the Resort Facilities. The maximum number of occupants permitted in respect of a Unit is stated on your Club Membership Certificate.
- 2.1.3. When you permit Guests to occupy your allocated unit:
- a. you nevertheless remain personally responsible for all your obligations under these Rules;
 - b. you will be personally responsible for the acts, omissions and general behaviour of your Guests, who shall comply with all applicable Club Membership Rules and Regulations;
 - c. if the Guests are to occupy when you are absent, the name, address and telephone number of one of your Guests must be given to the Resort Management Company at least one month before your Guests are due to occupy.
- 2.1.4. Prior to the Transfer Date the Resort Management Company may for its own benefit let out the Units for periods when no Club Member has a Membership Right.
- 2.1.5. The Resort Management Company may, at its discretion, permit persons other than Club Members or Guests to use the Resort Facilities.
- 2.1.6. Your Membership Rights (which include your rights to use the Resort Facilities) are limited to the periods allocated in accordance with Rule 3. However, at the sole discretion of the Resort Management Company you may use the Resort Facilities at times when you are not in residence subject to the prior requirements of Club Members, their Guests or other Resort guests in residence.

3. ALLOCATION OF MEMBERSHIP RIGHTS

3.1. General

- 3.1.1. The Club shall draw up and maintain a table identifying and numbering calendar weeks.

3.2. Holders of Annual Membership Rights

- 3.2.1. If you are the holder of Annual Membership Rights, you will have the exclusive right to occupy the Unit identified on your Club Membership Certificate for the period or periods in each year stated on the Club Membership Certificate.

3.3. Holders of Biennial Membership Rights

- 3.3.1. If you are the holder of Biennial Membership Rights, you will have the exclusive right to occupy the Unit identified on your Club Membership Certificate for the period or periods in each year stated on the Club Membership Certificate.

3.4. Holders of Flexible Membership Rights ("Flex time")

- 3.4.1. Each Club Member holding a Flexible Membership Rights will have allocated to him a week of occupation in accordance with the procedure set out in Rule 3.4.2.

- 3.4.2. A flexible week or weeks will be allocated under the Flexible Membership Rights Options in accordance with the following booking procedures:

a. Booking requests for flexible weeks in any year shall be in the form prescribed by the Club or the Resort Management Company from time to time. (Appendix III shows the present prescribed form.) Bookings shall be accepted on a first-come, first-served basis with the postmark date or if delivered by hand or if the postmark date is unclear or if delivered electronically then the date of receipt, constituting the date to be used for determining the priority of requests. Booking requests shall be delivered to such address as the Club or Resort Management Company shall prescribe from time to time. All booking requests must be received not less than 90 days and not earlier than one year before the beginning of the period being requested.

b. Where two or more booking requests for the same period of occupation have equal priority, the result shall be determined by ballot.

c. The Resort Management Company's decision as to the order of priority of booking requests shall be final and binding in all circumstances.

d. Booking requests shall list four choices of occupation periods in order of preference. Subject to prior booking requests, the Club or Resort Management Company shall allocate weeks in accordance with the order of preference indicated. If a choice cannot be satisfied in full, the next preference shall apply.

e. Booking requests shall not be accepted if received by the Resort Management Company within 90 days of the date of occupation regardless of the postmark date.

f. Where Club Members holding Flexible Membership Rights fail to submit booking requests, or in cases where all four listed choices have already been allocated in whole or in part, the Resort Management Company shall in its absolute discretion allocate such periods of occupation as are available for use.

g. Confirmations of booking requests shall be dispatched by the Resort Management Company not later than 60 days before the requested date of occupation.

h. The Resort Management Company reserve the right in its absolute discretion to select the Unit or Units to be occupied by holders of Flexible Membership Rights and reserves the right to change the Unit to be occupied without notice.

i. Booking requests shall not be accepted from Club Members who have not paid their membership fees or other moneys due to the Club or the Resort Management Company.

j. Members holding Flexible Membership Rights desiring to exchange flexible weeks with any exchange organization must be in possession of a confirmed booking before making any offer to exchange.

4. MEMBERSHIP FEES AND OTHER CHARGES

4.1. The membership fee applying in the year in which you enter into this agreement shall be the amount per Unit week as stated in the Application Form. The membership fees shall then be increased in respect of each subsequent year or part thereof prior to the Transfer Date in line with inflation and other factors such as the size and position of the Unit, the season in which the week falls, the scale of demand to occupy Units of that nature at that particular time of year and any disturbance due to maintenance and improvement works and the effects of any changes in Portuguese legislation in order to determine what is a fair and reasonable increase in the membership fee.

4.2. Biennial Club Members shall pay the membership fee per Unit week each alternate year corresponding to the year of their Membership Rights. All other Club Members shall pay the membership fee per Unit week each year.

4.3. After the Transfer Date and in respect of the calendar year in which the Transfer Date falls, your membership fee per Unit week shall be a fair and reasonable proportion (to be decided by the Club) of the estimated net outgoings.

4.4. The Resort Management Company may charge you and your Guests for use of the Resort Facilities and for supplying food, drink and other goods and services.

4.5. You must pay the membership fee or other charges on demand being made by or on behalf of the Club or the Resort Management Company.

4.6. Unless you pay within one month or such other period as stated on the membership fee charge or other payment demand, you will receive a final demand letter. The Resort Management Company reserves the right to impose a penalty charge for late payment.

- 4.7. Failure to pay the charge demanded and, if applicable, the penalty charge, within 90 days from the payment notice date, will result in cancellation of your Membership Rights, in accordance with Rule 10.
- 4.8. The Resort Management Company will charge a reinstatement fee for the revocation of the suspension of Membership Rights under Rule 9, such fee to be set annually by the Directors of the Club.

