

CONSTITUTION THURNHAM OWNERS' CLUB

1. DEFINITIONS

In this Constitution the words and phrases set out below shall (unless the context otherwise admits or requires) have the following meanings:

The Advance Management Charge

The estimated advance payment of the Management Charge payable under the Management Agreement.

The Club

Thurnham Owners' Club.

The Committee

The body of persons appointed under Rule 10.

The Company

Sunterra Title Limited whose registered office is at Citrus House, Caton Road, Lancaster, Lancashire, LA1 3UA.

Fixed Week

The entitlement to use a Unit for a predetermined weekly period.

The Founder Members

The Company and the Management Company.

The Management Agreement

The Agreement relating to the management of the Club a copy of which is annexed to this Constitution or any similar document for the time being in force.

The Management Charge

The proportion of the costs of the Club to be borne by each Member in accordance with Rule 12.

The Management Year

Each calendar year for which annual accounts shall be prepared showing the income and expenditure of the Club during that year.

The Management Company

Sunterra Europe Limited whose registered office is at Citrus House, Caton Road, Lancaster, Lancashire, LA1 3UA.

Members

The members from time to time of the Club duly admitted to membership and holding or entitled to hold a Membership Certificate (including the Founder Member unless the context otherwise requires) and "Member" shall be construed accordingly.

Membership Certificate

The Certificate issued to any Ordinary Member (substantially in the form annexed hereto) entitling the holder to the rights of occupation of a Unit in accordance with this Constitution.

Ordinary Members

All Members other than either of the Founder Members or any person or persons associated with either of the Founder Members as its or their nominee or nominees and "Ordinary Member" shall be construed accordingly.

Net Proceeds of Sale

The amount remaining for distribution amongst the Members (in accordance with Rule 18) following the sale of the Units by the Trustees after the deduction of all such amounts as may be required in accordance with the provisions of the Trust Deed and/or this Constitution.

Regulations

The regulations set out in the Schedule together with all variations, additions and amendments made from time to time.

The Rules

The rules of Thurnham Owners' Club a copy of which is annexed to this Constitution together with all variations and amendments made from time to time.

The Trust Deed

The deed appointing the Trustee of the Club's property a copy of which is annexed hereto or any similar document for the time being in force.

The Trustee

First National Trustee Company Limited or such other trustee as may be appointed in accordance with Rule 11.2.2.

Weekly Period

A weekly period set out in the Table of Weekly Periods annexed hereto.

Units

Means of Units at Thurnham Hall, Thurnham, near Lancaster referred to in Rule 7.1 and "Unit" shall be construed accordingly.

Unit Type

Means each separate category or class of Units from time to time comprising the property of the Club.

In this Constitution where the context so admits the masculine form shall include the feminine and the singular form shall include the plural. Paragraph headings have no legal significance and are for information only.

2. NAME

The Club shall be called "Thurnham Owners' Club".

3. LOCATION

The main office of the Club shall be at Thurnham Hall, Thurnham, near Lancaster or elsewhere as the Company shall decide.

4. OBJECTS

The Club shall be a non-profit making club whose object is to secure for its Members the ownership of exclusive rights of occupation of the Units for specific periods in each year until the dissolution of the Club.

- 4.1 Joint rights of ownership of the Units; and
- 4.2 Exclusive rights of occupation of the Units for specified periods in each year.

5. MEMBERSHIP

The Club shall consist of the Founder Members and such number of Ordinary Members as shall be admitted to membership in accordance with this Constitution.

6. FOUNDER MEMBERS

The Founder Members of the Club shall be the Company and the Management Company.

7. DUTIES OF FOUNDER MEMBER AND APPOINTMENT OF TRUSTEE

- 7.1 The Founder Members shall arrange for the conversion to and furnishing of residential units of such part or parts of the buildings comprising or situate in the grounds of Thurnham Hall aforesaid complete with such amenities, services, fixtures, fittings, equipment, furnishings, provisions and utensils as they shall reasonably consider appropriate for a high class holiday ownership development and shall ensure that all Ordinary Members are admitted as members of Thurnham Owners' Club and have the right to use the facilities of that Club (subject to due observance of the Rules).
- 7.2 The Founder Members will arrange for a lease or leases of the Units to be vested in an independent trustee upon trust for the benefit of the Members of the Club.
- 7.3 The initial trustee shall be First National Trustee Company Limited whose registered office is at Ragnall House, 18 Peel Road, Douglas, Isle of Man who shall be appointed by the Founder Members under and hold office upon the terms of the Trust Deed entered into immediately after the formation of the Club and such trustee shall hold the Units upon long leases for a term of 125 years from 29 September 1988 or for any extended period which may be agreed by The Club.
- 7.4 Members shall automatically be bound by the terms and provisions of the Trust Deed upon admission to membership.
- 7.5 The Trust Deed shall be ratified and confirmed at the first General Meeting of

the Members duly convened and held in accordance with this Constitution.

