

CLUB LA COSTA
FRACTIONAL PROPERTY
OWNERS CLUB

RULES – DEED OF TRUST – MANAGEMENT AGREEMENT

July 2014

FRACTIONAL PROPERTY OWNERS CLUB (“Project”)

RULES**BACKGROUND**

These are the Rules of Occupation (**Rules**) which apply to all Owners in the above named Project for the use and enjoyment of Fractional Rights as described in more detail in these Rules.

1. INTERPRETATION

In these Rules the following words shall have the following meaning if not inconsistent with the subject or context:

Agreement	means the Purchase Agreement and these Rules.
Allocated Property	means the individual Property which is allocated to an Owner from time to time pursuant to these Rules and to each Fractional Rights Certificate.
Benefits	means such additional benefits and rights made available to Owners from time to time and which are set out in the Project Regulations.
Calendar	means the Calendar attached in the Schedule to these Rules which the Manager has established for each Allocated Property defining when it is available for use and the start day for each Weekly Period in that Property.
Committee	means the body of persons selected in accordance with Clause 5 of the Rules.
Deed of Trust	means the deed between the Vendor and the Trustee.
Exchange and Exchange Facility	means the arrangement by which an Owner releases to the Manager the occupation and use privileges of his Fractional Rights in respect of an Allocated Property in return for receiving a predetermined number of Points each year which the Owner may redeem for holidays and other Benefits in accordance with these Rules and the detailed provisions set out in the Project Regulations.
Exchange organisation(s)	means the agreement signed with an exchange provider which allows an Owner to use the Exchange Facility.
First Year of Occupation	means the date from which (a) the first full year of use and occupation starts in respect of an Allocated Property b) the Exchange Facility may be used and (c) the Sale Date is calculated. The First Year of Occupation is stated in the Fractional Rights Certificate.
Fractional Rights	means exclusive rights of use and occupation of the Allocated Property in accordance with the Fractional Rights Certificate, these Rules and the Trustee's records. In the event of any conflict the Trustee's records shall be taken as definitive.
Fractional Rights Certificate	means a certificate issued by the Trustee to an Owner pursuant to the Purchase Agreement and to any subsequent changes under these Rules setting out the Fractional Rights which the Trustee has recorded for each Owner. The format and contents of a Fractional Rights Certificate may be varied for certain Properties to reflect any particular issues which apply to that Property or Properties provided such variations have been agreed in advance with the Trustee.
Guest Certificate	means the certificate which is required in all instances where the intended occupier of the accommodation is not included in the list of Owners on the Fractional Rights Certificate or the Register. Full details are set out in the Project Regulations.
Information Document	means the document provided to purchasers setting out a general description of the Project.
Manager	means CLC Resort Management Limited of 33 North Quay, Douglas, Isle of Man IM1 4LB, a company registered number 003261V or any replacement or successor Manager.

Management Agreement	means the Management Agreement entered into between the Vendor and the Manager for the management and maintenance of the Property and administration of the Project, or any substitute or replacement agreement; under the terms of such appointment the Manager shall have the power to divide and allocate the respective costs among the Owners and set the method of payment for such costs.
Management Charge	means the annual charge payable by Owners in respect of the management and maintenance of the Property and administration of the Project, in accordance with Rules 4 and 5 and shall also include any Composite Management Charge applicable to an Owner as defined in Rule 5.12.
Owner	a purchaser who has entered into a Purchase Agreement and has been issued with a Fractional Rights Certificate (which shall include the Vendor for such period of time until the maximum number of Fractional Rights have been acquired).
Points	means the number of annual holiday points given to an Owner in consideration of the release and deposit of his Fractional Rights, which the Owner uses as a currency to redeem holidays and other Benefits in accordance with these Rules.
Project	means this shared ownership club constituted and governed by the Project Documentation relating to the Properties and Resorts.
Property	means the completed and furnished accommodation units at the Resorts where such units have been selected by the Vendor as Allocated Properties and are vested in the Trustee (or its wholly owned subsidiary) and are held in trust for the Vendor and the Owners, as the case may be. Any provisions relating to the term Property shall apply equally to the Allocated Property.
Project Documentation	means these Rules, Deed of Trust and Management Agreement and all other documents governing the running of the Project which underlie these Rules and the sale of the Fractional Rights to a Purchaser.
Project Regulations	means such regulations as may be issued by or under authority of the Vendor from time to time pursuant to these Rules, and regulating inter alia operational matters, the rights and obligations of Owners in exercising their Fractional Rights, Exchange and other Benefits available.
Purchase Agreement	means an agreement pursuant to which a purchaser becomes an Owner and acquires Fractional Rights.
Register	means the register of current Fractional Owners maintained by the Trustee.
Resort	means those resort operations which have been selected by the Vendor to participate in this Project and from which units become Allocated Properties to be vested in the Trustee.
Sale Date	means the date on which the sale process for an Allocated Property begins, as detailed in Rule 9 and in the Deed of Trust.
Termination Date	means 31 December 2040, or such other date determined in accordance with these Rules, when the Project will end following the last Sale Date for any Allocated Property.
Trustee	First National Trustee Company (UK) Limited of 7 Durweston Street, London, England W1H 1EN, a company incorporated in England and Wales, registered number 2903284.
Vendor	means CLC Resort Developments Limited of 33 North Quay, Douglas, Isle of Man IM1 4LB, a company registered number 003262V or any other successor or assignee.
Weekly Period	means the seven night period in respect of which Fractional Rights are granted under a Purchase Agreement (with specific dates set out on the Calendar for each Property or as attached to it).
Year	means a calendar year from 1 January to 31 December.

Where the context so requires or admits masculine shall include the feminine, singular the plural and where two or more persons are included in the expression "Owner" or "Purchaser" all obligations entered into shall be deemed to be made jointly and severally. References to a person shall also include a body corporate.

2. VENDOR'S RESPONSIBILITY TO APPOINT THE MANAGER AND THE TRUSTEE

Manager

- 2.1 The Vendor shall appoint a Manager to manage and maintain the Property in accordance with the Management Agreement agreed at the date of these Rules, administer the Fractional Rights and Project Regulations and make any adjustment to the Calendars as is required by these Rules; the Manager shall be empowered to settle any disagreements with or between the Owners with respect to their Fractional Rights.
- 2.2 Termination of the Management Agreement in accordance with the terms and conditions of the Management Agreement will only be effective if, upon such termination, the Vendor has entered into a written agreement with a replacement Manager upon terms which comply in all respects with these Rules.

Trustee

- 2.3 The Vendor shall appoint an independent custodian trustee ("**the Trustee**") who will hold the equitable ownership of the Property for the benefit of the Owners and the Vendor, as the case may be. The function of the Trustee will be primarily to hold the equitable ownership of each Allocated Property and act in accordance with the Trust Deed and when the Sale Date is reached (such Sale Date as specified by the Vendor for each Allocated Property when placed in trust) to sell and distribute the property in accordance with the Deed of Trust and these Rules. The persons who qualify as Owners on the respective Sale Date for the Allocated Property (see Rule 9) will be the beneficiaries of the trust.
- 2.4 The Trustee shall use its reasonable endeavours to keep the Property free from any mortgage, lien or encumbrance and to ensure that nothing is done which might prejudice the Fractional Rights until the Sale Date of each Allocated Property (as such Sale Date may be extended under these Rules).

Owner

- 2.5 Any person may apply for and become an Owner. A person may include an incorporated company or body and persons may purchase in joint names. Where the purchase is in joint names the first named person shall be deemed the owner of record to whom all notices shall be sent. No single Owner may hold Fractional Rights Certificates representing more than two Weekly Periods without the prior written consent of the Vendor.
- 2.6 Ownership of Fractional Rights is acquired by means of an approved Purchase Agreement duly entered into with the Vendor or its appointed representative or contractor, or by such other form of transfer duly approved by the Vendor, completion of the Purchase Agreement and by the issue of a Fractional Rights Certificate by the Trustee in accordance with these Rules.
- 2.7 The signing of the Purchase Agreement, payment of the total purchase price or signing of a transfer form to transfer ownership of Fractional Rights, will automatically imply acceptance of these Rules and the Project Regulations.

3. OCCUPATION, PROJECT REGULATIONS AND EXCHANGE

- 3.1 Each Owner shall be entitled to use the Allocated Property for the purposes of holiday recreational use only, in accordance with his Fractional Rights, any Calendar and these Rules and Project Regulations. Each Owner agrees to release and cession to the Manager until the Sale Date all the Owner's rights to use Weekly Periods in the Allocated Property, or other Properties in the Project, in return for an annual number of Points to be used as a currency to redeem holidays in the Exchange Facility, or for other Benefits, all as detailed in the Project Regulations.
- 3.2 For the purposes of defining the fractional shares, each Allocated Property shall be divided into 52 Weekly Periods and each Weekly Period numbered 1-52. The designation or mix of Weekly Periods sold for a particular Allocated Property may not be amended except with the consent of all Owners in that Property. In addition, the Vendor will designate which Calendar applies to each Allocated Property. Each Owner shall enjoy his Fractional Rights ascribed to him as stated on his Fractional Rights Certificate for each calendar year until the Sale Date of the Allocated Property (or, while any Sale Date is postponed in accordance with these Rules, until the actual sale date). Up to four weeks per Property in each year may be used for maintenance. Until such time as the maximum number of Fractional Rights has been acquired, the Vendor shall be entitled to enjoy the balance of the period of occupation which has not been ascribed to the Owners.
- 3.3 The Vendor is beneficially entitled to the unsold or repossessed Fractional Rights, together with the rights attaching thereto, and is at liberty in its discretion to transfer such beneficial entitlement by entering into

and completing Purchase Agreements, or to appoint agents and licensees to do so. In addition, the Vendor is entitled to the exclusive use of week 53 when it occurs.

- 3.4 As described in Rule 3.1 it is the intention that an Owner's Fractional Rights to use Weekly Periods in any Allocated Property are immediately and irrevocably ceded and deposited into the Exchange Facility until the Sale Date. However, if in the exceptional circumstances where an Owner should be able to terminate his access to the Exchange Facility the provisions regarding use of an Allocated Property set out in the Project Regulations shall apply.
- 3.5 Occupation of the Property shall not exceed the number of people specified by the Manager from time to time.
- 3.6 The Vendor may issue from time to time operational regulations pursuant to these Rules, and regulating inter alia the rights and obligations of Owners in exercising their Fractional Rights, Exchange Facility and Benefits available ("**Project Regulations**") with the principal purpose of improving the operation of the Project for the collective enjoyment of all Owners, both present and future. Such Project Regulations shall be binding when issued but shall not conflict with these Rules.
- 3.7 If an Owner does not wish to use some part of his Points attaching to his Fractional Rights, he may rent or allow others to use such part for gain or otherwise (subject to sub-clause 8 below relating to Guest Certificates) and SUBJECT to the rights privileges and obligations set out in these Rules, to another Owner or to a third party. Written details of this occupier must be notified to the Manager before the proposed occupier takes up occupation.
- 3.8 In the event of there being any breach of the terms of these Rules or the Project Regulations by any person occupying the Property under the authority of a particular Owner, that Owner shall be responsible to the other Owners and the Vendor in all respects as if the breach had been committed by him personally. Similarly, the Owner shall be responsible for his family and/or guests who occupy the Property and the services used during occupation by them.
- 3.9 An Owner may not carry forward to the following Year or bring forward to the current Year any unused Weekly Periods unless permitted by a specific Project Regulation in certain circumstances, or as part of the Exchange Facility.
- 3.10 The Vendor, in co-operation with the Trustee, may substitute an alternative Property in a resort for a particular Allocated Property, but such substitute will be in the same Resort location, of a similar size and standard, similar Sale Date and be of a least equal monetary value as at the date of substitution. The Trustee shall maintain a record of all changes to the Allocated Properties as they may be from time to time. Each Owner shall be entitled to request in writing addressed to the Trustee an extract of the records relating to that Owner. The extract shall be in such form and for such fee as the Trustee shall from time to time prescribe. The Trustee, or the Manager on its behalf, shall, as soon as practicable after receipt of such a request provide the required extract to the Owner.

3.11 BI-ANNUAL FRACTIONALS

Definitions

Bi-annual Owner	means an Owner who holds a Bi-annual Fractional Right.
Bi-annual Fractional Right	means a Fractional Right which the Vendor has designated for alternate year use in Odd and Even Years.
Odd Year	means each alternate year starting in 2013 and continuing in 2015 and so on thereafter.
Even Year	means each alternate year starting in 2014 and continuing in 2016 and so on thereafter.
Occupation Year	means the right to occupy in an Odd or Even Year and in each alternate year thereafter as specified on the Purchase Agreement and Fractional Rights Certificate.