5. TRANSFER OF CLUB MEMBERSHIP

- 5.1. You may nominate another person (the applicant) to take over your rights under these Membership Rules provided that the applicant agrees to be bound by these Membership Rules and applies to the Club to become and is accepted by the Club as a Club Member. If you nominate applicants in respect of all your Membership Rights and those nominations are accepted, you shall be deemed to have resigned as a Club Member.
- 5.2. The Form of Nomination is set out in Appendix I, page 2.
- 5.3. The Form of Nomination should, when completed by you and the applicant be sent to the Club together with your Club Membership Certificate(s) in respect of the relevant Membership Rights.
- 5.4. The Club may refuse to accept an applicant:
- a. if any sums are owing by you to the Club or the Resort Management Company
 - b. if your Membership Rights are suspended under Rule 9;
 - c. if the Form of Nomination is not properly completed, or
 - d. if the appropriate Club Membership Certificate(s) have not been sent to the Club.
- 5.5. The Club will notify the nominee applicant (if successful) that he has been accepted by issuing him with a Club Membership Certificate relating to the Membership Rights being transferred and will notify you by sending you a copy of the Form of Nomination signed by the Club.
- 5.6. After a Club Member's death, his personal representatives may nominate an applicant as if they were the Club Member.

6. REGULATIONS

- 6.1. The Club may make, vary and revoke Regulations governing all aspects of the rights of Club Members, Guests and others to occupy the Units and use the Resort Facilities (including the prices to be charged for use of the Resort Facilities) provided that such Regulations: -
- a. shall not unreasonably interfere with your Membership Rights; and
 - b. must not unfairly prevent your use of the Resort Facilities.
- 6.2. The current Regulations are set out in Appendix II to these Membership Rules and copies of the Regulations from time to time in force shall be available on request.

7. CLUB MEMBERS' OBLIGATIONS

- 7.1. These obligations bind you until you cease to be a Club Member.
- 7.1.1. You agree with the Club that you and/or your Guests will: -

- a. not occupy your Unit otherwise than in accordance with your Membership Rights and in particular you will vacate your Unit no later than the time advised by the Resort Management Company prior to your departure;
- b. at all times observe any local laws or Regulations relating to the occupation of Units occupied by the Resort Management Company and the use of facilities available to the Resort Management Company.
- c. keep and maintain the interior of your allocated Unit and all of its contents in good condition during the period of your or your Guests' occupancy and pay for before departure the costs of any breakage and indemnify the Resort Management Company against any damage, deterioration or dilapidation (over and above fair wear and tear and damage or destruction by fire or any other insured risk as to which the Resort Management Company shall be the sole judge);
- d. if any emergency repair or maintenance work has to be carried out to the Unit or its contents when you or your Guests are in occupation, allow access on reasonable notice to enable such work to be carried out;
- e. not make any alterations or additions to your allocated Unit or the contents thereof;
- f. at all times observe any Regulations relating to the occupation and use of your allocated Unit and use of the Resort Facilities;
- g. not damage or destroy any part of the Resort or any Club or Resort Management Company property and will indemnify the Club against any such damage or destruction;
- h. notify the Club forthwith of any change in your permanent address;
- i. not do anything which might make void or voidable any insurance for the time being in force relating to the Resort or which could operate to increase the premium payable in respect of such insurance

7.2. Notwithstanding anything contained in these Rules Club Members will not be liable for the acts of Guests who occupy their Unit under an exchange system to which the Club or Resort Management Company is affiliated.

7.3. If you should die your personal representative will be bound by the Club Membership Rules until a new Club Member is elected to take your place.

8. CLUB MEMBERS' RIGHTS

8.1. Club Members will be provided with such services as the Resort Management Company shall deem desirable, which shall include:-

- a. maintaining, repairing, replacing and decorating the Resort and its equipment and furnishings;
- b. cleaning the Units and supplying clean bed linen at least weekly and clean towels at least twice weekly;
- c. providing the Resort Facilities.

9. SUSPENSION OF RIGHTS

9.1. The Club may at any time suspend your Membership Rights as a Club

Member:-

- a. if you fail to pay when due any money payable by you to the Club or the Resort Management Company;
 - b. if you or your Guests are in breach of Rules 7.1.1.c., 7. 1.c. or 7. 1.1.g.;
 - c. if you or your Guests have, in the reasonable opinion of the Club, committed a substantial breach of these Membership Rules or the Regulations;
 - d. if the conduct of you or your Guests is in the opinion of the Club wholly unbecoming to a Club Member.
- 9.2. Your Membership Rights may be suspended in respect of all or any periods in which you are entitled to occupy a Unit.
- 9.3. You will pay the membership fees payable in respect of the period of suspension.
- 9.4. The Resort Management Company may attempt to let your Membership Rights if they have been suspended and shall account to you for any amounts received by it less:-
- a. any sums due from you to the Club or Resort Management Company; and
 - b. 30% commission on any sums received (plus VAT or any similar tax in respect of such commission); and
 - c. any reasonable expenses incurred in connection with the foregoing process-.
- 9.5. The Club may at its discretion revoke any suspension at any time subject to the payment of a reinstatement fee under Rule 4.8.
- 9.6. If your Membership Rights are suspended for two or more consecutive years for any reason other than non-payment of monies due, they may be cancelled by a resolution of Club Members at any general meeting of the Club.

10. CANCELLATION OF MEMBERSHIP AND MEMBERSHIP RIGHTS

- 10.1. The Club shall have the right to cancel the Membership Rights of any Club Member who fails to pay his membership fee by the date advised on the membership fee demand in accordance with Rules 4.5., 4.6. and 4.7. The Board of Directors reserve the right to revoke any cancellation of membership if, in their view, such action is equitable.
- 10.2. Until the date when notice of the determination of the Transfer Date in accordance with the Club's Articles of Association is served on the Club, the Membership Rights relating to a membership cancelled in accordance with Rule 10.1. shall be deemed unallocated and shall revert to the Developer, and the Developer shall have the same right to dispose thereof as it has for any other unallocated Membership Rights.
- 10.3. Upon cancellation of your Membership Rights the Club will use its reasonable endeavours to find and nominate an applicant to take your place and in such circumstances, you hereby authorise the Club to fill in a Form of Nomination on your behalf.
- 10.4. On the election of such an applicant as a Club Member the Developer shall pay you the sale proceeds (if any) less: -
- a. any sums due from you to the Club or the Resort Management Company;

and

- b. 40% commission on any sums received (plus VAT or any similar tax in respect of such commission); and
- c. any reasonable expenses incurred in connection with the nomination and foregoing process.