- 7.6 In consideration of the Founder Members procuring the vesting in the Trustee of a lease or leases of the Units the Founder Members will initially be entitled to all the rights in respect of such Units under this Constitution.

8. OCCUPATION

- 8.1 The exclusive rights of occupation of the Units shall be granted in accordance with the following provisions:
 - 8.1.1 The Company shall be entitled to issue for each Unit no more than fifty-one Membership Certificates so that each Certificate will entitle its holder to occupy the Unit to which it relates for the Weekly Period in each calendar year referred to therein. Membership Certificates may be issued to biennial owners entitling the holders thereof to occupy the Unit to which each Certificate relates for the Weekly period in each alternate year, in which case not more than 102 Membership Certificates will be issued for that Unit.
 - 8.1.2 The Weekly Periods will be numbered from 1 to 52.
 - 8.1.3 Each Weekly Period, in respect of apartments numbered one to twenty-one, shall commence on a Saturday at 16:00 hours and shall end at 10:00 hours the following Saturday and in respect of apartments numbered from twenty-two onwards shall commence on a Sunday at 16:00 hours and shall end at 10:00 hours the following Sunday.
 - 8.1.4 The dates of the Weekly Periods for the duration of the Club shall be as set out in the Table of Weekly Periods as determined by RCI and any days unallocated to Members for Weekly Periods shall belong to the Company subject to not less than seven days each year being available for routine maintenance purposes.
 - 8.1.5 A Membership Certificate may cover more than one Weekly Period and shall for all purposes of this Constitution be deemed to be a series of separate Membership Certificates one for each Weekly Period it covers.

9. MEMBERSHIP

- 9.1 Election of Ordinary Members shall be subject to the following provisions:
 - 9.1.1 Any person or persons over the age of eighteen (including an incorporated company or other body) may apply for and be admitted to membership of the Club.
 - 9.1.2 The Company will have power to admit applicants to membership.

- 9.1.3 Membership Certificates will be issued to new Members by the Company either pursuant to its rights under Rule 9.3 or in accordance with Rule 14.2.
- 9.1.4 Membership Certificates may not be sold, transferred or otherwise disposed of save in accordance with the relevant provisions of this Constitution which shall apply in the event of any Member wishing to dispose of his Membership Certificate (or in the case of the death or bankruptcy of such Member or the winding up of a Member being a corporation).
- 9.2 Membership of the Ordinary Members of the Club shall cease upon the occurrence of any of the following events:
 - 9.2.1 The transfer of a Membership Certificate in accordance with this Constitution subject to the transferee becoming a Member; or
 - 9.2.2 The cancellation of a Member's membership of the Club pursuant to the provisions of this Constitution; or
 - 9.2.3 Termination of the Club in accordance with Rule 18 of this Constitution.
- 9.3 The rights in respect of any Membership Certificates not issued to Ordinary Members will belong to the Company as an Ordinary Member subject to and with the benefit of all the obligations, rights and privileges of being an Ordinary Member. Without prejudice to the foregoing the Company will be entitled to let out for its own benefit the Units to which such unissued Membership Certificates relate or otherwise grant rights of occupation to third parties for the duration of the period of such unissued Membership Certificates.

10. APPOINTMENT OF COMMITTEE

- 10.1 The interests of Members shall be represented by a Committee of not more than five persons three of whom shall be Ordinary Members and two of whom shall be nominated by the Company and may be Ordinary Members of the Club. The Company may depute or refer to the Committee such powers and duties vested in it as it shall from time to time determine.
- 10.2 The Committee shall meet as often as necessary and at least once every twelve months. Any two members of the Committee may call a Committee meeting by notice in writing to all the Committee members at least twenty-eight days prior to the proposed date of such Committee meeting and one of the Committee members nominated by the Company shall be appointed to act as Chairman of the Committee at the first meeting of the members of the Committee failing which the Chairman of any meeting of the

- Committee will be elected by a majority of those members of the Committee present at the meeting in question.
- 10.3 Decisions of the Committee shall be on the basis of a majority of those present and in the event of deadlock the Chairman of the meeting shall have a casting vote. A quorum shall consist of three members of the Committee at least one of whom shall be a Member nominated by the Company and proper Minutes of all Committee meetings shall be taken.
- 10.4 The first members of the Committee (other than those nominated by the Company) will be elected at the first Annual General Meeting of the Members which will take place on or before 31 December 1990. The first Annual General Meeting will be convened by the Company by notice in writing sent to every Member not less than twenty eight days before the date of such Meeting. At the second Annual General Meeting and at each subsequent Annual General Meeting one elected member of the Committee shall retire and a new member thereof shall be elected. Retiring members may offer themselves for re-election and the order in which the members retire shall be in accordance with the order in which they were elected to membership of the Club or if appropriate by the drawing of lots. The two Committee members nominated by the Company shall retire forthwith upon written notice from the Company who shall be entitled to nominate a successor or successors to fill any vacancy or vacancies thereby created.
- 10.5 Save as herein provided election or removal of members to and from the Committee shall be dealt with only at an Annual General Meeting or Special General Meeting of the Club. Written notice shall be given by the Committee to all Members specifying the number of vacancies arising on the Committee and shall give a date by which nominations in writing for such vacancies must reach the Chairman of the Committee at the address specified in such Notice but shall not be later than fifty-six days before the date of such Meeting. Nominations shall be made in writing by a Member who shall be entitled to attend and vote at such Meetings to the address specified in the Notice by the date stated and shall include biographical information concerning the nominee and shall be seconded in writing by two other Members who are also entitled to attend and vote at such Meeting. Such nominations shall contain a statement by the nominee in writing that if elected he is willing to serve as an elected Committee Member. All nominees must be present at the Meeting.