Introduction

Bi-annual Fractional Rights are available to enable an Owner to acquire usage in every other year. The Bi-annual Owner is entitled to use the Fractional Rights in the Allocated Property together with the Exchange Facility subject to the Rules, Project Regulations and the variations set out below in the First Year of Occupation as specified in the Purchase Agreement, being either an Odd or Even numbered year and to continue such occupation and use only in each alternate year thereafter ("**Occupation Year(s)**"). For the avoidance of doubt, if the first Occupation Year is 2014, the following Occupation Years shall be the Even Years 2016 and so on.

Interpretation of these Rules and the Project Regulations

The full rights and obligations applicable to an Owner under these Rules shall apply to each Bi-annual Owner save where in this section it is specifically varied to the contrary:

1. The Vendor shall have the exclusive right to designate and transfer Bi-annual Fractional Rights.
2. In the Purchase Agreement and subsequently in the Fractional Rights Certificate, the Vendor shall indicate whether the Bi-annual Fractional Right is an Odd Year or an Even Year.
3. The share of each Bi-annual Fractional Right in the Fractional Rights shall be equal to one half (50%) of the share allocated to the related annual Fractional Right.
4. On a distribution under the Rules (see in particular Rule 9) an Owner of a Bi-annual Right shall be entitled to one half (50%) of the amount due for distribution in respect of that Weekly Period in the Allocated Property.
5. Points will be allocated in the Occupation Year but can be saved and borrowed as set out in the Project Regulations.
6. The Bi-annual Fractional Right shall be liable for the annual Fractional Rights Management Charge applicable to the full Fractional Right but only in each of their own Occupation Years. A Bi-annual Owner is not responsible for the payment or default by the corresponding other Bi-annual Owner of the Odd or Even Year rights as the case may be.
7. It is acknowledged that depending on which is the first Occupation Year and when a Sale Date occurs a Bi-annual Owner may have one year less usage (but correspondingly one year less of Management Charges) before reaching the Sale Date.
8. Owners, other than the Vendor, are expressly prohibited from creating Bi-annual Fractional Rights, and only the Vendor and Owners in respect of their own Bi-annual Fractional Rights can subsequently convey a Bi-annual Fractional Right.
9. If the Vendor reacquires title to corresponding both Odd and Even Bi-annual Fractional Right in a given annual Weekly Period, the matching Bi-annual Fractional Rights shall merge into and be combined; however, if an Owner other than the Vendor acquires title to corresponding Bi-annual Fractional Right in a given annual Fractional Right with appurtenant Odd Year Bi-annual Fractional Week use rights and Even Year Bi-annual Fractional Week use rights, no such merger or combination shall occur except with the written approval of the Vendor in its discretion.
10. If the Vendor acquires a Fractional Rights by virtue of the merger of a reacquired Bi-annual Fractional Rights in a given Weekly Period the Vendor shall have the right to subsequently convey the Fractional Rights as either an annual Fractional Right or as Bi-annual Fractional Right.
11. All other rights duties and obligations of an Owner shall apply to the Bi-annual Fractional Owner subject to the variation principles set out in this section.
12. An adapted Fractional Rights Certificate will be issued to Bi-annual Owners to reflect the Odd and Even Year nature of Bi-annual Ownership.

4. OWNER RESPONSIBILITIES

Each Owner hereby undertakes with each other, and as a separate obligation, with the Vendor and the Manager as set out below. Unless specified to the contrary, the following provisions relating to any accommodation occupied by the Owner or his guests in exercising Fractional Rights and the Exchange Facility ("**Accommodation**") apply equally to the Allocated Property.

- 4.1 To comply with the Rules and any Project Regulations and all requirements relating to the Accommodation whether imposed by the Purchase Agreement, the general law, by the Vendor or the Manager or by the terms or conditions of supply of the public utilities or otherwise howsoever.
- 4.2 Without prejudice to the generality of the above to vacate the Accommodation at the due date and time, as set out in the Project Regulations or in any reservation confirmation, leaving it in an appropriate condition for occupation by the next occupier.
- 4.3 That if the Accommodation shall not be so vacated, to pay immediately by way of liquidated damages (having regard to the need to provide the next occupier with comparable Accommodation and services without any notice) a sum equivalent to the cost of Accommodation with full board for the next Owner and those accompanying him.

- 4.4 To pay within 30 days of the date of the demand by the Manager, the Owner's share of the Management Charges as stated in the budget for the forthcoming year, including any shortfall in respect of the accounts of Management Charges relating to the expenses of the Property and the Vendor for the previous year and including any contribution towards any sinking fund which is established, or any special charge which is requested by the Manager in exceptional circumstances, and further to pay any shortfall in the Owner's individual account relating to amounts payable by the Owner for specific services provided to him by the Manager and/or the Vendor. Any contribution to the sinking fund shall not be refundable to an Owner upon ceasing to own the Fractional Rights. Further, the Owner will pay for the Management Charges due on any Weekly Periods he is permitted to use before the actual First Year of Occupation.
- 4.5 To pay on demand the fees for using the Exchange Facility, telephone, internet and facsimile, and for all other services made available to the Owner and used by him and/or his family or guests and not expressly mentioned.
- 4.6 To keep and maintain the interior of the Accommodation and all of its contents in a good state and condition during the period of his occupancy and to pay or indemnify the Vendor against any damage, deterioration, or dilapidation (over and above fair wear and tear and damage or destruction by fire or any other risk insured against) which may have taken place during the period of his occupation, as to which the Manager shall be the sole judge.
- 4.7 To allow access on reasonable notice (except in the case of emergency) to the Manager, its workmen and others to enable repair or maintenance work to be carried out PROVIDED that any such work will be carried out with all due diligence and speed and will not, insofar as is reasonably avoidable, interfere with the enjoyment of the Accommodation.
- 4.8 To inform the Manager at least 14 days in advance of the arrival date of the identity of any guests authorised by the Owner to use the Exchange Facility and to comply with the provisions on Guest Certificates in Rule 8 below.
- 4.9 Not in any way to make alterations to the Accommodation, structural or otherwise, or to the contents, or remove or replace any such contents without the Manager's written approval.
- 4.10 Not to do anything which would make void or voidable the insurance of the Accommodation or its contents, or any other insurance for the time being in force and relating to the Accommodation or its contents, which may operate to increase the premium payable in respect of any such insurance, and to indemnify the Vendor against any increased or additional premium and against any loss to either of them, which by reason of any such act or default may be required or suffered.
- 4.11 Not to keep any animal, bird or reptile in the Accommodation.
- 4.12 No noise, music or singing whether by wireless gramophone instrument, voices, radio, television or other means, nor any dancing may be allowed so as to be audible outside the Accommodation by the occupier of any other neighbouring property or part of the Resort.
- 4.13 No dirt rubbish rags or other refuse may be thrown into the sinks, baths, lavatories, cisterns or waste soil pipes in the Accommodation.
- 4.14 No clothes or other articles may be hung or exposed outside the Accommodation, or inside any glass balcony or so as to be visible from outside the Accommodation.
- 4.15 No flowerpots, window boxes or other things may be placed outside the windows of the Accommodation, other than on balconies or patios (if any), and occupiers must not block or obscure any windows and not to hang anything out of the windows.
- 4.16 No television radio aerial or receiver or satellite dish may be affixed outside the Accommodation.
- 4.17 No trailer, caravan, boat or any watercraft commercial vehicle or van (save for the delivery of goods to the Accommodation) may be brought onto the Resort without the prior approval of the Manager.
- 4.18 No washing of or repair of bicycles, motorcycles or vehicles shall be carried out in or outside of the Accommodation or any part of the Resort.
- 4.19 To place all rubbish and refuse either in the refuse area allocated from time to time by the Manager, or to place such rubbish and refuse in any space designated from time to time by the Manager for that purpose.
- 4.20 No refuse bins shall be allowed to become offensive through being unclean or untidy.
- 4.21 To observe and comply with any regulations or signs installed by the Manager in relation to the parking, control of and limitation of vehicular, motorcycle and bicycle traffic within the Resort.
- 4.22 Notify the Manager promptly of any change in his permanent address.
- 4.23 No act or thing, which may cause or causes a nuisance, damage, annoyance or inconvenience to any occupier of any other property or any other Owners or the Manager or the neighbourhood, may be done

or suffered to be done in the Accommodation or any part of the Resort, nor may the Accommodation be used for any unlawful or immoral purpose, nor may any dangerous, noxious or offensive goods or products be brought or allowed to be brought into the Accommodation or any part of the Resort.

- 4.24 To comply with reasonable occupation and use regulations which the Manager may from time to time make for the safety, care and cleanliness of the Accommodation and the Resort and the comfort and convenience of the other owners and occupants of the Resort.
- 4.25 To comply with any estate, community, condominium or home owners association rules which may apply to the Accommodation.

5. MANAGEMENT CHARGE

- 5.1 The Owners shall be invoiced for the Management Charge by 30 November in each Year and each Owner shall pay his appropriate share, any shortfall of the Management Charge and/or any shortfall relating to any previous year on the Owner's individual account within 30 days of the date of the demand or 1st January, whichever is earlier.

The Vendor and/or Manager shall not be liable to pay any Management Charges in respect of week 53 and in respect of up to four weeks retained for maintenance each year.

- 5.2 The Management Charge shall be payable by the Owners and shall be a debt due to the Manager payable (except in the case of the Vendor) as described in 5.1 which shall constitute a demand for payment unless otherwise provided by the Manager. In the case of the Vendor, the Management Charge shall be payable on demand but the Manager shall not be entitled to demand payment until it is reasonably necessary for it to do so.

- 5.3 In addition to the Management Charge, each Owner shall pay to the Manager such special management charge and additional charges (including, without prejudice to the generality, contributions towards any sinking fund established by the Vendor and/or the Manager in respect of any capital expenditure on a Property, default charges for non or late payment of the Management Charge and any shortfall in respect of such Management Charges for the previous year) as may be levied on him by the Manager pursuant to and in accordance with the Management Agreement.

- 5.4 A certificate at any time executed for and on behalf of the Manager certifying any amount payable by an Owner under the terms of this Rule 5 shall constitute prima facie proof of any amount so due by the Owner.

- 5.5 Failure to pay:

- 5.5.1 In particular, if an Owner has not paid his annual Management Charges (including any special or additional charges) within 30 days of the date of despatch of invoice, the Owner's Fractional Rights (including any rights to use the Exchange Facility) shall be suspended until such default is remedied. The Manager may charge interest on the amount outstanding at the rate of 2 per cent per month above Bank of England base rate, or such other reasonable amount as the Manager shall determine. During such period of suspension the Manager may use or rent out the Fractional Rights for such time and on such terms in its absolute discretion to recover all or part of the monies due. If such default is not remedied within 30 days, the Manager shall send a final invoice to the Owner advising that failure to discharge in full the arrears (including any arrears and interest that have arisen since the date of invoice) within 30 days will result in permanent cancellation of the Owner's Fractional Rights and no further correspondence shall be entered into. If the arrears as specified are not discharged within that period of notice, the Owner's Fractional Rights shall be cancelled and all Fractional Rights shall be held by the Manager to use or dispose of to recover the amounts outstanding for the benefit of the other Owners who are paying Management Charges. The Manager shall give the Vendor first option to make good the arrears and if the Vendor exercises such an option those Fractional Rights shall be transferred to the Vendor.

The Manager acknowledges that there can be various reasons why an Owner was unable to comply with the Management Charges payment obligations and therefore agrees to keep the status of the Owner in suspense for a period of 5 (five) years from the date of default during which period the Owner may apply to be reinstated to active status to be able to use Fractional Rights again subject to and provided that the Owner:

- (a) makes good immediately the sum of arrears and any reinstatement fees as apply at that time outstanding on his account;
- (b) agrees to continue to be bound by the Rules;
- (c) agrees to pay Management Charges from the date of reinstatement onwards;

- (d) complies with any “know your client” and similar information reasonably required by the Manager to comply with applicable laws and which would be requested from a new Owner; and
- (e) acknowledges that (a) the Manager was under a duty to the other Owners, who are paying Management Charges, to sell or use the particular Fractional Rights which used to be available for the Owner, as described previously above, and (b) while the Manager will make all reasonable efforts to reinstate the Owner as he was entitled to previously, this cannot be guaranteed and where not available in the Manager’s opinion acting reasonably and in good faith, the Manager will allocate the nearest available, subject to unit size and week capacity.