11. TERMINATION

- 11.1. Your rights and obligations under these Membership Rules will terminate on the winding up of the Club. You will, however, remain liable to pay to the Club any moneys then owing by you and you may be required to pay £10 to discharge your liability to the Club under the Memorandum of Association of the Club.
- 11.2. You may give up your rights under these Membership Rules and resign as a Club Member by returning your Club Membership Certificate(s) to the Club. These should be accompanied by Forms of Nomination signed by you but with the applicants' names left blank. Your rights and obligations under these Membership Rules as a Club Member will terminate other than your liability to pay any monies then owing by you to the Club or the Resort Management Company and you may be required to pay £10 to discharge your liability to the Club or the Resort Management Company under the Memorandum of Association of the Club.
- 11.3. If a Club Member resigns their membership, the Membership Rights attaching thereto shall automatically be cancelled and shall, until notice is served of the determination of the Transfer Date, be passed to the Developer in the same manner as cancelled rights referred to in Rule 10.2 above.

12. VARIATION OF THE CLUB MEMBERSHIP RULES

- 12.1. Prior to the Transfer Date these Membership Rules may be varied by the Club provided that a resolution approving the variation shall be put to the Club Members in general meeting and it shall be deemed to have been approved unless either: -
- a. (if 30% or more of the Club Members are present in person or by proxy) one-third of the votes cast at the meeting are against the resolution; or
 - b. (if less than 30% of the Club Members are present in person or by proxy) at least 10% of all Club Members vote against the resolution.
- 12.2. After the Transfer Date these Membership Rules may be varied with the consent of the Club and with the approval of a resolution passed at a general meeting of the Club Members at which not less than 3% of the Club Members are present in person or by proxy, provided that at least two-thirds of the votes cast are in favour of the resolution.

13. MEETINGS OF CLUB MEMBERS

- 13.1. Subject to these Membership Rules general meetings of Club Members or of classes of Club Members shall be convened and conducted (*mutatis mutandis*) in accordance with the Articles of Association of the Club and all business shall be deemed to be special business.

14. MISCELLANEOUS

- 14.1. These Membership Rules shall be construed in accordance with Isle of Man law and you and the Club submit to the non-exclusive jurisdiction of the Manx Courts.
- 14.2. If you are joint Club Members your liability under these Membership Rules is joint and several.
- 14.3. Clause headings are for ease of reference only and shall not have legal effect.
- 14.4. Notices and demands under these Membership Rules may be served on you in accordance with the Articles of Association of the Club.
- 14.5. References to any gender include a reference to any other gender, and references to the singular include a reference to the plural and vice versa.

15. DEFINITIONS

- 15.1. In these Rules and Appendices, save where the context otherwise requires: -

"Annual Club Members" means those Club Members who hold Membership Rights in each calendar year.

"Biennial Club Members" means those Club Members who hold Membership Rights in each alternate calendar year;

"Club" means Four Seasons Vilamoura Limited.

"Club Members" means those members from time to time of Four Seasons Vilamoura Limited who do not hold any shares in Four Seasons Vilamoura Limited.

"Club Membership Certificates" means a certificate similar to the format set out in Appendix I, or in such other form as the Club may determine;

"Developer" means Cavalini Limited with registered number 411976 and with address at Suite 6, Rineanna House, Shannon Free Zone, Co. Clare V14 CA36, Ireland, being the Club operator and sales company;

"Form of Nomination" means the form of nomination as set out in Appendix II or in such form as the Club may determine;

"Guest" means any person permitted by a Club Member to occupy his allocated Unit and/or use the Resort Facilities (including Guests invited through an exchange system);

"Hub" means the public and common areas of the Resort and includes the reception, bars, restaurants, spa and gym;

"Membership Rights" means the right to occupy a Unit and at the time of occupation of the Unit, to use the Resort Facilities granted to a Club Member under these Club Membership Rules and such right of membership shall only exist provided that there are no membership fees or other monies owing to the Club or the Resort Management Company by the relevant Club Member;

"Regulations" means the regulations made under Rule 6;

"Resort" means the resort, Units, buildings and facilities from time to time and known as Four Seasons Vilamoura Resort located at Rua de Andorra, 8125-474 – Vilamoura, Portugal;

“Resort Management Company” means Vilamouragest – Gestao de Empreendimentos Turisticos Sociedad Unipessoal Lda with registered number 10207 and with address at Rua Vale Formoso, 224, 8135-148 Almancil, Portugal;

"Transfer Date" has the meaning given to it in the Articles of Association of the Club;

“Unit(s)” means apartments and/or villas allocated to the Club Member pursuant to their Membership Rights.