- 10.6 The Committee shall have such powers that may be necessary to carry out the objects of the Club for its general management and shall be entitled to delegate to the Management Company such of its powers as may be appropriate to enable the Management Company to perform its functions. Until such time as the Committee shall have been constituted the Management of the Club and all the powers of the Committee shall rest in the Founder Members, who will on behalf of the Club enter into an agreement with the Management Company.
- 10.7 Without prejudice to the generality of the foregoing the Committee shall have the following specific powers:
- 10.7.1 At any time to appoint a Member of the Club to fill any casual vacancy amongst the elected Members of the Committee occurring through death, illness, resignation or otherwise. All such persons so appointed shall hold office only until the next following Annual General Meeting but shall be eligible for re-election for the unexpired portion of the period for which the Committee Member whom he was co-opted to replace would otherwise have been due to serve.
- 10.7.2 To make bye-laws for the proper regulations of the Club and such bye-laws shall be binding on all Members of the Club. Such bye-laws shall not conflict with this Constitution and in the event of any apparent conflict of the terms the Constitution shall prevail.
11. COMPANY'S POWERS
- 11.1 The management of the Club shall initially be vested in the Management Company under the Management Agreement.
- 11.2 Without prejudice to the generality of the foregoing the Company shall have the following specific powers:
- 11.2.1 At any time to cancel or suspend for a reasonable period of time the membership of any Member who in the opinion of the Committee shall have committed a substantial breach of the provisions of the Constitution or any bye-laws or regulations hereunder or whose conduct in the opinion of the Committee shall be wholly unbecoming to a Member who has not remedied the breach of conduct complained of within a reasonable time following a written request by the Committee for him to do so. Any such cancellation or suspension, except cancellation for non-payment of the Management Charges, shall be ratified by the Members at the Annual General Meeting next following this suspension taking effect. For the avoidance of doubt any dispute or difference howsoever arising out of this sub-clause may be the subject of a reference to Arbitration as set out in Clause 20 hereof. Without prejudice to the generality of the provisions of this clause, any Member who fails to pay any Management Charge levied on him by the Committee or by the Company within ninety days from the date of being given Notice that such Management Charges have become due shall be treated as having committed a substantial breach.
- 11.2.2 In the event of the termination of the appointment of the Trustee to appoint whenever necessary another body or person as trustee of the property of the Club.
- 11.2.3 To vary or add to the Regulations and the Rules subject to ratification by the Club in General Meeting and approval by the Trustee.
- 11.2.4 To make such bye-laws as may at any time be reasonably necessary for the proper regulation of the use of the amenities at the Club such bye-laws to be binding on all Members forthwith upon being affixed upon a notice-board in a prominent place at Thurnham Hall. In the event that any such bye-law conflicts with the provisions of this Constitution the provisions of this Constitution shall prevail.
- 11.2.5 In co-operation with the Management Company to enter into all contracts and agreements on behalf of the Club as it may reasonably deem necessary or advisable for the purposes of the management of the Club and to apply the funds of the Club in payment of the expenses of management and administration of the Club.
- 11.2.6 To appoint a member of the Institute of Chartered Accountants as the Auditor of the Club to audit the annual accounts of the Club and to remove such Auditor save that the Members may by a Resolution passed at a General Meeting of the Club remove such Auditor and appoint another in his place.
- 11.2.7 To appoint Solicitors or other professional advisers for the Club and to agree the remuneration of the Auditors, Solicitors or other professional advisers from time to time appointed or instructed on behalf of the Club and to agree the annual remuneration of the Trustee payable under Clause 11 of the Trust Deed.
- 11.2.8 In co-operation with the Management Company to bring, defend, settle or compromise any proceedings or claim of any kind in relation to the affairs of the Club or to the obligations and rights of some or all of the Members hereunder or under the Trust Deed.
- 11.3 The Company shall be entitled to exercise the following powers on behalf of the Club but only upon a decision by not less

than a two-thirds majority of votes cast at a General Meeting:

- 11.3.1 To borrow money;
- 11.3.2 To grant securities and mortgages over its property;
- 11.3.3 To purchase, lease or otherwise acquire additional property; and
- 11.3.4 To sell, lease, grant easements over or otherwise dispose of or deal with its property or any rights over its property.