If an Owner requests reinstatement later than the five year period set out above, the Manager shall determine the request in its absolute discretion.

- 5.5.2 In addition to any remedies in the previous sub-clause, in the event that any Owner has failed to pay any amount due in respect of the Management Charges or additional charges within 30 days of demand, the Manager shall be entitled to require the Owner to provide payment in advance in respect of future Management Charges as deemed by the Manager as appropriate in its reasonable discretion, before reinstatement of the relevant Owner’s Fractional Rights.
- 5.6 Every Owner shall be entitled to request in writing addressed to the Manager an extract of the records relating to that Owner and that Owner’s indebtedness to the Vendor and/or the Manager as at the date of the extract. Each such request shall specify the desired date of the extract and shall be in such form as the Manager shall from time to time prescribe and shall be accompanied by such reasonable fee as may from time to time be prescribed by the Manager for providing the extract. The Manager shall, as soon as practicable after receipt of such a request and fee, provide the required extract to the Owner.
- 5.7 If Management Charges (other than any special or additional management charges as described in Rule 5.3) are increased by more than inflation (as set out in clause 4.5 in the Management Agreement) and the Owner considers any increase to be unjustified he must notify the Manager in writing within 30 days of the date of invoicing. If the number of Owners giving such notification exceeds 15% of all Fractional Rights Certificates, the Manager shall either (a) refer their calculation of the Management Charge to an independent firm of auditors nominated by the Trustee, whose decision as to whether the proposed Membership Fee has been calculated in accordance with these Rules shall be final or (b) the Manager may accept the Management Charge increased only in accordance with the rate of inflation and accordingly reducing services provided to the Owners.
- 5.8 Notwithstanding the above, the proposed Management Charge shall still be payable in its entirety in accordance with the Management Agreement and any excess collected shall be credited against the Owner’s Management Charge for the following year.
- 5.9 Exchange Facility fees for using Exchange are entirely separate from the Management Charges.
- 5.10 Cancellation of a Fractional Rights Certificate under this Rule 5 or the following Rule 6 automatically cancels rights to use the Exchange Facility and any entitlement to any distribution on the Sale Date under Rule 9.
- 5.11 For the purposes of determining the Management Charge only, a Committee of not more than five persons will be formed, consisting of a Chairman appointed by the Vendor, two representatives elected by the Owners from their number, one person appointed by the Vendor as its representative, and one person appointed by the Manager as its representative.

The first elected Owners shall be elected by electronic or postal voting, or in such other manner as decided by the Vendor, at a time decided by the Vendor from a list of nominees requested by the Vendor. One year after the first election and at each subsequent anniversary after that, one elected Owner shall retire and a new elected Owner shall be elected. Retiring elected Owners may offer themselves for re-election. The order in which the first two elected Owners retire shall be decided by drawing lots. Thereafter retirement of elected Owners shall be by rotation, each elected Owner retiring at the second anniversary of their respective elections. Voting for elected Owners will be conducted on the basis of one vote per Fractional Right owned but no person, entity or connected person shall be entitled to vote in respect of more than 10 Fractional Rights. Owners taking part in the election, either as a candidate or casting a vote, must be of good standing within the Club.

The Chairman and the representatives appointed by the Vendor and Manager shall not be subject to retirement but shall serve at the pleasure of their respective appointers, who shall appoint a successor to fill any vacancy among their number.

The Committee shall sit once a year before the 30 November at the request of the Vendor to review the Management Charge submitted by the Manager in accordance with the Management Agreement.

Decisions of the Committee shall be on the basis of a majority vote and in the event of a tie, the Chairman shall be the casting vote. Three members of the Committee shall form a quorum, of whom one shall have been

appointed to represent the Owners and two appointed by either of the Vendor or the Manager. Proper minutes of the proceedings at Committee meetings shall be taken and preserved.

- 5.12 In order to encourage multiple ownership of Fractional Rights, the Manager in co-operation with the Vendor may determine that a percentage discount shall apply on Management Charges to be paid in respect of a particular Allocated Property provided that such arrangements are detailed and lodged with the Trustee before the first sale of a Fractional Right in that Property.
- 5.13 In order to facilitate certain Owners who may want an “all inclusive approach”, the Manager in co-operation with the Vendor may determine that Owners in a particular Property or Properties shall pay the Management Charge and the Transaction Fee to use the Exchange Facility as one composite charge (**Composite Management Charge**) provided that such arrangements are detailed and lodged with the Trustee before the first sale of a Fractional Right in that Property.

6. CANCELLATION, SUSPENSION AND VARIATION

In addition to consequences arising from non payment of Management Charges as described in Rule 5, the Vendor shall be entitled to cancel, suspend or vary the Fractional Rights of any Owner at any time who, in the reasonable opinion of the Vendor, shall have failed without good cause to comply with his obligations under the Purchase Agreement or these Rules, or whose conduct in the reasonable opinion of the Vendor shall be detrimental to the Vendor, the Property or the other Owners and not complied with the obligation and remedied the breach, or desisted from the said conduct within such reasonable time as the Vendor shall notify in writing to such Owner. In the event of an Owner having his Fractional Rights cancelled or suspended under this Rule he shall not be entitled to exercise any of the Fractional Rights but shall continue to be liable for all the obligations attaching to his Fractional Rights (unless they have been cancelled). The provisions regarding disposal as set out in Rule 5.5 shall apply in this case.

7. TRANSFER OF FRACTIONAL RIGHTS

- 7.1 Owners are not entitled to mortgage, charge, pledge, grant any security interest or otherwise encumber his Fractional Rights.
- 7.2 An Owner (other than the Vendor) may transfer his Fractional Rights (in this Rule the **Transferor**) in accordance with the provisions set out in this Rule 7.
- 7.3 The Vendor is permitted to transfer any Fractional Rights held by it from time to time.
- 7.4 If an Owner wishes to transfer his Fractional Rights he shall give notice in writing by registered post identifying the proposed purchaser (if any), the proposed sale price and any conditions of sale (**Transfer Notice**) to the Vendor of such desire. Subject as hereinafter mentioned a Transfer Notice shall constitute the Vendor the Transferor’s agent for the sale of the Fractional Rights specified therein.
- 7.5 On receipt of a Transfer Notice, the Vendor will state in writing within eight days from the date of the notice whether he is willing to purchase the Fractional Rights. If the Vendor is willing to buy, the Transferor shall be bound upon receipt of the price to transfer the Fractional Rights to the Vendor. If the Transferor shall make default in so transferring the Fractional Rights the Vendor may carry out the transfer and give a good discharge for the purchase money on behalf of the Transferor and shall authorise some person to execute transfers of the Fractional Rights in favour of the Vendor or as nominated.
- 7.6 If the Vendor does not wish to buy, or makes no response within the time periods described above, the Transferor shall at any time within three months be at liberty to sell and transfer the Fractional Rights to the person named in the Transfer Notice at a price being no less than the price set out in the Transfer Notice, provided always that such transferee shall be bound by the provisions of these Rules and that the Transferor follows the procedures set out in Rule 7.7 below.
- 7.7 Any Owner wishing to sell or to transfer his Fractional Rights Certificate must comply with the following:
 - (a) Firstly write to the Manager (i) with the name(s) and address of the intended purchaser (ii) request written confirmation that no Management Charges or other liabilities in respect of such Fractional Rights Certificate are outstanding and (iii) confirmation of the fee which will be charged for the registration of the transfer and issuance of a new Fractional Rights Certificate.
 - (b) In the event of a sale or transfer, the Fractional Rights Certificate shall be delivered to the Manager with the Certificate of Transfer (or copy thereof) properly endorsed by the Transferor and Transferee within 21 days of the date the Transferee signed the Certificate of Transfer. In the event of the Manager not receiving the properly endorsed Certificate of Transfer, or in the event that the Transferee is not admitted to Membership of the Project, the person shown on the

Project Register as the owner of the Fractional Rights Certificate in question shall be deemed to continue to have all the rights, privileges and liabilities of Membership.

- (c) A reasonable fee may be charged for the registration of the transfer and issuance of a new Fractional Rights Certificate, which fee may be revised by the Manager from time to time. Upon payment of the required fee and the discharge of any liabilities in respect of such Fractional Rights Certificate the Manager shall, subject to the provisions of this Clause 7, promptly admit the Transferee to Membership and the Trustee will issue a new Fractional Rights Certificate, and register the same in the name of the new Owner.
- 7.8 Such Transferee enters into a Purchase Agreement and confirmation that he will be bound by the provisions of the current Rules in the form stipulated by the Vendor.
- 7.9 For the purpose of ensuring that a particular transfer of Fractional Rights is permitted under the provisions of this Rule 7, the Vendor may request the Transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Vendor with such information and evidence as the Vendor may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the Vendor within a period of 28 days after such request, the Vendor shall be entitled to refuse to register the transfer in question.
- 7.10 For the avoidance of doubt Fractional Rights may only be transferred by an Owner in multiples of Weekly Periods and not in smaller periods of time. However, such a provision shall not apply to Fractional Rights held by the Vendor. The points "currency" used in the Exchange Facility by a Fractional Rights Owner is appurtenant to the Fractional Rights, depends on the Owner being in good standing as determined by the Rules and Project Regulations and cannot be sold or transferred separately from the Fractional Rights themselves.

8. LICENCES GRANTED BY OWNERS AND GUEST CERTIFICATES

An Owner may let or cede the Points which relate to his Fractional Rights Certificate subject to the provisions of these Rules and the Project Regulations. Notwithstanding any such permission as aforesaid, the holder of the Fractional Rights Certificate shall remain liable under the provisions of these Rules for Management Charges and in all other respects.

9. SALE OF THE PROPERTY

- 9.1 Each Allocated Property shall be sold on its respective **Sale Date** which occurs on the date specified in the Fractional Rights Certificate for the Allocated Property, save that the Vendor may, in its absolute discretion, postpone the date of sale from the date proposed as the Sale Date for up to two years. By unanimous consent of the Owners in that Allocated Property given in writing, the sale may be postponed for such period as is agreed in such consent.
- 9.2 The following provisions shall apply where the Trustee is to arrange the sale of an Allocated Property in accordance with the provisions of Rule 2.3:
- 9.2.1 The Trustee shall obtain two independent valuations from which the sale price shall be established. The Vendor (or as it may assign) is entitled to a first option on the purchase of the Property at such market value, which it may exercise made in writing to the Trustee within 21 working days of notification from the Trustee of the selling price. Should the Vendor not wish to exercise such an option, or fails to respond within this period, the Property shall be offered for sale on the open market via the appointed sales agent.
- 9.2.2 The Trustee shall have sole discretion acting in good faith as to the appointment of the independent valuation experts and sales agents, but whilst the Trustee shall use its reasonable endeavours to obtain the most advantageous selling price, neither Manager nor the Vendor shall have any responsibility for the sales activities of the sales agent, nor shall they give any form of guarantee, representation or warranty as to the ultimate sales price which will be achieved, the order in which the Property is sold or the length of time the sales will take to complete.
- 9.2.3 All outstanding liabilities (including any Management Charges and any contingent costs or liabilities) that remain at the Sale Date shall be apportioned at the sole discretion of the Trustee between each individual property which together constitutes the Property.
- 9.2.3.1 As each sale of Property completes, the sales proceeds, plus the relevant share of any unexpended Management Charges or any Reserve Fund, shall be applied as follows and in the following order:
- the Trustee fee of 2% for arranging the sale of the Property;