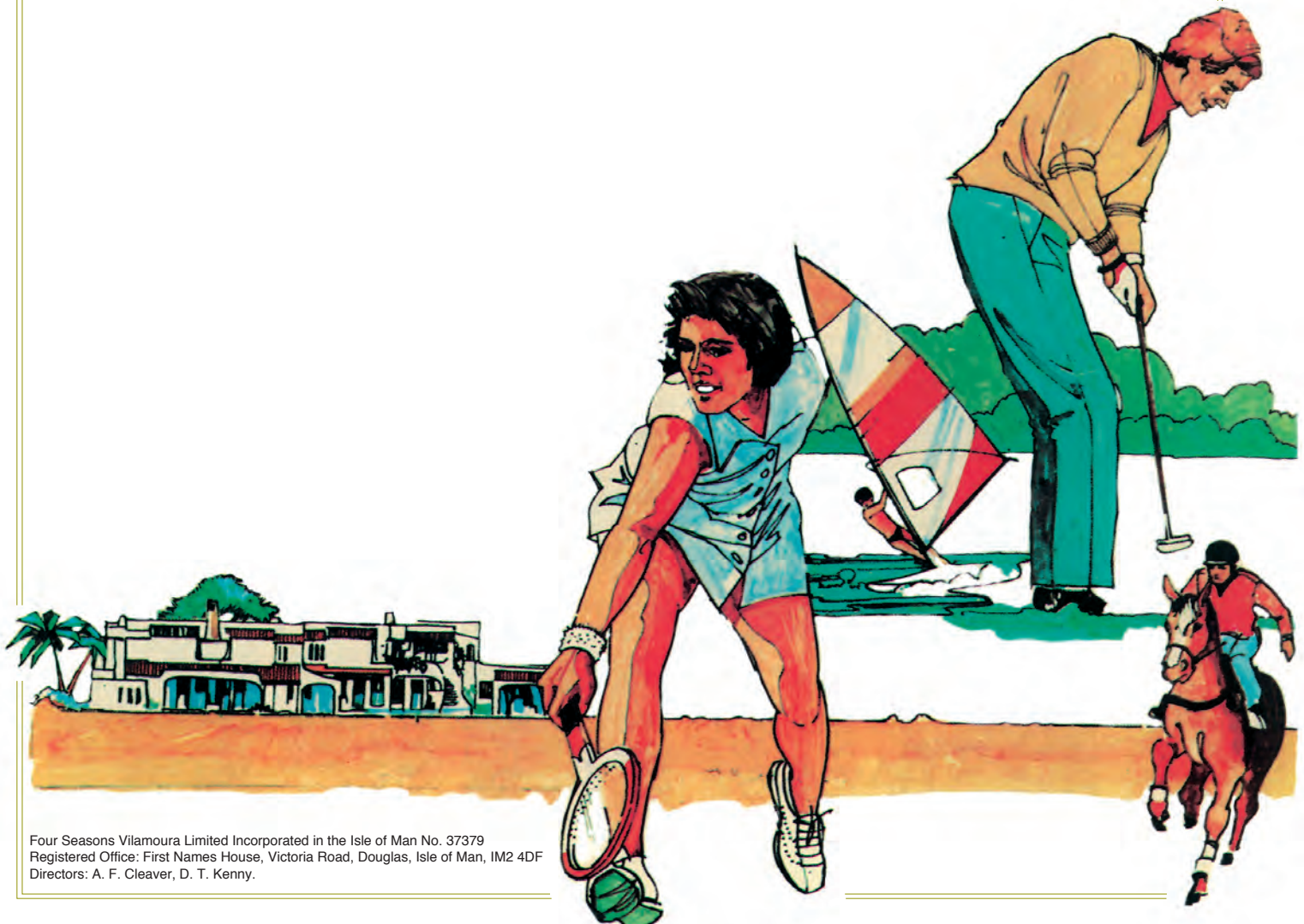
**FOUR
SEASONS**

VILAMOURA

The residential Country Club 'par excellence'

Club Certificate

FOUR SEASONS VILAMOURA LIMITED
hereby certifies that



FORM OF SURRENDER AND REQUEST FOR TRANSFER

(Pursuant to the Rules of Occupation)

(Inventory: Apt. /Week: _____)

I/WE, the within written Member(s) (Transferor's Full Names).....

.....
.....

of (address).....

.....

hereby surrender this Membership Certificate pursuant to the Rules of Occupation of the Resort subject to the issue of the new Membership Certificate in accordance with the request contained below and hereby agree to use my/our best endeavours at the cost of the person or persons named below to procure that such person or persons is/are issued with a new Membership Certificate of the Club and pending such admission declare that I/we hold my/our Membership Certificate upon trust for such person or persons Interest as a Member(s) (to the extent that such Interest may be so held upon trust for such person or persons).

AND I/WE (Transferee's Full Names).....

.....

.....

of (address).....

.....

hereby request the issue of a new Membership Certificate to me/us in respect of the weekly period within mentioned and undertake that with effect from the date mentioned below I/we shall observe and perform all the obligations of membership of the Club.

The Transferor confirms there are no outstanding debts with the Club or the Resort's Operator at the date of transfer and that this title is valid and that there are no encumbrances affecting this membership.

DATED the.....day of.....

SIGNED by SIGNED by

.....)

.....)

.....)

.....)

.....)

(Transferor)

(Transferee)

*NOTE:

Before completion of the transfer and payment of the purchase price (if any) the purchaser is advised to satisfy himself/herself upon proper enquiry of the existing member or his/her representative and/or the Club itself that valid receipts exist for payment of all membership fees and other monies that may be due up to the date of transfer and that the certificate of membership is still in force and has not been assigned, charged, already deposited or banked with any exchange organisation or cancelled for any reason (including non-payment of membership fees).

This form of Surrender and Request should be accompanied by the Transfer Fee for the time being appropriate and if the party selling is not the registered member of the Club he/she should produce satisfactory evidence of due representation. Confirmation that the certificate is still in force can be obtained by writing to the Trustee.

This Membership Certificate with the appropriate transfer fee* (payable to "FNTC") and a copy of the Transferees passports or ID cards should be sent to First National Trustee Company Limited, Four Seasons Vilamoura, First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF, British Isles, UK.

Appendix II

Four Seasons Vilamoura Limited Club Members Regulations (See Rule 6)

1. Club Members and their Guests shall not use any Unit :-
 - (a) for any purpose whatsoever other than as holiday accommodation;
 - (b) for any purpose or in any manner which shall be a nuisance to or cause annoyance to other Club Members, or their Guests, or any owner or occupier of adjoining land;
 - (c) for any illegal or immoral purpose whatsoever.
2. No Unit shall be occupied by more than the permitted number of persons.
3. No windows belonging to any Unit shall be stopped-up, darkened or obstructed otherwise than by use of curtain material or internal blinds and no washing, clothes or other articles shall be hung or exposed anywhere outside any Unit or in any position visible from outside the Unit. No signs may be posted in or on any Unit.
4. No dirt, rubbish, rags, oil or any deleterious material or other refuse shall be thrown into the sinks, baths, lavatories and conduits of any Unit.
5. No music or singing whether by instrument or voices, computer, radio, record player, compact disc player, cassette player, television or other means shall be allowed so as to cause nuisance or annoyance to any Club Member, Guest or permitted occupier of adjoining land any owner or occupier of adjoining land and in particular so as to be audible outside any Unit between the hours of 10.00p.m. and 9.00 a.m.
6. No animal or bird shall be brought upon or kept in any Unit .
7. Club Members and their Guests shall comply with all arrangements from time to time made by the Club or Resort Management Company in relation to the disposal of refuse from any Unit and shall not shake, beat, permit to be shaken or beaten any carpets, dusters or other objects from the windows or doors of any Unit and at no time shall throw dirt, rubbish, rags, food or any other material or substance whatsoever out of the windows or doors of any Unit.
8. Club Members and their Guests shall not store or allow to remain in any Unit any inflammable or explosive substance.
9. Motor vehicles are to be restricted exclusively to roads and parking restricted to parking areas. Vehicles may not be covered by sheets, awnings or other materials.
10. No repairing, servicing or washing of vehicles is permitted.
11. Only motor cars, quiet motor cycles, bicycles and golf buggies are permitted on the Resort's property. In particular no campers, buses, trailers, boats, caravans or the like is permitted.