12. MANAGEMENT CHARGE

- 12.1 The Members shall contribute in accordance with the terms of the Management Agreement to all reasonable costs incurred by the Club including and without prejudice to the generality of the foregoing the cost or expense of the following:
 - 12.1.1 The service charges payable in respect of the leases of the Units which are for the time being and from time to time vested in the Trustee for the benefit of Members together with all other costs, expenses, claims, demands, losses and damages paid, incurred or sustained by the Trustee in accordance with the Trust Deed.
 - 12.1.2 Insofar as the same are not comprised within the said service charges, maintenance, repair, decoration (where appropriate), cleansing and (when necessary) renewal of the Units services and facilities provided by the Company from time to time for the benefit of Members whether exclusive or in common with others entitled thereto.
 - 12.1.3 Maintenance, repair, cleansing and (when necessary) replacement of the furniture, furnishings, fittings, fixtures, equipment, provisions and utensils in or about or relating to the Units and the said facilities.
 - 12.1.4 The routine maintenance, cleaning and tidying of the interior of the Units and the said facilities in order to make the same ready for use by Members.
 - 12.1.5 Insurance of the Club's property both real and personal for the full reinstatement value thereof and any other insurance which the Management Company shall consider necessary or appropriate in relation to the Club's property and the said facilities provided by the Company.
 - 12.1.6 All outgoings incurred in respect of the Units and all the Club's property and the said facilities including all rates and any income or other taxes, duties, charges, assessments, impositions, levies and outgoings whatsoever assessed or charged in respect thereof.
 - 12.1.7 The employment of staff for any of the purposes set out herein and the reasonable overhead expenses in connection with their employment or otherwise.
 - 12.1.8 The compliance with making representations against or otherwise contesting the incidence of the provisions

of any legislation or orders or statutory requirements thereunder concerning town planning, public health, highways, streets, drainage or other matters relating or alleged to relate to the property of the Club or the said facilities provided by the Company.

- 12.1.9 Any Management Charges or any other reasonable charges whatsoever which may be incurred in the management of the Club's property and the said facilities and the running of the Club's affairs whether by the Management Company or otherwise.
 - 12.1.10 The reasonable fees and expenses of the Trustee and all other costs, expenses or payments incurred by or payable to the Trustee under the Trust Deed and the reasonable fees and expenses of the auditor, lawyers and other professional advisers hereinbefore referred to or incurred in relation to the keeping of all appropriate records and accounts.
 - 12.1.11 The calculation and giving of notice as necessary to each Ordinary Member of the amount of Management Charge to be paid and the convening and holding of all meetings of Members convened in accordance with this Constitution.
 - 12.1.12 The establishment and maintenance of a sinking fund for the replacement of capital items or the carrying out of major works in respect of the Club's property and the said facilities of any other item of expenditure as may be approved by a two-thirds majority of all Members entitled to attend and vote at a General Meeting or by a resolution passed in accordance with Rule 16.7.
 - 12.1.13 The establishment and maintenance of any reserve fund or deposit which may be required by the Trustee from time to time pursuant to the provisions of the Trust Deed.
- 12.2 Save insofar as the same may have been delegated by the Management Agreement the Company, in co-operation with the Management Committee, shall have the sole discretion in deciding what monies should be spent for any of the foregoing purposes and when the same shall be expended. The Company shall also have discretion in determining the proportion of the total amounts so expended to be borne by the holders of Membership Certificates having regard to the size and type of the relevant Units and to the provisions of the Trust Deed.

13. MEMBERS' FURTHER OBLIGATIONS

The following obligations will apply to each of the Ordinary Members:

- 13.1 Not to occupy the Unit to which his Membership Certificate relates other than

- for the appropriate period of time in each year and for no longer.
- 13.2 At all times to observe the Regulations and the Rules.
- 13.3 To keep and maintain the interior of the Apartment and all of its contents to which his Membership Certificate relates in good and tenable state and condition during the period of his occupancy and to pay or indemnify the Club against any damage, deterioration or dilapidation (over and above fair wear and tear and damage and destruction by fire or any other risk insured against which may have taken place during the period of occupancy) as to which the Committee or (during such time as the administration of the Club affairs may be delegated to it) the Management Company shall be the sole judge.
- 13.4 In the event of any inspection, repair or maintenance work requiring to be carried out to the Unit or its contents or to any adjacent building during the period of a Member's entitlement to occupation of a Unit to allow access to the Management Company and others if given reasonable prior written notice (except in emergency) to enable any relevant works to be carried out with reasonable despatch (the person or persons carrying out such works making good all damage to the Unit and using its or their best endeavours to minimise any disturbance or inconvenience).
- 13.5 Not to do anything which would make void or voidable the insurance of the Unit and its contents or any other insurance for the time being in force and relating to the buildings or adjacent premises of which the Unit forms part.
- 13.6 Not to make any alterations or additions to the exterior or interior of the Unit to which his Membership Certificate relates or anything therein.
- 13.7 To notify the Company and the Management Company forthwith of any change in his permanent address.
- 13.8 To pay to the Management Company at the end of the relevant period of occupation all metered charges for telephone, electricity, hot water and central heating consumed during such period in the Unit occupied by him. The Management Company may require a reasonable deposit against such charges.
- 13.9 To pay forthwith upon the same being demanded the appropriate proportion of the costs and expenses referred to in Clause 12 incurred by the Club in any year.
- 13.10 During such time as the administration of the affairs of the Club shall be delegated to the Management Company at the times provided by the Management Agreement his due proportion of the Management Charge (including where appropriate the