- the Manager's fee of 5.5%;
 - in discharge of the sales agent's commission applicable to the sale;
 - in discharge of any government and/or local taxes, legal fees or other costs in relation to sale and applicable to the sale;
 - in discharge of the relevant proportion of all liabilities in accordance with the provisions of any agreement for the time being in force, including but not limited to the Manager's fees and expenses in relation to the sale;
 - in discharge of the relevant proportion of all other debts and liabilities attributable or allocated to the specific Property.
- 9.2.4 Following the sale of an Allocated Property to be sold, the amount of the net assets available in respect of the Allocated Property, after the above deductions have been made ("**Net Assets**"), shall for the purpose of ascertaining the amount to be distributed to each Owner holding Fractional Rights in respect of such Allocated Property, be divided into 52 equal units of value in respect of the Allocated Property or in such other percentages for each of the 52 weeks as the Vendor wishes to apply to an Allocated Property to reflect different values of certain Weekly Periods as recorded (a) with the Trustee before the first sale of a Fractional Right in that Property and (b) also set out on the Fractional Right Certificate for the Owner, provided in all cases that the total of the percentages for a Property totals up to one hundred percent (each such unit being referred to in this Clause as a "**Unit of Value**") and then shall be distributed to each such Owner equally in respect of the Allocated Property.
- 9.2.5 The Trustee shall issue a statement of account in respect of the sale as soon as practicable following receipt of the sales proceeds as contemplated in Rule 9.2.4 above, a copy of which shall be sent to each Owner for the Allocated Property to which his Fractional Rights relates, and will effect payment of the Owner's share of the Net Assets attributable to that Allocated Property in the most efficient method recommended by the banking authorities at that time.
- 9.2.6 Each Owner shall have the obligation to contact the Manager with confirmation of his current postal and email address at least 28 days prior to the Sale Date. In the event that an Owner fails to meet this obligation, the Trustee shall send any communications to the last known address of the Owner. Should the Owner not respond to the Trustee communications, the Trustee shall hold his share of the Net Assets in escrow for a period of up to 12 calendar months after which time, should the Owner not have made contact with the Trustee, the relevant share of the Net Assets remaining shall be deemed to belong to the Manager and the Owner shall have no further claim against same.
- 9.2.7 Each Owner is separately responsible for any personal tax liabilities that he might incur as a result of benefiting from an eventual sale of the Property.
- 9.2.8 Each Owner agrees to the sale of the Property after the Sale Date and shall sign whatever documentation is necessary to be signed by Owners for such sale, at their cost, to achieve the sale of the Property. For the avoidance of doubt all Owners accept that the sales price achieved by the Trustee and their proportion of any sales proceeds may be less than the price paid for their Fractional Right.
- 9.2.9 In the event that a sale of the Property is not achieved within eighteen months of the Sale Date or earlier by agreement, then the Vendor shall arrange a general meeting of the Owners at which time all Owners shall decide whether or not to continue using the Property and under what terms. Until the Property is sold the Developer or the Manager will arrange rentals of the Property and the rental proceeds, after deduction of costs, shall be distributed between the Owners on a regular basis.
- 9.2.10 In the event of there being any outstanding Management Charges or other costs attributable to an Owner then these costs shall be deducted from their proportion of the sales proceeds prior to their distribution.
- 9.2.11 For the avoidance of any doubt, any Fractional Rights excluding any maintenance weeks held by the Vendor or the Manager at the Sale Date shall be treated for the purposes of calculating the distribution as if the Vendor or Manager were an Owner.
- 9.2.12 For the avoidance of any doubt, Management Charges continue to be due and payable after the Sale Date until the actual sale of the Allocated Property.

10. MISCELLANEOUS

Modification of Rules

- 10.1 The Vendor may modify or add to these Rules in such manner and to such extent as they may consider

necessary or expedient provided only that such modification or addition does not materially prejudice the rights of the existing Owners, and such modification to the Rules has been approved by the Trustee with such approval not to be unreasonably withheld or delayed.

- 10.2 The Vendor may at any time decide to alter the basis or terms upon which Fractional Rights are allocated to new Owners.

Modifications of Project Regulations

- 10.3 The Vendor and/or the Management Vendor may vary or supplement from time to time the Project Regulations with the principal purpose of improving the operation of the Project for the collective enjoyment of all Owners, both present and future. Such Project Regulations shall be binding when issued but shall not conflict with these Rules.
- 10.4 Where certain benefits are offered by third party suppliers outside the ownership or control of the Vendor or Manager, neither the Vendor nor Manager is responsible for any failure or default on the part of that supplier. All benefits offered are subject to specific terms and conditions of each independent supplier and may be subject to change or substitution without notice. Restrictions may apply.

Information

- 10.5 All reasonable efforts have been made to ensure that published information concerning benefits is accurate at the time of printing, but on occasions it may be necessary to make changes for operational reasons without notice. Certain benefits may vary by country. The Vendor and/or Manager cannot guarantee that all resorts or facilities featured will be available or remain unchanged during the duration of the directory.
- 10.6 All reservations of space are subject to availability and demand.
- 10.7 The Project has been established to provide holidays to Owners and not as an investment product. Any clause or sub-clause of these Rules shall be null and void in respect of any particular Purchase Agreement if the application of that clause or sub-clause would bring any party to this Project Documentation or the Purchase Agreement itself within the scope of any legislation relating to investment in the country in which that Agreement was entered into. Notwithstanding the fact that any clause or sub-clause of these Rules may have become null and void as a result of the application of this sub-clause, all other clauses or sub-clauses of these Rules shall be interpreted accordingly and remain valid and enforceable in their entirety.
- 10.8 In order to ensure quality and service standards are maintained no other exchange service or similar programme may be established or operate in respect of any allocated Property without the prior written agreement of the Vendor.

Law

- 10.9 This agreement is governed by English law and the courts of England shall have non-exclusive jurisdiction.
- 10.10 The English language shall be the original language of these Rules and any Project Regulations. Where these documents are translated into any other language, in the case of conflict the English original shall prevail.

Notices

- 10.11 Any notice may be sent to the recipient by post or email at his last known address or in the case of a company to its registered office or its principal business address.
- 10.12 Where a notice is sent by post service the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and to have been effective in respect of an address within the UK on the second working day after posting, and in respect of an address outside of the UK on the fifth working day after posting **PROVIDED** that in the case of an address outside Europe the letter shall have been sent by pre-paid airmail. In the case of notice by email, service will be deemed to be effective on the second working day after sending provided no failure to deliver message has been received by the sender during that time.

Signed by
For and on behalf of **(Manager)**
CLC RESORT MANAGEMENT LIMITED

Signed by
For and on behalf of **(Vendor)**
CLC RESORT DEVELOPMENTS LIMITED

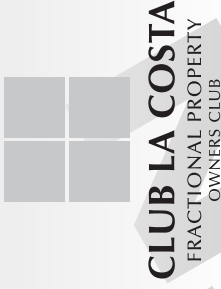
.....
Director

.....
Director

- The Fractional Rights Certificate -

Fractional Rights Certificate

Fractional Property Owners Club



CLC RESORT DEVELOPMENTS LIMITED as Vendor and **FIRST NATIONAL TRUSTEE COMPANY (U.K.) LIMITED** as Trustee whose registered offices are at 33 North Quay, Douglas, Isle of Man IM1 4LB and 7 Durweston Street, London, England W1H 1EN respectively (together "**Grantors**") of the Fractional Property Owners Club ("**Project**") and in pursuance of the **Rules** of the Project HEREBY admit as Fractional Owners of the Project AND GRANT to the Owner(s), whose name and address is stated in paragraph 1 of the schedule and who has paid the appropriate Price (receipt of which is hereby acknowledged), the right to enjoy Fractional Rights in the Allocated Property described in paragraph 2 of the schedule, for the Weekly Period or Periods according from the First Year of Occupancy to the Sale Date (as may be extended under the Rules) in accordance with and subject to the observance by the Owner(s) of the said Rules, the Deed of Trust, Management Agreement including, but without prejudice to, the generality of the foregoing provisions relating to the payment of the Management Charges.

IN WITNESS WHEREOF the Grantors have executed this Ownership Certificate the day and year below written in paragraph 8 of the schedule.

THE SCHEDULE

- 1. Owner(s)**
- 2. Allocated Property**
- 3. Unit Type/Category**
- 4. Points currency equivalent for use**
- 5. Maximum occupants**
- 6. Sale date:**
ON THIS DATE THE TRUSTEE WILL START THE SALES PROCESS ON THE ALLOCATED PROPERTY IN ACCORDANCE WITH THE RULES AND FOLLOWING THE COMPLETED SALE DISTRIBUTE TO THE OWNER [] HELD ON TRUST.
- 7. First year of occupancy**
- 8. Date of certificate**

Signed for and on behalf of
FIRST NATIONAL TRUSTEE COMPANY (U.K.) LIMITED by:

Signed for and on behalf of
CLC RESORT DEVELOPMENTS LIMITED by:

Certificate No:

Approved form to be used on any transfer.
Please note that if you are selling or transferring your Fractional Rights you are required to give notice to the Vendor and use the approved form of surrender and transfer. You should contact Member Services at memberservices@clcworld.com or telephone +34 952 66 99 99.

CALENDAR

Please note that the following calendar is based on a Saturday check-in and check-out.

	WEEK	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
JANUARY	1	3/1	2/1	7/1	6/1	5/1	4/1	2/1	1/1	7/1	6/1	4/1	3/1
JANUARY	2	10/1	9/1	14/1	13/1	12/1	11/1	9/1	8/1	14/1	13/1	11/1	10/1
JANUARY	3	17/1	16/1	21/1	20/1	19/1	18/1	16/1	15/1	21/1	20/1	18/1	17/1
JANUARY	4	24/1	23/1	28/1	27/1	26/1	25/1	23/1	22/1	28/1	27/1	25/1	24/1
JANUARY	5	31/1	30/1	4/2	3/2	2/2	1/2	30/1	29/1	4/2	3/2	1/2	31/1
FEBRUARY	6	7/2	6/2	11/2	10/2	9/2	8/2	6/2	5/2	11/2	10/2	8/2	7/2
FEBRUARY	7	14/2	13/2	18/2	17/2	16/2	15/2	13/2	12/2	18/2	17/2	15/2	14/2
FEBRUARY	8	21/2	20/2	25/2	24/2	23/2	22/2	20/2	19/2	25/2	24/2	22/2	21/2
FEBRUARY	9	28/2	27/2	4/3	3/3	2/3	29/2	27/2	26/2	4/3	2/3	1/3	28/2
MARCH	10	7/3	5/3	11/3	10/3	9/3	7/3	6/3	5/3	11/3	9/3	8/3	7/3
MARCH	11	14/3	12/3	18/3	17/3	16/3	14/3	13/3	12/3	18/3	16/3	15/3	14/3
MARCH	12	21/3	19/3	25/3	24/3	23/3	21/3	20/3	19/3	25/3	23/3	22/3	21/3
MARCH	13	28/3	26/3	1/4	31/3	30/3	28/3	27/3	26/3	1/4	30/3	29/3	28/3
APRIL	14	4/4	2/4	8/4	7/4	6/4	4/4	3/4	2/4	8/4	6/4	5/4	4/4
APRIL	15	11/4	9/4	15/4	14/4	13/4	11/4	10/4	9/4	15/4	13/4	12/4	11/4
APRIL	16	18/4	16/4	22/4	21/4	20/4	18/4	17/4	16/4	22/4	20/4	19/4	18/4
APRIL	17	25/4	23/4	29/4	28/4	27/4	25/4	24/4	23/4	29/4	27/4	26/4	25/4
MAY	18	2/5	30/4	6/5	5/5	4/5	2/5	1/5	30/4	6/5	4/5	3/5	2/5
MAY	19	9/5	7/5	13/5	12/5	11/5	9/5	8/5	7/5	13/5	11/5	10/5	9/5
MAY	20	16/5	14/5	20/5	19/5	18/5	16/5	15/5	14/5	20/5	18/5	17/5	16/5
MAY	21	23/5	21/5	27/5	26/5	25/5	23/5	22/5	21/5	27/5	25/5	24/5	23/5
MAY	22	30/5	28/5	3/6	2/6	1/6	30/5	29/5	28/5	3/6	1/6	31/5	30/5
JUNE	23	6/6	4/6	10/6	9/6	8/6	6/6	5/6	4/6	10/6	8/6	7/6	6/6
JUNE	24	13/6	11/6	17/6	16/6	15/6	13/6	12/6	11/6	17/6	15/6	14/6	13/6
JUNE	25	20/6	18/6	24/6	23/6	22/6	20/6	19/6	18/6	24/6	22/6	21/6	20/6
JUNE	26	27/6	25/6	1/7	30/6	29/6	27/6	26/6	25/6	1/7	29/6	28/6	27/6
JULY	27	4/7	2/7	8/7	7/7	6/7	4/7	3/7	2/7	8/7	6/7	5/7	4/7
JULY	28	11/7	9/7	15/7	14/7	13/7	11/7	10/7	9/7	15/7	13/7	12/7	11/7
JULY	29	18/7	16/7	22/7	21/7	20/7	18/7	17/7	16/7	22/7	20/7	19/7	18/7
JULY	30	25/7	23/7	29/7	28/7	27/7	25/7	24/7	23/7	29/7	27/7	26/7	25/7
AUGUST	31	1/8	30/7	5/8	4/8	3/8	1/8	31/7	30/7	5/8	3/8	2/8	1/8
AUGUST	32	8/8	6/8	12/8	11/8	10/8	8/8	7/8	6/8	12/8	10/8	9/8	8/8
AUGUST	33	15/8	13/8	19/8	18/8	17/8	15/8	14/8	13/8	19/8	17/8	16/8	15/8
AUGUST	34	22/8	20/8	26/8	25/8	24/8	22/8	21/8	20/8	26/8	24/8	23/8	22/8
AUGUST	35	29/8	27/8	2/9	1/9	31/8	29/8	28/8	27/8	2/9	31/8	30/8	29/8
SEPTEMBER	36	5/9	3/9	9/9	8/9	7/9	5/9	4/9	3/9	9/9	7/9	6/9	5/9
SEPTEMBER	37	12/9	10/9	16/9	15/9	14/9	12/9	11/9	10/9	16/9	14/9	13/9	12/9
SEPTEMBER	38	19/9	17/9	23/9	22/9	21/9	19/9	18/9	17/9	23/9	21/9	20/9	19/9
SEPTEMBER	39	26/9	24/9	30/9	29/9	28/9	26/9	25/9	24/9	30/9	28/9	27/9	26/9
OCTOBER	40	3/10	1/10	7/10	6/10	5/10	3/10	2/10	1/10	7/10	5/10	4/10	3/10
OCTOBER	41	10/10	8/10	14/10	13/10	12/10	10/10	9/10	8/10	14/10	12/10	11/10	10/10
OCTOBER	42	17/10	15/10	21/10	20/10	19/10	17/10	16/10	15/10	21/10	19/10	18/10	17/10
OCTOBER	43	24/10	22/10	28/10	27/10	26/10	24/10	23/10	22/10	28/10	26/10	25/10	24/10
OCTOBER	44	31/10	29/10	4/11	3/11	2/11	31/10	30/10	29/10	4/11	2/11	1/11	31/10
NOVEMBER	45	7/11	5/11	11/11	10/11	9/11	7/11	6/11	5/11	11/11	9/11	8/11	7/11
NOVEMBER	46	14/11	12/11	18/11	17/11	16/11	14/11	13/11	12/11	18/11	16/11	15/11	14/11
NOVEMBER	47	21/11	19/11	25/11	24/11	23/11	21/11	20/11	19/11	25/11	23/11	22/11	21/11
NOVEMBER	48	28/11	26/11	2/12	1/12	30/11	28/11	27/11	26/11	2/12	30/11	29/11	28/11
DECEMBER	49	5/12	3/12	9/12	8/12	7/12	5/12	4/12	3/12	9/12	7/12	6/12	5/12
DECEMBER	50	12/12	10/12	16/12	15/12	14/12	12/12	11/12	10/12	16/12	14/12	13/12	12/12
DECEMBER	51	19/12	17/12	23/12	22/12	21/12	19/12	18/12	17/12	23/12	21/12	20/12	19/12
DECEMBER	52	26/12	24/12	30/12	29/12	28/12	26/12	25/12	24/12	30/12	28/12	27/12	26/12
DECEMBER	53		31/12						31/12				