Appendix III
Flexible Time Reservation Request



Res. N.º
Owner N.º
Year

FLEXIBLE TIME RESERVATION REQUEST

(Please Print)

Name

Address

I Own Apartment N.º of Week(s) Period (See Certificate)

Change over Day in order of preference 1. 2. 3. 4.
(Saturday / Sunday / Thursday / Friday)

REQUEST

First Choice: Week N.º (s) From / / To / /

Second Choice: Week N.º (s) From / / To / /

Third Choice: Week N.º (s) From / / To / /

Fourth Choice: Week N.º (s) From / / To / /

Do you intend to "bank" your confirmed week(s) with RCI? Yes No

If yes you must contact the nearest RCI office, after receiving our confirmation.

PLEASE NOTE THE FOLLOWING:

1. Only reservation requested with the four choices made will be accepted. Forms not complying will be returned to sender.
2. In the event that none of the options are available, we will propose the nearest alternative dates.
3. All maintenance fees must be paid when invoiced.
4. The reservation will be confirmed in writing not more than one year in advance and not later than 90 days prior to the beginning of the period.
5. All requests will be confirmed on a "first come, first served" basis.

FLEXIBLE TIME CALENDER

FLEX A PERIOD - Weeks 13 to 28, 35 to 43, 50 to 52 (inclusive)

FLEX B PERIOD - Weeks 1 to 12, and 44 to 49 (inclusive)

Signature

Date / /

FOR OFFICE USE ONLY

Confirmed for Week(s) <input type="text"/>	Apt. N.º <input type="text"/>	From <input type="text"/> / <input type="text"/> / <input type="text"/>	To <input type="text"/> / <input type="text"/> / <input type="text"/>
By: <input type="text"/>	Ok'd <input type="text"/>	Date <input type="text"/>	
Comments: <input type="text"/>		<p>Please mail all copies to:</p> <p>Four Seasons Vilamoura Resort C/o Reservations Department 8125-907 Vilamoura Portugal</p>	
<input type="text"/>			
<input type="text"/>			

Statement relating to Resorts Condominium International

Four Seasons Vilamoura Limited (the Club) has an agreement with Resorts Condominium Inc. (RCI) of the U.S.A. who maintain an office in Kettering, wherein RCI provides a reciprocal exchange service in which members of the Club may exchange use periods with owners in other holiday areas.

RCI is an independently owned and operated service company. The Club is not an agent for RCI and cannot make any representations or promises concerning RCI's current or future services. Representations or promises about RCI's programme are limited to the current materials which RCI itself supplies.

RCI's exchange network is developed upon a supply and demand system. Certain time periods, locations and particular resorts are in higher demand than others. Due to the supply and demand factors as well as untimely application or other factors no guarantee or assurance can be given that RCI will be able to satisfy a specific exchange request.

As a practical matter, holders of Club Membership Certificates in respect of low or medium demand time periods at the Club should not expect to exchange for high demand accommodation at another resort.

Purchasers are advised carefully to review RCI's most recent publications prior to purchase and to understand those procedures prior to making an exchange request.

While it is anticipated that the Club and RCI shall maintain their relationship this programme may be terminated and there is no assurance that the Club will still be affiliated with RCI at some future time.

The Companies Acts - 1931-1986
Isle of Man
Public Company Limited by Guarantee
and having a Share Capital

Memorandum of Association
of
Four Seasons Vilamoura Limited

1. The name of the Company is Four Seasons Vilamoura Limited.
2. The Company is a Public Company.
3. All requirements of the Companies Act 1986 in respect of matters relating to registration and of matters precedent and incidental thereto have been complied with.
4. The liability of the Members is limited.
5. Every Member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a Member, or within one year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a Guarantee Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amounts as may be required not exceeding £10 Sterling.
6. The Share Capital of the Company is £102 divided into 2 Ordinary pound each and 100 Redeemable Preference shares of one pound each.

The Companies Acts - 1931-1986
Isle of Man
Public Company Limited by Guarantee
and having a Share Capital

Articles of Association
of
Four Seasons Vilamoura Limited

INTERPRETATION

1. In these Articles, save where the context otherwise requires: -

"the Transfer Date" means such date as the Preferred Members may from time to time determine to be the Transfer Date provided that such date shall not be later than one year from the achievement of the allocation of 90% of all Occupancy Rights and provided that for such determination to be effective the Company shall have been given notice of the determination at least one month prior to the Transfer Date. Such notice, once given, may not be withdrawn;

"Club Membership Rules" means the agreement between the Company and the Club Members concerning the occupation, maintenance and use of the Resort;

"Club Members" means those members of the Company who do not hold any shares in the Company;

"Annual Club Members" means those Club Members who hold Occupancy Rights in each calendar year;

"Biennial Club Members" means those Club Members who hold Occupancy Rights in each alternate calendar year;

"Ordinary Members" means those members of the Company who hold Ordinary Shares in the Company;

"Preferred Members" means those members of the Company who hold Redeemable Preference shares in the Company;

"the Resort" means the proposed holiday village at Vilamoura, Algarve, Portugal, which is to be occupied by the Company;

"the Act" means the Companies Act, 1931, Isle of Man as amended;

"the Seal" means the Common Seal of the Company;

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

"the British Isles" means the United Kingdom and the Isle of Man;

"Unit Week" means a period of occupation of one unit in the Development for one week per calendar year;

"Biennial Unit Week" means a period of occupation of one unit in the Development for one week in each alternate calendar year;

"Membership Right" means the right to occupy a Club Unit and to use the Resort Facilities granted to a Club Member under the Club Membership Rules;

2. Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

PRELIMINARY

3. The regulations contained in Tables A and D of the First Schedule to the Act shall not apply to the Company.

MEMBERSHIP

4.1. The membership of the Company shall consist of:

- a. the subscribers to the Memorandum of Association;
- b. such persons as are registered as shareholders in the Company;
- c. such persons as the Directors shall resolve to admit to membership of the Company, not being holders of one or more shares in the Company.