Advance Management Charge) provided for by the Management Agreement and further to pay on demand any charge falling due under sub-clauses 13.3 and 13.8 of this Rule.

- 13.11 In the event of any such sums as are referred to in Rules 13.8, 13.9 and 13.10 not being paid by the due date the Company or the Management Company shall be entitled to refuse the Member in question or any other person in his place occupation of the Unit to which his Membership Certificate relates until all arrears have been discharged and until all such arrears have been discharged the Member shall not be entitled to attend and vote at any General Meeting of the Club.
- 13.12 In the event of any Member granting rights over or for any other reason parting with occupation of the Unit to which his Membership Certificate relates in accordance with Rule 14.3 for the whole or any part of the relevant period of occupation immediately to give written notice to the Company or the Management Company together with details of the name and address of the person who has been allowed into occupation.

14. DISPOSAL OF MEMBERSHIP RIGHTS

- 14.1 Any Member may subject to Rule 14.2 bequeath, agree to sell, otherwise transfer the rights to which he is entitled pursuant to a Membership Certificate in favour of a third party subject to such third party becoming a Member of the Club and subject to the discharge of the Member's liabilities hereunder to the date of disposal. In the event of the death or bankruptcy of a Member or the winding up or the receivership of a Member being a corporation his personal representatives, trustee in bankruptcy, liquidator or receiver (as the case may be) may subject to Rule 14.2 agree to sell such rights to a third party or to vest the same in a beneficiary subject to the third party or beneficiary becoming a Member of the Club.
- 14.2 In the event of a Member agreeing to sell or otherwise dispose of the rights vested in him pursuant to his Membership Certificate (or in the case of the personal representatives, trustee in bankruptcy or liquidator of a Member agreeing to dispose of or vest such rights in a third party) the Member (or such personal representatives, trustee or liquidator) shall deliver the relevant Membership Certificate to the Company or the Management Company with the form of surrender and request endorsed duly executed by such Member (or such personal representatives, trustee or liquidator) and by the person to whom

such rights are to be transferred or vested in and upon production of satisfactory evidence of the transfer vesting or other devolution of such membership rights the Company shall within twenty-eight days of such evidence being produced issue a new Membership Certificate in the name of the new member. A reasonable fee may be charged for the registration of any disposal by a Member which fee may be revised by the Company or the Management Company from time to time.

- 14.3 A Member may let grant rights over or otherwise part with occupation of the Unit to which his Membership Certificate relates for the whole of any Weekly Period subject to any requisite consent of any governmental department or statutory authority and to notification being given in accordance with Rule 13.12 hereof and subject to third parties not acquiring security of tenure but the Member will during the period of such letting grant of rights or parting with occupation remain the holder of the Membership Certificate and will be responsible for all of the obligations incumbent upon such holder.

15. MEMBERSHIP CERTIFICATES AS SECURITY

- 15.1 A Member may at any time and from time to time pledge, mortgage, charge or otherwise encumber his Membership Certificate as security for any debt and the pledgee, mortgagee or other chargee shall be entitled in accordance with the terms of his security to take over and exercise all of the rights of the Member under his Membership Certificate in substitution for such Member and without prejudice to the generality of the foregoing the right to sell or otherwise dispose of the rights attaching to the relevant Membership Certificate.
- 15.2 The Member shall give notice to the Company or the Management Company within twenty-one days of the creation of any encumbrance over his Membership Certificate and the relevant chargee shall give notice to the Company or the Management Company within seven days of the exercise of its security in respect of any Membership Certificate in default whereof the Company shall not be required to issue a new Membership Certificate pursuant to Rule 14.2 following any disposal by the chargee of the rights attaching to the relevant Membership Certificate.

16. CLUB MEETINGS

- 16.1 The Annual General Meeting of the Club shall be held at Thurnham Hall aforesaid or elsewhere in England as the Company shall decide on such a date in each year as

shall be determined by the Company (subject in the case of the first Meeting to Rule 10.4) and shall be convened by notice sent to all Members not less than twenty-eight days before the date of the Meeting together with the Agenda of the business to be conducted at such Meeting.