2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
2/1	1/1	6/1	5/1	4/1	3/1	1/1	7/1	6/1	5/1	3/1	2/1	1/1	7/1
9/1	8/1	13/1	12/1	11/1	10/1	8/1	14/1	13/1	12/1	10/1	9/1	8/1	14/1
16/1	15/1	20/1	19/1	18/1	17/1	15/1	21/1	20/1	19/1	17/1	16/1	15/1	21/1
23/1	22/1	27/1	26/1	25/1	24/1	22/1	28/1	27/1	26/1	24/1	23/1	22/1	28/1
30/1	29/1	3/2	2/2	1/2	31/1	29/1	4/2	3/2	2/2	31/1	30/1	29/1	4/2
6/2	5/2	10/2	9/2	8/2	7/2	5/2	11/2	10/2	9/2	7/2	6/2	5/2	11/2
13/2	12/2	17/2	16/2	15/2	14/2	12/2	18/2	17/2	16/2	14/2	13/2	12/2	18/2
20/2	19/2	24/2	23/2	22/2	21/2	19/2	25/2	24/2	23/2	21/2	20/2	19/2	25/2
27/2	26/2	3/3	2/3	1/3	28/2	26/2	4/3	3/3	1/3	28/2	27/2	26/2	3/3
6/3	4/3	10/3	9/3	8/3	6/3	5/3	11/3	10/3	8/3	7/3	6/3	5/3	10/3
13/3	11/3	17/3	16/3	15/3	13/3	12/3	18/3	17/3	15/3	14/3	13/3	12/3	17/3
20/3	18/3	24/3	23/3	22/3	20/3	19/3	25/3	24/3	22/3	21/3	20/3	19/3	24/3
27/3	25/3	31/3	30/3	29/3	27/3	26/3	1/4	31/3	29/3	28/3	27/3	26/3	31/3
3/4	1/4	7/4	6/4	5/4	3/4	2/4	8/4	7/4	5/4	4/4	3/4	2/4	7/4
10/4	8/4	14/4	13/4	12/4	10/4	9/4	15/4	14/4	12/4	11/4	10/4	9/4	14/4
17/4	15/4	21/4	20/4	19/4	17/4	16/4	22/4	21/4	19/4	18/4	17/4	16/4	21/4
24/4	22/4	28/4	27/4	26/4	24/4	23/4	29/4	28/4	26/4	25/4	24/4	23/4	28/4
1/5	29/4	5/5	4/5	3/5	1/5	30/4	6/5	5/5	3/5	2/5	1/5	30/4	5/5
8/5	6/5	12/5	11/5	10/5	8/5	7/5	13/5	12/5	10/5	9/5	8/5	7/5	12/5
15/5	13/5	19/5	18/5	17/5	15/5	14/5	20/5	19/5	17/5	16/5	15/5	14/5	19/5
22/5	20/5	26/5	25/5	24/5	22/5	21/5	27/5	26/5	24/5	23/5	22/5	21/5	26/5
29/5	27/5	2/6	1/6	31/5	29/5	28/5	3/6	2/6	31/5	30/5	29/5	28/5	2/6
5/6	3/6	9/6	8/6	7/6	5/6	4/6	10/6	9/6	7/6	6/6	5/6	4/6	9/6
12/6	10/6	16/6	15/6	14/6	12/6	11/6	17/6	16/6	14/6	13/6	12/6	11/6	16/6
19/6	17/6	23/6	22/6	21/6	19/6	18/6	24/6	23/6	21/6	20/6	19/6	18/6	23/6
26/6	24/6	30/6	29/6	28/6	26/6	25/6	1/7	30/6	28/6	27/6	26/6	25/6	30/6
3/7	1/7	7/7	6/7	5/7	3/7	2/7	8/7	7/7	5/7	4/7	3/7	2/7	7/7
10/7	8/7	14/7	13/7	12/7	10/7	9/7	15/7	14/7	12/7	11/7	10/7	9/7	14/7
17/7	15/7	21/7	20/7	19/7	17/7	16/7	22/7	21/7	19/7	18/7	17/7	16/7	21/7
24/7	22/7	28/7	27/7	26/7	24/7	23/7	29/7	28/7	26/7	25/7	24/7	23/7	28/7
31/7	29/7	4/8	3/8	2/8	31/7	30/7	5/8	4/8	2/8	1/8	31/7	30/7	4/8
7/8	5/8	11/8	10/8	9/8	7/8	6/8	12/8	11/8	9/8	8/8	7/8	6/8	11/8
14/8	12/8	18/8	17/8	16/8	14/8	13/8	19/8	18/8	16/8	15/8	14/8	13/8	18/8
21/8	19/8	25/8	24/8	23/8	21/8	20/8	26/8	25/8	23/8	22/8	21/8	20/8	25/8
28/8	26/8	1/9	31/8	30/8	28/8	27/8	2/9	1/9	30/8	29/8	28/8	27/8	1/9
4/9	2/9	8/9	7/9	6/9	4/9	3/9	9/9	8/9	6/9	5/9	4/9	3/9	8/9
11/9	9/9	15/9	14/9	13/9	11/9	10/9	16/9	15/9	13/9	12/9	11/9	10/9	15/9
18/9	16/9	22/9	21/9	20/9	18/9	17/9	23/9	22/9	20/9	19/9	18/9	17/9	22/9
25/9	23/9	29/9	28/9	27/9	25/9	24/9	30/9	29/9	27/9	26/9	25/9	24/9	29/9
2/10	30/9	6/10	5/10	4/10	2/10	1/10	7/10	6/10	4/10	3/10	2/10	1/10	6/10
9/10	7/10	13/10	12/10	11/10	9/10	8/10	14/10	13/10	11/10	10/10	9/10	8/10	13/10
16/10	14/10	20/10	19/10	18/10	16/10	15/10	21/10	20/10	18/10	17/10	16/10	15/10	20/10
23/10	21/10	27/10	26/10	25/10	23/10	22/10	28/10	27/10	25/10	24/10	23/10	22/10	27/10
30/10	28/10	3/11	2/11	1/11	30/10	29/10	4/11	3/11	1/11	31/10	30/10	29/10	3/11
6/11	4/11	10/11	9/11	8/11	6/11	5/11	11/11	10/11	8/11	7/11	6/11	5/11	10/11
13/11	11/11	17/11	16/11	15/11	13/11	12/11	18/11	17/11	15/11	14/11	13/11	12/11	17/11
20/11	18/11	24/11	23/11	22/11	20/11	19/11	25/11	24/11	22/11	21/11	20/11	19/11	24/11
27/11	25/11	1/12	30/11	29/11	27/11	26/11	2/12	1/12	29/11	28/11	27/11	26/11	1/12
4/12	2/12	8/12	7/12	6/12	4/12	3/12	9/12	8/12	6/12	5/12	4/12	3/12	8/12
11/12	9/12	15/12	14/12	13/12	11/12	10/12	16/12	15/12	13/12	12/12	11/12	10/12	15/12
18/12	16/12	22/12	21/12	20/12	18/12	17/12	23/12	22/12	20/12	19/12	18/12	17/12	22/12
25/12	23/12	29/12	28/12	27/12	25/12	24/12	30/12	29/12	27/12	26/12	25/12	24/12	29/12
	30/12						31/12						31/12

FRACTIONAL PROPERTY OWNERS CLUB

DEED OF TRUST

THIS DEED OF TRUST is made

2011

BETWEEN:-

1. **CLC RESORT DEVELOPMENTS LIMITED** a company incorporated in the Isle of Man with registered number 003262V whose registered office is at 33 North Quay, Douglas, IM1 4LB (“the Vendor”); and
2. **FIRST NATIONAL TRUSTEE COMPANY (UK) LIMITED** a company incorporated in England and Wales, with registered number 2903284 whose registered office is at 7 Durweston Street, London, England W1H 1EN (“the Trustee”).

WHEREAS:-

- A. The Vendor has established a fractional interest lifestyle project known as The Fractional Property Owners Club (“the Project”) whose object is to secure for its Owners the ownership of exclusive Fractional Rights in the Project, detailed in the schedule (“the Schedule”), to the Rules of the Project each year until the Termination Date.
- B. It is provided in the Rules that legal title to the Properties be vested in the Owning Company upon trust for the Owners.
- C. The issued share capital or the guarantee membership of the owning companies has been or will be held by the Trustee, or as the Trustee directs, and the Trustee has agreed to hold the same upon the trusts and terms hereinafter mentioned.

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

1. In this Deed of Trust except where the context otherwise requires:
 - (a) “**Project**” means the development currently known as the Project referred to in Recital (A).
 - (b) “**Rules**” mean the rules of the Project as amended from time to time.
 - (c) “**The Shares**” means all the issued shares or guarantee membership in the Owning Company referred to herein, and “Share Certificate(s)” shall mean the certificate(s) issued by the Owning Company evidencing title to the Shares or membership.
 - (d) “**Owner**” means a fractional owner from time to time of the Project including the Vendor.
 - (e) “**Owning Company**” means the company, or companies, the name of which is set out in the Schedule being the title owner of the Property or Properties and where all the Shares, as defined, are held in Trust.
 - (f) “**Property**” or “**Properties**” shall include any references to Allocated Property as set out in the Rules.
 - (g) “**Termination Date**” means 31 December 2040 or such other date determined in accordance with the Rules when the Project will end following the last Sale Date for any Allocated Property held in trust.

Except as defined herein and where the context otherwise requires, the meaning and interpretation of all words and phrases to be applied in this Deed shall be as defined and interpreted in the Rules.