4.2. A person may be a member of the Company without holding a share in the share capital of the Company.

4.3. Club Members shall be admitted by the Board of Directors either:-

- a. Upon the unanimous nomination of the Preferred Members subject to payment to the Company by the Preferred Members of such fee in such manner as may be agreed from time to time between the preferred Members and the Board of Directors or

- b. Upon the nomination of a Club Member or

- c. Upon the nomination of the Board of Directors provided that no person under the age of 18 years may become a member of the Company.

4.4. No person shall be admitted as a Club Member unless, upon such admission, he shall have allocated to him, and shall have accepted the allocation of at least one Unit Week or Biennial Unit Week.

4.5. No person shall be admitted as a Club Member unless he has agreed to be bound by the Club Membership Rules.

4.6. A person who has been admitted to membership of the Company as a Club Member by the Directors shall not be obliged to acquire any shares of and in the Company as a necessary adjunct of membership, nor shall any such person be obliged to contribute any capital to the Company.

5.1. The Directors of the Company shall keep a register of members in which shall be set out the full name and address of each member, the date of admission to membership, the class of membership and the date of cessation of membership of the Company and whether such cessation is by virtue of resignation or otherwise.

5.2. The fact that the name of a person has been entered in the register of members shall be conclusive evidence of that person's membership and the class of such membership.

5.3. Two or more persons may be registered as members of the Company.

5.4. Each Club Member shall have issued to him a certificate of membership under the Seal specifying Membership Rights allocated to him. A Club Member who has more than one allocation of Membership Rights may have one or more certificates issued to him at the discretion of the Directors.

5.5. Each Ordinary and Preferred Member shall have issued to him a share certificate under the Seal.

6. If at any time the membership of the Club is divided into different classes the rights attached to any class may, whether or not the Company is being wound up, be varied with the consent in writing of three fourths of the members of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the members of that class. To every such separate general meeting the provisions of these regulations relating to general meetings shall apply, but so that the quorum shall be two members at least present in person or by proxy.

7.1. Upon the serving of Notice of determination of the Transfer Date and prior to the cancellation of any redeemable preference shares any Membership Rights unallocated to a Club Member shall automatically be transferred and be allocated to or to the order of Cavalini Limited and Cavalini Limited or its nominee shall be the registered member in respect of any such Membership Rights until such time as it nominates an applicant for club membership to take its place.

7.2. At Transfer Date the Developer, currently Cavalini Limited, will offer any unallocated Membership Rights referred to in Article 7 .1 above to the Club on such terms and at such price that shall be agreed between the Developer and the Club, subject to the consent of the Club Members by Special Resolution, may exercise its option to purchase the said Occupancy Rights.

8.1. A Club Member may resign by giving written notice to the Company to that effect provided that he, at the same time, abandons any Membership Rights to which he may be entitled as a Club Member.

8.2. Where a person or corporation ceases to be a Club Member pursuant to Sub-Clause 8.1. hereof, neither the former Club Member nor his assigns or successors shall have any right to any compensation or any other payment of any kind related to the cessation of membership, nor to the return of any monies that such Club Member may have paid to the Company by way of subscription monies or otherwise.

8.3. Any Club Member who gives up his right to one or more allocations of Membership Rights and who as a result of such act ceases to be entitled to any Membership Rights shall be deemed to have resigned as a Club Member.

8.4. Club Membership of the Company is not transferable.

9 .1. The personal representatives of a deceased sole Club Member shall (whether appointed under the laws of the Isle of Man or the laws of any other jurisdiction) be recognised by the Company as the persons entitled to the rights vested in the member immediately prior to death and those personal representatives shall be entitled at their written request to be registered in the Company's register of members in place of the deceased member.

9.2. In the case of joint Club members, the personal representatives of the first member to die shall not be entitled to the rights vested in the joint members immediately prior to the death, but the survivors or survivor, or in the event of the death of all the joint members the personal representatives of the last to die, shall be the only persons to be so entitled and sub-clause 1 shall apply to the personal representatives of the survivor in the event of the survivor's death.

9.3. Any personal representatives entitled to be so registered as Club Members in accordance with the foregoing sub-clauses shall, prior to registration, be entitled to the same rights, benefits and advantages to which they would have been entitled had they been registered as Club Members except that they shall not before being so registered be entitled in respect of

those rights to exercise any right conferred by membership in relation to meetings of the Company.

CLASSES OF MEMBERSHIP

10.1. Membership of the Company shall comprise four classes of persons:-

a. Ordinary Members, each of whom shall hold at least one Ordinary Share in the capital of the Company, and such members shall have the right to attend at all general meetings of the Company, but shall not be entitled to vote at such meetings otherwise than on a Resolution to:-

(i) put the Company into liquidation

(ii) amend the Class rights of the Ordinary Members provided that in the absence of a quorum of voting members of the Company at such meeting the Ordinary Members shall be entitled to vote. When such members are entitled to vote, on a show of hands or on a poll each share shall carry one vote;

b. Preferred Members, each of whom shall hold at least one Redeemable Preference Share in the capital of the Company and such members shall have the right to attend and vote at all general meetings of the Company. At such meetings each holder of Redeemable Preference Shares shall be entitled to one vote on a show of hands and, on a poll, to two hundred votes in respect of every Redeemable Preference Share held by him. Provided that on the Transfer Date, the voting rights of the Preferred Members shall cease;

c. Annual Club Members, each of whom shall have the right to attend and vote at all general meetings of the Company. At such meetings each Annual Club Member shall be entitled to one vote on a show of hands and, on a poll to two votes in respect of each Unit Week allocated to or held by him.

d. Biennial Club Members, each of whom shall have the right to attend and vote at all general meetings of the Company. At such meetings each Biennial Club Member shall be entitled to one vote on a show of hands and, on a poll, to one vote in respect of each Biennial Unit Week allocated to or held by him.

10.2. The Subscribers to the Company shall be deemed to be Ordinary Members.

10.3. Subject to the provisions of the Act the Redeemable Preference Shares shall be redeemed at par on the Transfer Date or as soon as practicable thereafter and thereupon the holders of the Redeemable Preference Shares shall be bound to surrender their share certificates in respect of such shares to the Company for cancellation.