- 16.2 The Company may (and shall upon a request in writing from the holders of not less than one-tenth in number of the issued Membership Certificates) call a Special General Meeting of the Club to be convened and held in the manner prescribed for an Annual General Meeting save that only twenty-one days' notice shall be necessary.

- 16.3 At every General Meeting of the Club a Chairman shall be appointed by a majority of those present at the Meeting and entitled to vote. Votes may be given on a poll either personally or by proxy. A corporation may vote by its duly authorised representative appointed as provided by Section 375 of the Companies Act 1985. A proxy need not be a Member. At all Meetings in the case of an equality of votes the Chairman of the Meeting shall have a casting vote. A quorum shall consist of not less than one-tenth in number of the Members entitled to attend and vote at the relevant Meeting present in person or by proxy including at least five Members present in person and proper Minutes of all General Meetings shall be taken.

- 16.4 Voting at all Meetings of the Members including Annual General Meetings and Special General Meetings shall be on the basis of the number of Membership Certificates held including unissued Membership Certificates in respect of which the rights remain vested in the Company under Rule 9.3. Where a Membership Certificate is jointly held only one vote shall be counted.

- 16.5 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy shall be deposited at or faxed to the office of the Club not less than forty-eight hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote (or in the case of a poll not less than twenty-four hours before the time appointed for the taking of the poll) and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of twelve months from its date.

- 16.6 In the case of a Special General Meeting no business other than that specifically stated in the Notice convening the Meeting shall be considered. Any resolution to be proposed shall be submitted in writing to the Company not less than thirty-five days before the date of the Meeting if it is an Annual General Meeting or twenty-eight days if it is a Special General Meeting and shall be signed by the proposer and seconder.
- 16.7 Any resolution involving a change in the Constitution shall require a three-quarters majority of all votes cast at the General Meeting at which it is proposed and until such time as the proportion which the number of Membership Certificates issued to Ordinary Members bears to the aggregate number of all issued and unissued Membership Certificates is greater than 1:4 no such resolution shall take effect without the written approval of the Trustee.
- 16.8 A resolution in writing signed by all the Members of the Club who would be entitled to receive notice of and attend and vote at a General Meeting of the Club at which such resolution was to be proposed or by their duly appointed attorneys shall be as valid and effectual as if it had been passed at a General Meeting of the Club duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the Members or their attorneys and signature in the case of a body corporate which is a Member shall be sufficient if made by a director thereof or its duly appointed representative.
- 16.9 No Member (other than the Founder Member) shall be entitled to exercise more than ten votes irrespective of the number of weeks owned by such Member. All references made to Member or Members exercising votes as aforesaid, such reference shall also include any corporate entities, or groups of corporate entities, where shareholding or directorships are common. Where such common shareholdings or directorships exist then all of those corporate entities will be consolidated and only ten votes will be granted to the consolidated group.
17. AUDIT
- 17.1 The financial year of the Club shall end on 30th June in each year or on such other date as the Company in co-operation with the Management Committee may decide. The Company or (as the case may be) the Management Company shall ensure that proper records and books of accounts are kept.
- 17.2 At the first and each subsequent Annual General Meeting there shall be laid before the Club an audited income and expenditure account for the period since the previous account or in the case of the first account since the date of formation of the Club together with an audited balance sheet as at the period end date.
- 18 WINDING UP PROVISIONS
- 18.1 The Club shall continue in existence until 28 September 2068 or until a Resolution to determine the Club is passed at a General Meeting of the Club by not less than three-quarters majority of all votes cast by or on behalf of Members in accordance with the provisions of Clause 16.7 (whichever is the sooner). The Club shall in such event be wound up and all its assets dealt with in accordance with the provisions of this clause. The Trustees shall offer for sale and dispose of the leases of the Units and other property pursuant to Clause 16 of the Trust Deed. The sums so realised after deducting all costs and expenses incurred by the Trustee together with any other funds and unexpended Management Charge apportioned to the Units by the Management Company shall be distributed first in discharge of all liabilities in accordance with the provisions of the Trust Deed and secondly in discharge of all other debts and liabilities of the Club apportioned to the Units at the sole discretion of the Trustee.
- 18.2 The net proceeds of sale shall be distributed in accordance with the following provisions:
- 18.2.1 The net proceeds of sale available for distribution shall be notionally apportioned to each Unit Type in the proportion which the aggregate gross internal floor areas of all Units comprised within each Unit Type bears to the aggregate gross internal floor areas of all Units comprising the property of the Club.
- 18.2.2 The proceeds notionally apportioned to each Unit Type under Rule 18.2.1 shall be further apportioned equally to each Unit comprised within such Unit Type.
- 18.3 The amount of the net proceeds of sale apportioned to each Unit as aforesaid shall for the purpose of ascertaining the amount to be distributed to each Member holding or entitled to hold a Membership Certificate in relation to such Unit or the Company be divided into fifty-one equal units of value (each such unit being referred to in this Rule as a "Unit of Value").
- 18.4 There shall be distributed to each such Member or the Company (as the case may be) one Unit of Value for each Weekly Period to which he or it is entitled pursuant to this Constitution.
- 18.5 For the avoidance of doubt notwithstanding such winding up all of the obligations of the Members hereunder

shall continue in full force and effect until all of the provisions of the Constitution and the Trust Deed have been observed or performed and all liabilities of the Club have been discharged and all sums due to the Trustee have been paid.