- 1.1 Covenants or warranties given and obligations or liabilities otherwise assumed under the provisions of this Deed of Trust by two or more persons shall be deemed to be so given and assumed by such persons jointly and severally.
- 1.2 (a) Where reference is made herein to directions of the Vendor, the Trustee shall be entitled to rely on and accept decisions of the Vendor which shall be stated by the Chairman of the Board of the Vendor

to have been so reached in accordance with the relevant Articles of Association of the Vendor, or in accordance with the Rules and without prejudice to the generality of the foregoing the Trustee shall not be concerned to enquire or satisfy itself in any way as to the proper appointment of the Board of the Vendor, or of the procedure adopted for meetings or the reaching of decisions thereat; and

(b) Where reference is made to the decision of the Project the Trustee shall be entitled to accept and rely on a resolution in writing in respect of which it shall have been certified by the Vendor that the provisions of the Rules have been fully observed.

2. The Vendor hereby appoints the Trustee and the Trustee hereby agrees to act as trustee on behalf of the Project and the Owners thereof on the terms set out in this Deed of Trust and the general terms and conditions upon which the Trustee acts as a trustee last published before the date hereof which are more particularly set out in Schedule I hereto. The said general terms and conditions shall apply and be incorporated herein and if there shall be any conflict between the same and the other provisions of this Deed of Trust then such terms and conditions set out in Schedule I shall pro tanto prevail. The Vendor will procure that the Share Certificates and the title deeds evidencing the ownership or equivalent in each of the Properties, and documents relating to any other relevant property, are delivered to the Trustee as soon as reasonably possible and will remain throughout the period of this Deed of Trust in the custody of the Trustee.
3. The Trustee shall hold the Shares upon trust to secure the Fractional Rights in respect of the Properties owned by such Owning Company under and in accordance with and subject to the Rules and subject thereto upon trust for all Owners as provided in the Rules.

PROVIDED ALWAYS:

- (i) that the Trustee shall not be bound to concur in or perform any act or acts which in the opinion of the Trustee shall be illegal or shall be inconsistent with the trusts hereby declared, or shall constitute a breach of trust or be prejudicial to the interests of the Owners (without the consent of the Owners), or shall involve the Trustee in any personal liability or in any action which may be improper or disreputable, or which may in the opinion of the Trustee constitute a breach of the conditions or covenants affecting the Properties; and
- (ii) that notwithstanding any direction of the Vendor, the Trustee shall not be obliged to charge or otherwise encumber the Properties or any part thereof, nor do anything to prejudice the ownership of the Properties or the Shares.
- 4.1 The Trustee shall have no responsibility for the rebuilding, repair, maintenance, renewal, upkeep, decoration, administration or management of the Properties or the contents thereof and shall not be liable for any damage or loss or depreciation which may result in any way therein, and the Trustee gives no guarantee or warranty with regard to the validity or otherwise of the title to the Properties or the Shares.
- 4.2 The Trustee shall not be bound to concern itself in any way with the management of the Project or its assets or finances nor with the rights duties or obligations of Owners or any other matter to which Owners may be subject, nor with the replacement or retrieval or renewal of any of the contents, furniture, fittings or fixtures of the Properties whether the said contents, furniture, fittings or fixtures be broken, lost, stolen or damaged or otherwise mislaid or misplaced, and the Trustee shall bear no liability to the Owners in respect of such matters.
5. The Trustee shall not be required to take any legal or other action whatever in relation to any matter whatsoever relating to the Properties unless fully indemnified by the Project or the Vendor to the reasonable satisfaction of the Trustee for all costs and liabilities likely to be incurred or suffered by the Trustee.
6. The Trustee shall be entitled at the expense of the Project or the Vendor to obtain legal advice from its Solicitors for the time being and/or the Opinion of Counsel and/or other legal advisers on any matter relating to the Properties or in relation to the trust hereby constituted or the exercise of the Trustee's power or rights or the observance or performance of the Trustee's liabilities or duties hereunder.
7. The Vendor shall initially be entitled to occupy the Properties pursuant to the Rules and shall be entitled to grant the Fractional Rights in accordance therewith.
8. The Vendor on behalf of the Project and as separate covenant for itself hereby warrants that, save as otherwise ordered by a Court of competent jurisdiction or as provided herein, the Trustee shall not by entering into and acting in pursuance of the terms and conditions of this Deed of Trust owe any duty or obligation or incur any liability to any person or persons (whether corporate or individual) other than the Owners and that no such person or persons are entitled to require or oblige the Trustee to transfer or deal with the Properties.
9. The Vendor on behalf of the Project and as a separate covenant for itself hereby warrants that the Trustee's name shall not appear on any literature or document or on any advertisement issued by or on behalf of the Vendor or the Project without the prior approval in writing of the Trustee having first been obtained.

10. (a) The Trustee shall not be responsible for any loss suffered by the Project or any Owner thereof arising out of or in respect of any act or omission on the part of the Trustee, its officers, employees or agents in respect of the Properties unless the same shall have been caused by or arisen from fraud or negligence on behalf of the Trustee or its said officers, employees or agents.
- (b) The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Project or the Vendor.
11. The Vendor shall pay to the Trustee as remuneration for the performance of its duties hereunder such fees as may from time to time be separately agreed upon between the Vendor and the Trustee and all out-of-pocket expenses incurred by the Trustee in the performance of its duties under this Deed of Trust, and in default of such payment the Vendor hereby undertakes that the Project will pay to the Trustee all such sums PROVIDED THAT as between the Vendor and the Vendor on behalf of the Project, the Project shall be primarily liable to pay all such sums.
12. In connection with the Properties the Vendor on behalf of the Project and (as a separate covenant for itself) covenants with the Trustee: -
 - (a) on demand to pay as the Trustee may direct all outgoings whatsoever (including rates, service charge, interest, costs, expenses and damages) covenanted or agreed to be paid (whether contingently or otherwise) in respect of the Properties;
 - (b) at all times to observe and perform (and to cause the Owing Company so to observe and perform) all the covenants, terms and conditions to which the Properties may from time to time be subject;
 - (c) to indemnify and keep fully and effectually indemnified the Trustee from and against all actions, claims, demands, losses, damages, costs and expenses made against or suffered or incurred by the Trustee arising from any breach non-observance or non-performance of any of the covenants contained in this clause 12.
13. The Vendor on behalf of the Project and as a separate covenant for itself hereby agrees to indemnify and hold harmless the Trustee against all claims, actions, proceedings, charges (including without prejudice to the generality of the foregoing charges to tax and breaches of Spanish and /or UK legislation or regulations) fees, costs, liabilities and expenses to which it may be entitled, or which may result from or be incurred in connection with the performance by the Trustee of its duties hereunder, and the Trustee shall be kept fully indemnified by the Vendor and the Project against all losses, claims, demands, taxes, actions, damages, costs and expenses made or incurred in connection with the Properties or the Owing Company in connection with the sale or transfer as appropriate of Fractional Rights Certificate by the Vendor or by an Owner and/or the Properties, or in any other way in connection with the holding by the Trustee of the office of trustee hereunder (including without prejudice to the generality of the foregoing any taxes assessed on or which are or might ultimately become the liability of the Trustee or the Owing Company in connection with the sale or transfer as appropriate of Fractional Rights Certificates by the Vendor or any Owner). The Trustee shall have the right if at any time it considers it desirable so to do to require that the Vendor or the Project shall deposit with the Trustee such sum as the Trustee shall reasonably consider to be necessary in support of the indemnities contained in this Deed of Trust in connection with the fees and expenses payable to the Trustee under the provisions of clause 14 hereof.
 - 14.1 The Trustee shall be entitled to have recourse to and be indemnified out of the Properties or the proceeds of the sale thereof, for all sums expended by the Trustee in or about or in any way in connection with the trusts of this Deed of Trust for all sums (including remuneration) payable to the Trustee hereunder and to meet and discharge the cost of any indemnity to which it is entitled hereunder and for such purposes shall have all the powers of an absolute owner to sell, let mortgage or otherwise dispose of the Properties or any one thereof unrestricted by clause 3 hereof or the Rules.
 - 14.2 If the employment of the Manager (as defined in the Rules) or any substitute thereof shall be terminated for any reason, or the Manager or any substitute therefore is dissolved, goes into liquidation, declares itself bankrupt or insolvent or appoints an administrator, and within a reasonable time period the Vendor has not appointed another person or entity to manage the Project on materially similar terms to the present Management Agreement, the costs of which shall be borne by the Project, then the Trustee shall then have the power on each such occasion to appoint another person or entity to administer the Project and the Properties, the cost and expense of such appointment being borne by the Project.
 - 15.1 This Deed of Trust shall continue until the earlier of (a) the date upon which the final Property is sold in accordance with the Rules or (b) terminated either by the Project or the Vendor giving not less than six months notice in writing to the Trustee or (c) by the Trustee giving the Vendor and

the Project not less than six months notice in writing (d) the year 2040. Any notice given under this clause shall expire on the last day of any calendar month and such notice shall not be given in any event before the expiry of one year from the date hereof. Upon termination of this Deed of Trust the Vendor (or failing which the Project) shall pay to the Trustee all remuneration then owing to the Trustee, together with any outstanding out-of-pocket expenses and all fees and expenses incurred by the Trustee in transferring, conveying or assigning, or otherwise disposing of the title to the Properties in manner hereinafter provided. The Trustee shall in the event of this Deed of Trust being terminated convey or assign the Properties or procure the same to be conveyed or transferred (at the expense of the Project or failing which at the expense of the Vendor) to any succeeding Trustee or otherwise as the Vendor in writing may direct.

- 15.2 Upon the termination or expiration of this Deed of Trust pursuant to the foregoing provisions, or as soon thereafter as is reasonably practicable, the Trustee shall as directed by the Vendor either: -
- (a) transfer the Properties to the alternative trustee of this or any new trust constituted in accordance with the Rules or
 - (b) retain the Properties upon the terms of any new trust constituted in accordance with the Rules or
 - (c) sell the Properties (or in its sole discretion, the Shares) in such manner as it may choose but so that the Trustee shall not be liable to the Vendor or to the former Owners, or to any other person or persons
 - (i) in the event that the Trustee is unable to find a purchaser for some or all of the Properties or the Shares on acceptable terms; or
 - (ii) in respect of the consideration received for any such sale or sales for any loss or damage suffered in respect thereof the Trustee shall be entitled to deduct from the consideration received
 - (a) all payments due to the Trustee under this Deed of Trust; and
 - (b) all expenses incurred in connection with any sale or sales; and
 - (c) the Trustee's fees for acting on the termination of the Project and the subsequent distribution of the net proceeds of sale. Such fees to be in addition to any remuneration payable to the Trustee under clause 11 hereof (but to be determined as therein provided); and
 - (d) all taxes or fiscal impositions whatsoever relating to the Properties, the Owning Company relating thereto and the holding or disposal thereof by the Trustee for which the Trustee and (in the case of the Trustee procuring the sale of a Properties by the Owning Company) the Owning Company may be liable.
- 15.3 After deduction of all sums referred to in sub-clause 15.2 of this clause, the Trustee shall distribute the net proceeds of sale to such persons as would be entitled under the Rules to such proceeds upon dissolution of the Project and pending distribution to invest the net proceeds of sale in any investment authorised by law, provided that the Trustee will have fully discharged its obligations under this sub-clause 15.3 if it distributes the net proceeds of sale to those persons and in such shares as shall be notified to the Trustee by the Vendor as being in accordance with the Rules (which information the Vendor hereby agrees to supply).
- 16.1 The Vendor on behalf of the Project and as a separate covenant for itself undertakes, where applicable: -
- 16.1.1 to give to the Trustee the names and addresses of all officers of the Project, if applicable;
 - 16.1.2 to inform the Trustee within twenty-one days of any change in the holders of any office with the full name and address of each new officer, if applicable;
 - 16.1.3 to give to the Trustee within twenty-one days of admission of each Owner to Ownership the name and address of such Owner and details of any change of address of such Owner within twenty-one days of such change occurring;
 - 16.1.4 that there shall be delivered to the Trustee :-
 - (i) a copy of any annual accounts of the Project as soon as the same is available and
 - (ii) notice of any General Meetings of the Project and a copy of the Agenda and of any resolution to be proposed at the meeting at least fourteen days prior to such meetings and