GENERAL MEETINGS

11. A general meeting shall be held once in every calendar year at such time (not being more than fifteen months after the holding of the last preceding general meeting) and place as the Directors shall determine or, in default, at such time in the third month following that in which the anniversary of the Company's incorporation occurs, and at such place as the Directors shall appoint. In default of a general meeting being so held a general meeting shall be held in the month next following and may be convened by any two members in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.

12. The above mentioned meetings shall be called annual general meetings; all other general meetings shall be called extraordinary general meetings.

13. The Directors may, whenever they think fit, convene an extraordinary general meeting and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitions, as provided by Section 113 of the Act. If at any time there are not sufficient Directors capable of acting to form a quorum, any Director or any Club Members holding not less than ten per cent of the voting power of the Club Members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

14. Subject to the provisions of Section 116(2) of the Act relating to special resolutions fourteen days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and in case of special business the general nature of that business shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company; but with the consent of all the members entitled to receive notice of some particular meeting that meeting may be convened by such shorter notice and in such manner as those members may think fit.

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

PROCEEDINGS AT GENERAL MEETINGS

16. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of the consideration of the accounts, balance sheets, income and expenditure estimates and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of and the fixing of the remuneration of the auditors.

17. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, three members present in person or by proxy shall be a quorum.

18. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors may determine and such members as are present shall constitute a quorum.

19. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act the Directors present shall elect one of their number to be Chairman of the meeting.

20. If at any meeting 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 of the meeting.

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

22.1. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least two members present in person or by proxy entitled to vote and unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

22.2. The demand for a poll may be withdrawn.

23. Except as provided in Article 24, if a poll is duly demanded it shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

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

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

26. Subject to the provisions of the Act a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

VOTING

27.1. On a show of hands each Preferred Member, each Annual Club Member and each Biennial Club Member present in person shall have one vote, ordinary members shall not be entitled to vote except as provided in Article 10.1. a. hereof.

27.2. On a poll each class of Members shall have the voting entitlement as set out in article 10 hereof.

27.3. In the case of joint members the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint members; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

28. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court and any such committee, receiver, curator bonis or other person may, on a poll, vote by proxy.

29. No member shall be entitled to vote at any general meeting unless all monies presently payable by him to the Company have been paid.

30. On a poll votes may be given either personally or by proxy.

PROXY

31. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the Company.

32. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

33. An instrument appointing a proxy may be in the following form or such other form as the Directors may approve:

FOUR SEASONS VILAMOURA LIMITED

"I/We _____ of _____
being a member/members
of the above-named Company, hereby appoint _____
of _____
or failing him _____ of _____

as my/ our proxy to vote for me/ us on my/ our behalf at the (annual or extraordinary, as the case may be) general meeting of the Company to be held on the _____ day of and at any adjournment thereof.

Signed this _____ day of _____

34. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

36. Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

NOTICES

37. A Notice may be given by the Company to any member either personally or by sending it by post to him or to his registered address. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter (by first class post or air mail) containing the notice and to have been effected in the case of a notice of a meeting at the expiration of 48 hours after the letter containing the same is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

38. Notice of every General Meeting shall be given in any manner hereinbefore authorised to:-

a. every member, except that in the case of joint members only the first named joint member shall be entitled to receive notice.

b. every person in respect of whom notice has been received by the Company being a legal personal representative of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting; and

c. every Director and alternate Director.

No other person shall be entitled to receive notices of general meetings.

DIRECTORS

39. Unless and until otherwise determined by the Company in general meeting the number of Directors shall not be less than two nor more than nine, and no Director need be a member of the Company.

40. The first Directors shall be determined by the initial shareholder(s) of the Company.

41. Each of the Directors shall be paid out of the funds of the Company by way of fees for his services as a Director such sums (if any) as the Directors may from time to time determine. Such remuneration shall be deemed to accrue from day to day. The Directors shall also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company. Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid some special remuneration by way of salary (in addition to or in substitution for his fees (if any) as a Director), lump sum or otherwise as the Directors may determine.

BORROWING POWERS

42. Subject to Article 48 the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

POWERS AND DUTIES OF DIRECTORS

43. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Act or these Articles and to such regulations, being not inconsistent with the aforesaid provisions, as may be prescribed by the Company in general meeting; but no regulation made by the Company

in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

44. The Directors from time to time, and at any time, may provide through local boards, attorneys or agencies for the management of the affairs of the Company abroad, and may appoint any persons to be members of such local boards or as attorneys or agents and may remove any persons so appointed and appoint others in their place and may fix their remuneration. The Company may exercise the powers conferred by Section 104 of the Act and those powers shall accordingly be exercisable by the Directors.

45. The Directors may from time to time and at any time by power of attorney appoint any Company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

46. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time determine.

47. The Directors shall cause minutes to be made in books provided for the purpose:-

- a. of all appointments of officers made by the Directors;
- b. of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
- c. of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.

48. The Directors shall not, without the prior approval of the Company by special resolution:-

- a. mortgage, charge, lease, grant options over or dispose of or in any other way deal in any real or leasehold property belonging to the Company; or
- b. mortgage, charge, grant options over, dispose of or in any other way deal with or direct or concur in any of the above matters with regard to any shares, debentures or interests in shares or debentures held by or on behalf of the Company other than to authorise a Trustee holding any such shares on trust for the Company to transfer such shares to the Company on the termination of such trust; or
- c. instruct the Directors of Four Seasons Vilamoura (Estates) Limited to mortgage, charge, lease, grant options over or dispose of or in any other way deal in any real or leasehold property belonging to that Company save in fulfilment of contractual obligations entered into prior to admission of the first Club Member; provided that no person dealing with the Company or its nominee shall be concerned to see or inquire whether these provisions are observed.

DISQUALIFICATION OF DIRECTORS

49. The office of Director shall be vacated if the Director:-

- a. without the consent of the Company in general meeting holds any other office of profit under the Company; or

- b. becomes bankrupt or insolvent or makes any arrangement or composition with his creditors generally; or
- c. becomes prohibited from being a Director by reason of any order made under Section 208 or 259 of the Act; or
- d. is found lunatic or becomes of unsound mind; or
- e. resigns his office by notice in writing to the Company.