- 18.6 The Club may by a Resolution passed by not less than majority of all votes cast by or on behalf of Members in accordance with Clause 16.3 hereof at a General Meeting of the Club to be held during the year 2068 resolve to continue the Club for a further period of forty-five years on the terms and conditions as herein provided but not beyond 1 January 2113.

19. NOTICES

- 19.1 A notice may be given to any Member by sending it by post to the Member's address in the register of members. Any notice so sent by post shall be deemed to have been given on the fourth day following that in which the letter containing the same is posted and in proving such service it shall be sufficient to prove that such letter was properly stamped, addressed and posted.
- 19.2 All Members shall be required to specify an address within the United Kingdom as being his address for service.
- 19.3 Service of a notice or document whether by post or any other means on any one of several joint Members shall be deemed good service on the other joint Members.
- 19.4 Any notice or document sent by post or served by any other means at the registered address of a Member shall notwithstanding that such Member be then dead or bankrupt or otherwise incapacitated and whether or not the Club or the Management Company has notice thereof be deemed to have been duly served and such service shall be deemed to be sufficient service on all persons in any way interested in or entitled to any Membership Certificate in relation to which the Member was entitled.
- 19.5 The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting and shall include any omission which was deliberate but which arose out of or was connected with an honest but mistaken view of law or fact by any officer of the Management Company or the Club.

20. ARBITRATION

Any dispute or difference arising out of this Constitution shall be referred to the decision of a single arbitrator to be agreed between the parties or in default of agreement to be appointed on the application of either party by the President for the

time being of The Law Society to act as an expert and not as an arbitrator.

21. PROPER LAW

This Constitution is established under the laws of England and the rights of all persons hereunder and the construction and effect of each and every provision hereof shall be subject to and construed in accordance with English law.

THE SCHEDULE

REGULATIONS FOR THE OCCUPATION OF THE UNITS (RULE 13.2)

- 1) Not to use any Unit forming part of the property of the Club nor permit the same to be used for any purpose whatsoever other than as a private holiday home in the occupation of no more than the maximum number of persons from time to time reasonably permitted by the Company or Management Company nor for any purpose from which a nuisance can arise to other Members or their permitted occupiers or the owners or occupiers of or any adjoining or neighbouring property not for any illegal or immoral purpose whatsoever not for the purpose of any trade, business, profession or manufacture.
- 2) No windows belonging to any Unit shall be stopped up, darkened or obstructed otherwise than by use of the curtaining material or internal blinds provided.
- 3) To comply with all arrangements from time to time made by the Club in relation to the disposal of refuse from any Unit and not to throw dirt, rubbish, rags or other refuse or other substances or permit the same to be thrown into the sinks, baths, lavatories cisterns or waste or soil pipes in any Units (except through a proper waste disposal unit) or out of the windows or doors thereof but to place the same in the dustbins for that purpose provided.
- 4) Not to make or permit any unreasonable noise in any Unit and in particular so that no piano, record player, radio, loud speaker, television or other mechanical or musical instrument of any kind shall be played or used nor shall any singing be practised in any Unit so as to cause annoyance to the owners and occupiers of adjoining or neighbouring premises or so as to be unduly audible outside that Unit.
- 5) No clothes or other articles shall be hung or exposed outside any Unit or shall be shaken out of the windows or doors of any Unit or in any position visible from outside the Unit.

- 6) No animal pet dog (other than a guide dog for registered blind person), reptile or bird shall be brought upon or kept in any Unit.
- 7) At all times to keep the private roadways, gardens, grounds and amenities of Thurnham Hall clear from all obstruction by motor vehicles, perambulators, bicycles, wheelchairs or other vehicles and all seats, chairs or other possessions of whatsoever kind belonging to a Member and to comply with all reasonable directions from time to time made by the Company in relation to their use by Members.
- 8) Not to store or allow to remain in any Unit any inflammable or explosive substances.
- 9) In the event of any damage caused to any Unit by reason of the negligence, neglect or other act or default of any Member to pay the costs of any necessary repairs or reinstatement as assessed by the Surveyor appointed by the Club.
- 10) To have all electrical apparatus brought into any Unit fitted with an effective suppressor to obviate interference from any such apparatus to radio or television sets.
- 11) To refrain from using vacuum cleaners before the hour of 1100 on Sunday mornings.
- 12) Not to place or display or cause to be placed or displayed any advertisement, sign or notice in the windows or on the outside walls or door of any Unit or so as to be visible from the outside and in particular not to erect any external wireless or television aerial.