- (iii) minutes of any such meeting as soon as the same is available
 - (iv) a copy of any contract relating to the management of the Project.
- 16.2 The Trustee shall have the right to attend and receive notice of any General Meetings of the Owners but shall have no right to vote at any such meetings.
- 16.3 The Trustee may convene an Extraordinary General Meeting if it in good faith and acting reasonably believes it desirable so to do and must convene a Special General Meeting if requested by the Vendor. The Trustee has the right to propose resolutions for consideration by the Owners at such meetings. The normal rules for convening and holding general meetings and the use of proxies shall apply and the Trustee's decision on the interpretation of such normal rules shall be final and binding on the Owners.
- 17. Notwithstanding the provisions of this Deed of Trust neither the Trustee nor any holding subsidiary or associated company of the Trustee shall be precluded from acting as insurer, insurance agent or broker or banker or investment manager or adviser to either or both of the Vendor and the Project, nor shall the Trustee nor any holding subsidiary or associated company thereof be precluded from making any advances to either or both of the Vendor and the Project on such terms as may be agreed or making any contract or entering into any financial or other transaction in the ordinary course of business with either or both of the Vendor and the Project and shall be entitled to charge interest on overdrawn accounts and make the usual banker's charges and shall not be liable to account either to the Vendor or the Project for any profit made in connection therewith.
- 18. Any notice which is required to be given in pursuance to any provision of this Deed of Trust shall be given or served by pre-paid first class post or letter sent by special delivery addressed to the Vendor or to the Trustee, as the case may be, at their respective registered offices or (in the case of notice to be served on the Project) to the Vendor of the Project, care of 33 North Quay, Douglas, Isle of Man and any notice sent by post shall be deemed to have been given or served at the time of despatch.
- 19. The Trustee and the Vendor shall be entitled by deed supplemental hereto to modify alter or add to the provisions of this Deed of Trust in such manner and to such extent as they may consider expedient for any purpose PROVIDED THAT the Trustee shall certify in writing that in its opinion such modification, alteration or addition does not materially prejudice the interests of the Owners and does not operate to release the Trustee or the Vendor from any material responsibility to the Owners.
- 20. This Deed of Trust shall be governed by and construed in accordance with English Law.
- 21. The Vendor irrevocably: -
 - (i) submits to the exclusive jurisdiction of the courts of England and Wales; and
 - (ii) consents to service of process by mail or in any other manner permitted by the laws in force in England and Wales.
- 22. If a Trustee retires from the trust hereof or becomes by reason of Properties or place of incorporation incapable of acting as Trustee hereof, such Trustee shall be released from all claims, demands, actions, proceedings and accounts of any kind on the part of the beneficiary (whether in existence or not) actually or prospectively interested under this Deed of Trust for or in respect of the Properties or in the income thereof, or the trusts of this Deed of Trust or in any act or thing done or omitted in execution or purported execution of such trusts, other than and except only actions:-
 - (a) arising from any fraud or fraudulent breach of trust to which such Trustee or (in the case of a corporate trustee) any of its officers was a party or privy;
 - (b) to recover from such Trustee trust properties or the proceeds of trust properties in the possession of such Trustee, or previously received by such Trustee or (in the case of a corporate trustee) any of its officers and converted to his use.
- 23. The Trustee declares and it is hereby agreed that it shall have all the additional powers, discretions and rights set out in Schedule 1 hereof.

SCHEDULE

General terms and conditions upon which the Trustee accepts appointment.

1. The Trustee may act by a proper officer or officers and may appoint as its proper officer any officers of FIRST NATIONAL TRUSTEE COMPANY LIMITED or any associated company or any lawyers for the time being retained by the Trustee.
2. The Trustee's remuneration for its services shall be free of all taxes or fiscal impositions whatsoever and the Trustee shall have a first charge upon the Properties in respect of such remuneration and all legal costs and disbursements, agents' charges, staff travel costs, postages, telephone calls and other expenses properly incurred and paid.
3. Subject to any express provision to the contrary herein before set out, the Trustee may in its absolute discretion determine how remuneration due to the Trustee shall be borne as between different Properties, or as between the beneficiaries, and every such determination shall be binding upon all persons concerned.
4. The Trustee may without being liable to account for any profit thereby made:-
 - (a) act as insurer or banker and transact any banking or insurance or allied business on normal terms
 - (b) retain the customary share of brokerage and other commissions
 - (c) perform any service on behalf of the Project and make charges commensurate with the services rendered
 - (d) employ at the expense and on behalf of the Owners any parent or associated or subsidiary company as banker, or to transact any business or for any purpose for which a Trustee is entitled to employ any agents
 - (e) retain any remuneration received as a result of any appointment of a nominee as a Director or officer of any other company whose shares or expenses shall from time to time be held by the Trustee.
5. The Trustee shall not be required by reason only of the general rule preventing a Trustee from deriving a profit from his trusteeship to account to the Project for any profit made in the ordinary course of business by the Trustee or any holding or associated or subsidiary company arising from the exercise of any power or discretion conferred by this Deed of Trust as hereafter amended or by law.
6. The Trustee may at its discretion vest any of the Properties in any person or corporate body as its nominees.
7. All monies, securities, title deeds and documents belonging to or relating to the Properties or the Project shall be under the exclusive custody and control of the Trustee, any other person having all reasonable facilities for verification or inspection and the name of the Trustee or the name of its nominees shall be placed first in the register of all stock, shares, securities or Properties.
8. Unless otherwise provided in the trust instrument, every appointment whether under the statutory power or under any special power of a new trustee during the period of trusteeship shall be subject to the consent in writing of the Trustee.

DETAILS OF OWNING COMPANY AND ALLOCATED PROPERTIES.

[] Limited

Registered address:

Company number:

Allocated Properties (list of unit numbers) and Sale Date for each:

IN WITNESS WHEREOF this Deed has been executed the day and year above written.

EXECUTED as a DEED by

CLC RESORT DEVELOPMENTS LIMITED

in the presence of

Authorised Officer

Authorised Officer

EXECUTED as a DEED by

FIRST NATIONAL TRUSTEE COMPANY (U.K.) LIMITED

in the presence of:

Authorised Officer

Authorised Officer

FRACTIONAL PROPERTY OWNERS CLUB

MANAGEMENT AGREEMENT

THIS AGREEMENT is made

2011

BETWEEN

- (1) **CLC RESORT MANAGEMENT LIMITED**, incorporated in the Isle of Man with company number 3261V whose registered office is at 33 North Quay, Douglas, Isle of Man IM1 4LB (**Manager**); and
- (2) **CLC RESORT DEVELOPMENTS LIMITED** incorporated in the Isle of Man with company number 3262V whose registered office is at 33 North Quay, Douglas, Isle of Man IM1 4LB (**Vendor**).

BACKGROUND

- (A) This agreement relates to the management of the Project and Allocated Properties within it proposed to be carried out by the Manager on behalf of the Vendor.
- (B) The Vendor wishes to appoint the Manager to manage the Property.
- (C) The Manager shall maintain the Property to an appropriate quality standard in keeping with the Resort and be responsible for the allocation of the respective costs of management and maintenance among the Owners.

NOW IT IS AGREED AS FOLLOWS:

1. INTERPRETATION

1.1 In this agreement, words and definitions shall have the same meaning as in the Rules including (repeated below for ease of reference) the following if not inconsistent with the subject or context:-

Allocated Property	means the individual Property which is allocated to an Owner pursuant to each Fractional Rights Certificate.
Benefits	means such additional benefits and rights made available to Owners from time to time and which are set out in the Project Regulations.
Calendar	means the Calendar attached in the Schedule to these Rules which the Manager has established for each Allocated Property defining when it is available for use and the start day for each Weekly Period in that Property.
Committee	means the body of persons selected in accordance with Clause 5 of the Rules.
Fractional Rights	means exclusive rights of use and occupation of the Allocated Property in accordance with the Fractional Rights Certificate and these Rules.
Fractional Rights Certificate	means a certificate issued to an Owner pursuant to the Purchase Agreement setting out the Fractional Rights.
Guest Certificate	means the certificate which is required in all instances where the intended occupier of the accommodation is not included in the list of Owners on the Fractional Rights Certificate or the Register.
Owner	a Purchaser who has entered into a Purchase Agreement and has been issued with a Fractional Rights Certificate (which shall include the Vendor for such period of time until the maximum number of Fractional Rights have been acquired).
Project Regulations	means such regulations as may be issued by or under authority of the

Vendor from time to time pursuant to these Rules, and regulating inter alia, operational matters, the rights and obligations of Owners in exercising their Fractional Rights, the Exchange Facility and Benefits available.

Property	means the completed and furnished units at the Resorts where such units constitute the Allocated Properties and are vested in the Trustee (or its wholly owned subsidiary) and are held in trust for the Vendor and the Owners as the case may be. Any provisions relating to the term Property shall apply equally to the Allocated Property.
Purchase Agreement	means an agreement pursuant to which a purchaser becomes an Owner and acquires Fractional Rights.
Manager's Register	means the register of current Owners maintained by the Manager.
Resort	means those resort operations which have been selected by the Vendor to participate in this Project and from which units become Allocated properties and will be vested in the Trustee.
Sinking Fund	means the fund described in clauses 2.12 and 3 and in the Rules.
Year	means a calendar year from 1 January to 31 December.

1.2 References to singular shall include the plural and vice-versa and references to masculine shall include feminine and neuter and vice-versa.

1.3 References to a person include any legal or natural person, partnership, trust, company or other body.

2. THE SERVICES

The Manager undertakes to provide or procure the following services:

- 2.1 the prompt maintenance, repair, decoration and cleaning of the Property, services and facilities provided for the benefit of the Owners whether exclusive or in common with others entitled to use them;
- 2.2 the maintenance repair and cleaning of furniture and equipment in or about or pertaining to the Property;
- 2.3 the insurance in respect of the Property and its contents, public liability and any other insurance which the Vendor shall consider necessary or appropriate;
- 2.4 the payment of all outgoings incurred in respect of the Property including cost of water and electricity supplied to the Property;
- 2.5 the payment of local taxes in respect of title held;
- 2.6 the payment of all other charges or impositions whether of an annual or recurring nature or otherwise including all taxes (if any) levied against the Vendor in respect of the use and occupation of the Property, including estate and community fees;
- 2.7 the payment for the cost of the making of any returns in respect of company secretarial, taxation or other matters required both in England and in any other jurisdiction where the Property is situated;
- 2.8 daily cleaning and usual check in and check out reception services;
- 2.9 the payment of all other charges whatsoever which may be incurred in the management, including any letting, and preservation of the value of the Property, in any other jurisdiction where the Property is situated;
- 2.10 the payment of the cost of employing staff for any of the purposes set out and the overhead expenses in connection with their employment or otherwise;
- 2.11 all works and acts which are required to be done to comply with any statutory provisions or the directions or notice of any government local or public authority;
- 2.12 the establishment and maintenance of a Sinking Fund sufficient for the replacement of furniture, equipment, refurbishment, interior re-paintings at intervals to be decided by the Vendor in consultation with the Manager, and the external painting of the Allocated Property, having regard to the need to maintain the Property and its contents in good condition and repair at all times;
- 2.13 the making available in an appropriate condition of the Allocated Property for use by each Owner and their guests;
- 2.14 the calculating and giving notice as necessary to each Owner of their share of expenses to be paid, including any special charge which may be necessary in exceptional circumstances, requesting them to pay such sum to the Manager;

- 2.15 representing the Vendor before any third parties, being the civil and administrative authorities (including tax representation by the Vendor before any tax authority);
- 2.16 provision of invoicing and collection services as described in clause 4 of this Agreement;
- 2.17 administering the provision of the Benefits and Project Regulations;
- 2.18 maintain the Manager's Register;
- 2.19 the administration and dissemination of the Calendar, the adjustment to the Calendar where required as provided for in the Rules and the settling of any disagreements between the Owners as respects their Fractional Rights.

3. MAINTENANCE OF ACCOUNTS AND OTHER SERVICES

The appointment of the Manager will be deemed to have commenced from 1 August 2011 until determined in accordance with this Agreement ("**Management Period**").