50. A Director may hold any other office or place of profit under the Company, except that of auditor, upon such terms as to remuneration, tenure of office and otherwise as may be determined by the Board.

51. No Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Directors shall be in any way interested be avoided, nor shall any Director so contracting or being interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or the fiduciary relation thereby established, but a Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in manner required by Section 148 of the Companies Act, 1931 and it is expressly declared that a Director may as a Director vote in respect of any contract which he may make with the Company or in which he may be so interested and if he do so vote shall be counted and he may be reckoned for the purpose of constituting a quorum of the Directors.

ELECTION OF DIRECTORS

52. At the first annual general meeting and at subsequent annual general meetings, all the Directors shall retire from office, but retiring Directors shall be eligible for re-election.

53. No person other than a Director retiring at the meeting shall unless recommended by the Directors be eligible for election to the office of Director at any general meeting unless, not less than three nor more than twenty-one days before the date appointed for the meeting, there shall have been left at the registered office of the Company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

54. Any casual vacancy occurring in the board of Directors may be filled up by the Directors, but the person so chosen shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

55. The Directors shall have power at any time and from time to time to appoint a person as an additional Director who shall retire from office at the next following annual general meeting but shall be eligible for election by the Company at that meeting as an additional Director.

56. The Company may by extraordinary resolution retire a Director before the expiration of this period of office and may by ordinary resolution appoint another person in his stead.

PROCEEDINGS OF DIRECTORS

57. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and at least once every twelve months. Questions

arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote. A Director may, and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. It shall not be necessary to give notice of a meeting of Directors to any Directors for the time being absent from the British Isles.

58. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be two.

59. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the articles of the Company as the necessary quorum of the Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.

60. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office; but, if no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

61. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

62. A committee may elect a Chairman of its meetings; if no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be Chairman of the meeting.

63. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and in the case of an equality of votes the Chairman shall have a second or casting vote.

64. All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

65. A resolution in writing, signed by all the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors convened and held.

66. Providing only that either notice has been given or all the Directors or members of a committee of the Directors as the case may be participate then any Director or member of a committee of the Directors may participate in a meeting of the Directors or such committee by means of telephonic or similar communications whereby all persons participating in the meeting can hear each other and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting.

67. The board may at the request of a Director appoint any person approved by such Director to be an alternate Director to represent such Director and such appointment shall have effect and such appointee, while he holds office as an alternate Director shall be entitled to notice of meetings of Directors and in the absence of the Director whom he

represents, to attend and vote thereat accordingly, but he shall not require any qualification and he shall ipso facto vacate office if and when the Director of whom he is the alternate vacates office as Director, or the alternate Director may be removed from office at the request of the Director of whom he is the alternate; and any appointment or removal under this Article shall be effected by the board upon the request in writing to the Company under the hand of the Director of whom the alternate Director is to be, or is, the alternate.

68. Every person acting as an alternate Director shall be an officer of the Company and shall not be deemed to be the agent of the Director of whom he is the alternate. The remuneration of any alternate Director shall be payable out of the remuneration payable to the Director of whom he is the alternate; and shall consist of such portion of the last mentioned remuneration as shall be agreed between the alternate Director and the Director of whom he is alternate.

INDEMNITY

69.1. Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (including any such liability as is mentioned in paragraph (c) of the proviso to Section 151 of the Act) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto, but this Article shall only have effect in so far as its provisions are not avoided by the said section.

69.2. Subject to the provisions of Article 48 the Directors may execute, in the name or on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such debenture or mortgage of the Company's property (present and future) as they think fit, and such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.

SECRETARY

70. 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.

71. A provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

THE SEAL

72. The Directors shall provide for the safe custody of the seal, which shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf and every instrument to which the seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose.

73. The Company may exercise the powers conferred by Section 32 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

ACCOUNTS

74. The Directors shall cause proper books of account to be kept with respect to.-

- a. all sums of money received and expended by the Company and the matter in respect of which the receipt and expenditure takes place;
- b. all sales and purchases of goods by the Company; and

c. the assets and liabilities of the Company.

75. The books of account shall be kept at the registered office of the Company or at such other place or places as the Directors think fit and shall always be open to the inspection of the Directors.

76. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.

77. The Directors shall from time to time in accordance with Section 2 of the Companies Act 1982 cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in that section.

78. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the auditor's report and Director's report and income and expenditure estimates shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of the Company. Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of any joint members or debenture holders.

AUDIT

79. Auditors shall be appointed, and their duties regulated in accordance with Sections 12 to 16 of the Companies Act 1982.

INCOME DISTRIBUTIONS, DIVIDENDS

80. The Company shall not make any distributions of income or declare any dividends.

WINDING UP

81.1. On the winding up of the Company the liquidator may, with the sanction of an extraordinary resolution, divide among the members, in specie or in kind, any part of the assets of the Company available for distribution to its members and may, with the like sanction, vest any part of the assets of the Company available for distribution to its members in trustees upon such trusts for the benefit of the members or any of them as the liquidator, with the like sanction, may think fit.

81.2. In making a distribution of assets in liquidation, the liquidator shall distribute such assets in accordance with the following rights:-

a. Ordinary Members shall have no rights in a distribution other than to receive payment of a sum equal to the nominal value of the ordinary shares.

b. Each Club Member shall be entitled on a distribution to an amount calculated in accordance with the following formula:-

$VxA / Dx102$

where V = the number of votes to which each Club Member is entitled on a poll in a general meeting;

D = the number of Units allocated (any Unit in respect of which Club Membership has been granted shall be deemed to be allocated);

A = total assets available for distribution after payment of the amount due to the Ordinary Members as herein determined.

c. Preferred Members shall be entitled in a distribution to receive pro rata to their holdings the balance of the assets available for distribution after the payment of the amounts due to the Ordinary Members and the Club Members as herein determined. Provided that after the transfer Date any such surplus assets shall be divided amongst Club Members in proportion to their entitlements under paragraph b. above.

d. Insofar as Ordinary Members hold Membership Rights they shall be entitled in a distribution to participate as if they were Club Members.

81.3. For the purpose of this Article the senior joint member shall be deemed to be the Club Member to the exclusion of the other joint members and for this purpose seniority shall be determined by the order in which the names stand in the register of members.