Thurnham Owners' Club

Amendments to the Constitution

[Please note that the constitutional amendments referred to below may already have been incorporated into your text, depending upon the date of publication of the constitution in your possession]

Clause 7.3

(Amended at the AGM of 1997)

- 7.3 The initial trustee shall be First National Trustee Company Limited whose registered office is at Ragnall House, 18 Peel Road, Douglas, Isle of Man who shall be appointed by the Founder Members under and hold office upon the terms of the Trust Deed entered into immediately after the formation of the Club and such trustee shall hold the Units upon long leases for a term of 125 years from 29 September 1988 or for any extended period which may be agreed by The Club.

Clause 8.1.1

(Amended at the AGM of 2003)

- 8.1.1 The Company shall be entitled to issue for each Unit no more than fifty-one Membership Certificates so that each Certificate will entitle its holder to occupy the Unit to which it relates for the Weekly Period in each calendar year referred to therein. Membership Certificates may be issued to biennial owners entitling the holders thereof to occupy the Unit to which each Certificate relates for the Weekly Period in each alternate year, in which case not more than 102 Membership Certificates will be issued for that Unit.

Clause 8.1.2

(Amended at the AGM of 1997)

- 8.1.2 The Weekly Periods will be numbered from 1 to 52.

Clause 8.1.3

(Amended at the AGM of 1997)

- 8.1.3 Each Weekly Period, in respect of apartments numbered one to twenty-one, shall commence on a Saturday at 16:00 hours and shall end at 10:00 hours the following Saturday and in respect of apartments numbered from twenty-two onwards shall commence on a Sunday at 16:00 hours and shall end at 10:00 hours the following Sunday.

Clause 8.1.4

(Deleted in its entirety at the AGM of 1997)

Clauses 8.1.5 and 8.1.6 renumbered accordingly.

Clause 11.2.5

(Amended at the AGM of 1997)

- 11.2.5 In co-operation with the Management Company to enter into all contracts and agreements on behalf of the Club as it may reasonably deem necessary or advisable for the purposes of the management of the Club and to apply the funds of the Club in payment of the expenses of management and administration of the Club.

Clause 11.2.8

(Amended at the AGM of 1997)

- 11.2.8 In co-operation with the Management Company to bring, defend, settle or compromise any proceedings or claim of any kind in relation to the affairs of the Club or to the obligations and rights of some or all of the Members hereunder or under the Trust Deed.

Clause 12.1.9

(Amended at the AGM of 1997)

- 12.1.9 Any Management Charges or any other reasonable charges whatsoever which may be incurred in the management of the Club's property and the said facilities and the running of the Club's affairs whether by the Management Company or otherwise.

Clause 12.1.10

(Amended at the AGM of 1997)

- 12.1.10 The reasonable fees and expenses of the Trustee and all other costs, expenses or payments incurred by or payable to the Trustee under the Trust Deed and the reasonable fees and expenses of the auditor, lawyers and other professional advisors hereinbefore referred to or incurred in relation to the keeping of all appropriate records and accounts.

Clause 13.3

(Amended at the AGM of 1997)

- 13.3 To keep and maintain the interior of the Apartment and all of its contents to which his Membership Certificate relates in good and tenable state and condition during the period of his occupancy and to pay or indemnify the Club against any damage, deterioration or dilapidation (over and above fair wear and tear and damage and destruction by fire or any other risk insured against which may have taken place during the period of occupancy) as to which the Committee or (during such time as the administration of the Club affairs may be delegated to it) the Management Company shall be the sole judge.

Clause 16.9

(New clause incorporated at the AGM of 2001)

- 16.9 No Member (other than the Founder Member) shall be entitled to exercise more than ten votes irrespective of the number of weeks owned by such Member. All references made to Member or Members exercising votes as aforesaid, such reference shall also include any corporate entities, or groups of corporate entities, where shareholding or directorships are common. Where such common shareholdings or directorships exist then all of those corporate entities will be consolidated and only ten votes will be granted to the consolidated group.

Clause 17.1

(Amended at the AGM of 1997)

- 17.1 The financial year of the Club shall end on 30 June in each year or on such other date as the Company in co-operation with the Management Committee may decide. The Company or (as the case may be) the Management Company shall ensure that proper records and books of accounts are kept.

Clause 19.1

(Amended at the AGM 1997)

- 19.1 A notice may be given to any Member by sending it by post to the Member's address in the register of members. Any notice so sent by post shall be deemed to have been given on the fourth day following that on which the letter containing the same is posted and in proving such service it shall be sufficient to prove that such letter was properly stamped, addressed and posted.