The Manager will maintain the following accounts:

- 3.1 **House Account.** This account will be credited with the Owner's payments relating to his share based on the number of weeks allocated to him by the Fractional Rights Certificate towards the annual Management Charge, as stated in the budget for the forthcoming year, and any shortfall relating to the accounts of Management Charges relating to the expenses of the Property and the Vendor for the previous year, excluding the part of such payments relating to the Owner's share towards the Sinking Fund; and debited with the expenses of the Property as determined by the Rules and this Management Agreement with the exception of the Sinking Fund provided for in sub-clause 3.2. If at the end of any one year the House Account is in credit, the surplus will be carried forward. In the case of a debit balance at the end of any one year such shortfall shall be divided among the Owners in proportion to their share of annual contributions to the Management Charges and the shortfall so calculated added to the annual Management Charge for the following year.
- 3.2 **Sinking Fund Account.** This Account will be credited with that part of the Owner's payments relating to his share based on number of weeks allocated to him by the Fractional Rights Certificate, towards the Sinking Fund provided for in sub-clause 2.12 (above) and will be an interest earning deposit account kept separate from the Manager's assets.
- 3.3 **Owner's individual accounts.** These accounts are established for each individual Owner and will be debited with the amounts payable by the Owner (amongst other things) for laundry, maid services and similar services according to use, for the preparation of the Allocated Property (laundry and cleaning) for the arrival of the Owner, or the Owners' family or guests, and for electricity used during the Owner's allocated periods of occupation (the electricity standing charges will be debited to the House Account).

Other services

- 3.4 The Vendor may, by not less than six months written notice to the Manager to that effect, require the Manager to cease to provide any service for the time being provided by the Manager hereunder. Following service of any such notice the Manager shall use its best endeavours to ascertain the amount by which the Management Charge referred to hereafter shall be reduced. Following the date of expiry of such notice, and in default of agreement as to such reduction within two months of the service of such notice, the matter shall be referred to an expert in accordance with clause 10.5.
 - (i) The Vendor may, by not less than three months written notice to the Manager to that effect, request the Manager to provide such reasonable additional services as may be specified in such notice in addition to all services for the time being provided by the Manager hereunder.
 - (ii) As soon as reasonably possible after receipt of such notice, the Manager shall submit to the Vendor a written statement setting out its computation of the addition to the Management Charge resulting from the additional services.
 - (iii) Within two months of the receipt of such statement, the Vendor shall elect by written notice to the Manager as to whether or not to accept such computation and if it shall so accept, the Manager shall commence the provision of the relevant services within one month thereafter and the Management Charge shall thenceforth be increased by the amount of such computation.
 - (iv) In the event of the Vendor electing not to accept such computation and being in a position to enter into an agreement with a third party for the provisions of that service at a cost acceptable to the Vendor, the Vendor shall not enter into any such agreement unless the Manager shall have been given at least one month's written notice of such intention and does not offer to provide the service itself on similar terms.

4. THE BUDGET, ACCOUNTS AND OWNERS' SHARE OF COSTS

- 4.1 Before the 31st October each year, the Manager shall supply to the Vendor a budget for the forthcoming year (and

whilst not all of the Fractional Rights have been acquired, together with proposals for contributions, if any, to the Sinking Fund) including any adjustments to the Management Charges on a particular Allocated Property to reflect the direct costs of that Property and the accounts of the previous year relating to the expenses of the Property and the Vendor set out in clause 2 (above) which are not debited to the Owners' individual accounts under clause 3 (above) and the Manager's remuneration provided for by clause 6 (below).

- 4.2.1 Before the 30 November each year the Vendor, in consultation with the Committee, shall review and agree the budget for the forthcoming year and the accounts of the previous year and shall communicate such agreement to the Manager or request any clarification from the Manager forthwith. In the event that the Manager receives no such communication he is entitled to consider the Vendor's agreement as having been given.
 - 4.2.2 in order to encourage multiple ownership of Fractional Rights, the Manager in co-operation with the Vendor may determine that a percentage discount shall apply on Management Charges to be paid in respect of a particular Allocated Property provided that such arrangements are detailed and lodged with the Trustee before the first sale of a Fractional Right in that Property.
 - 4.2.3 in order to facilitate certain Owners who may want an "all inclusive approach", the Manager in co-operation with the Vendor may determine that Owners in a particular Property or Properties shall pay the Management Charge and the Transaction Fee to use the Exchange Facility as one composite charge (**Composite Management Charge**) provided that such arrangements are detailed and lodged with the Trustee before the first sale of a Fractional Right in that Property.
 - 4.2.4 the arrangements set out above may be applied only to a whole Property and not sections of that Property.
- 4.3 The Owners shall be invoiced for the Management Charge by 30 November in each Year and each Owner shall pay his appropriate share, any shortfall of the Management Charge or sinking fund and/or any shortfall relating to any previous year on the Owner's individual account within 30 days of the date of the demand or 1st January whichever is earlier.
- 4.4 The provisions of clause 4.3 shall include the Vendor in respect of any unsold Fractional Rights but not the maintenance weeks.
- 4.5 Each Owner (other than the Vendor) shall pay the Manager by way of an initial Management Charge a fixed sum or sums specified in respect of each Fractional Rights Certificate held (such sum to be determined by the Manager and notified to the Owner in writing at the time of issue of his Fractional Rights Certificate) and in each subsequent year he shall pay by way of Management Charge:
- (a) the fixed sum per each Fractional Rights Certificate held as aforesaid, plus
 - (b) an increment of such percentage of the Management Charge as is equal to the percentage increase in the figure at which the Spanish consumer prices index (or its nearest equivalent) is published at each last anniversary of the date of commencement of the Management Period over the Index figure of such Index at the start of the previous anniversary. No fall in the figure at which the said Index stands shall cause a variation to be made in the Management Charge or in the amount of any increment previously so determined. In the event of any change in the reference base used to compile the said Index, the figure taken to be shown in the said Index after such change shall be the figure which would have been shown in the said Index if the reference base current at the previous anniversary had been retained PROVIDED THAT in the event of it becoming impossible by reason of any change after the date hereof in the method used to compile the said Index, or for any other reason whatsoever, to calculate the said additional sum payable in any year by reference to the said Index, or if any dispute or any difference whatsoever shall arise with respect to the amount of such additional sum, or with respect to the construction or effect of this Clause, the determination of the additional sum or other matter in difference shall be determined by an expert appointed in pursuance of the terms of this Agreement and he shall have full power to determine on such date, as he shall deem appropriate, what would have been the increase in the said Index had it continued on the same basis and given the information assumed to be available for the operation of this Clause. For the avoidance of doubt the Rules in force for any Fractional Rights Certificates issued before 1 January 2013 still apply as above except that for the first anniversary review on 1 January 2014 only the previous anniversary date shall be taken as 1 August 2011 as their base but in subsequent anniversaries it will be as set out above.
 - (c) in exceptional circumstances the increase may be greater than described in clause 4.5 (b) above where any Sinking Fund already set aside is insufficient or there has been an extraordinary increase in costs directly related to the Project/Resort that could not have been contemplated at the date of entering into this Management Agreement.
- 4.6 In the event that a new Property or Properties is/are added to the Project, the Manager shall specify in respect of each new Property the amount of the Management Charge in respect of that Property including any applicable discounts and whether or not a Composite Management Charge applies as described in clause 4.2 above.
- 4.7 Notwithstanding anything to the contrary herein contained or implied, the Manager shall be at liberty, at its discretion, to apportion the total cost between different groups or categories of Properties and then to calculate

the Management Charges for each group or category by reference to the figure apportioned to that group or category, and further to provide that in respect of each new Property or group or category of Properties introduced, that in respect of the same there shall be payable a Management Charge.

- 4.8 Each Owner shall pay the Management Charges to the Manager, or as directed by it, by 1 January of the year to which they relate or within 30 days of the invoice despatch, whichever is the earlier ("the Due Date"), and interest at the rate of 2% per month or such other reasonable amount as the Manager considers appropriate shall be added to any Management Charge not paid by the Due Date. For the avoidance of doubt nothing in this clause shall restrict the Manager's or Vendor's other remedies in respect of late or non payment of Management Charges.
- 4.9 A certificate executed by the Manager certifying any amount due shall constitute prima facia proof of any amount so due by the Owner(s).
- 4.10 The Manager shall arrange for the prompt collection (and payment if necessary) of the Management Charge payable by each Owner and Vendor and shall properly pay and discharge out of all such monies collected by it from Owners and the Vendor all expenses in relation to which such amounts have been collected, and shall ensure that proper records and books of account relating to the management of the Club's property and affairs are maintained at all times on behalf of the Owners and that such records and books of account are at all reasonable times available for inspection by the Trustee.
- 4.11 Each Owner shall be required to contribute to the sinking fund in such sum as is notified on completion of the Purchase Agreement relating to that year and whatever the then applicable sum is per each subsequent year thereafter. The Owner shall not be entitled to the refund of amounts payable to the Sinking Fund in the event of disposal of his Fractional Rights.

5. MANAGER'S OBLIGATIONS

- 5.1 The Manager will be bound by and comply with the reasonable decisions of the Vendor.
- 5.2 The Manager may appoint one or more persons to assist in the performance of the Manager's duties, subject to informing the Vendor of:
- 5.2.1 the identity of such person(s); and
- 5.2.2 the date of the commencement or termination of the respective functions to be carried out by such person(s) all within 30 (thirty) days of the happening of such event.

6. REMUNERATION

For clarification purposes, within the budget referred to in clause 4 the Manager shall be entitled to include remuneration for its services to the Vendor, Owners and the Property in an amount which shall not exceed a sum equal to 15% (fifteen per cent) of the annual expenses of the Property excluding those amounts debited to the Owner's Individual Accounts under clause 3 (above) (exclusive of the Manager's remuneration).

7. TERMINATION

- 7.1 This agreement may be terminated on six months written notice by either party in the event of a material breach by the other that has not been remedied within 90 days of such breach being notified in writing to the relevant party in breach provided always that, in the case of the Vendor, the notice or termination does not breach any of the Rules.
- 7.2 The Manager may terminate this agreement upon giving 90 days prior notice in writing to the Vendor.
- 7.3 This agreement shall terminate when all the Property is sold or disposed of in accordance with the Rules, provided that this may not occur prior to 31 December 2030 without the prior consent of the Manager.
- 7.4 This agreement shall terminate where the Manager or any substitute thereof is dissolved, goes into liquidation, declares itself bankrupt or insolvent or appoints an administrator, then the Vendor shall have the power on each such occasion to appoint another person or entity to manage the Project and the Properties, the cost and expense of such appointment being borne by the Project. Where the Vendor fails or is unable to exercise such power, then the Trustee shall have the power to appoint another person or entity to manage the Project and the Properties, the cost and expense of such appointment being borne by the Project.

8. OCCUPANCY

- 8.1 The Vendor shall procure that the maximum number of persons in occupation of each dwelling comprising the Property shall not exceed the number of people as stipulated by the Manager from time to time.

- 8.2 The Manager may set such reasonable procedures to ensure that the Manager knows the identity of all guests and invitees of Owners staying in the Property at any time.

9. NOTICES

- 9.1 Any notice under this agreement may be sent to the recipient by post or email at his last known address or in the case of a company to its registered office or its principal business address.
- 9.2 Where a notice is sent by post service the notice shall be deemed to be effected by properly addressing pre-paying and posting a letter containing the notice and to have been effective in respect of an address within the UK on the second working day after posting and in respect of an address outside of the UK on the fifth working day after posting, **PROVIDED** that in the case of an address outside Europe the letter shall have been sent by pre-paid airmail. In the case of notice by email, service will be deemed to be effective on the second working day after sending provided no failure to deliver message has been received by the sender during that time.

10. MISCELLANEOUS

- 10.1 The Vendor on behalf of the Owners shall indemnify and keep indemnified the Manager from and against all claims, demands, proceedings, damages, liabilities and costs and expenses arising out of or incidental to the proper and reasonable performance by the Manager of its duties under this Agreement.
- 10.2 A Certificate covering more than one Fractional Right shall be deemed to be a series of separate Certificates, one for each Fractional Right it covers, for all the purposes of this Management Agreement and the calculation of Management Charge.
- 10.3 In the event that any provisions of this Agreement are found to be void or unenforceable, the remaining provisions shall be severable and valid and effective.
- 10.4 Any dispute or difference arising out of this Agreement shall be referred to the decision of a single expert to be agreed between the Vendor and the Manager or in default of agreement to be appointed, on the application of either party, by the Trustee or its successors or assigns.
- 10.5 The Vendor may assign this Agreement. The Manager may assign with the Vendor's prior written consent.

11. GOVERNING LAW

This agreement is governed by English law and the courts of England shall have non-exclusive jurisdiction.

This agreement has been entered into on the date stated at the heading of this Agreement.

- **Signed by**

For and on behalf of (Manager) **CLC RESORT MANAGEMENT LIMITED**

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Director

- **Signed by**

For and on behalf of (Vendor) **CLC RESORT DEVELOPMENTS LIMITED**

.....

Director

