HALCYON RETREAT
GOLF & SPA RESORT

AGREEMENT FOR SALE OF MEMBERSHIP OF A COMPANY

Between

SAS Halcyon Retreat

And

Mr Gary Heath

And

Rowanmoor Trustees Limited

Building F Apartment 4

Rental Period: Sauternes

Dated: 15th September 2015

AGREEMENT FOR SALE OF MEMBERSHIP OF A COMPANY

THIS AGREEMENT is made on the 15th September 2015

BETWEEN

(1) **SAS HALCYON RETREAT** (**"*THE FOUNDER MEMBER*"** and **"*THE DEVELOPER*"**) having its registered office at Domaine de la Fot, 23300, Noth, France, Company Registration Number 529 259 160 and

(2) Rowanmoor Trustees Limited and Mr Gary Heath as trustees of the **PCS Management Executive Pension Scheme**, with registered address of 46-50 Castle Street, Salisbury, Wiltshire, SP1 3TS, United Kingdom (the "Scheme"), hereinafter referred to as the "Purchaser".

NOW IT IS AGREED as follows:

1. Background

1.1 Chateau de la Cazine Fractional AC Limited, no 8875713 a company incorporated under the laws of England and Wales, with registered office at PO Box 5, Willow House, Oldfield Road, Heswall, Wirral, United Kingdom, CH60 0FW ("the Company") shall be the owner of One Bedroom Apartment number 4, Building F situated at the Halcyon Retreat Resort in Noth, France, comprising a building development plot of an area of 222.39 acres described at the Bureau of Gueret, under Notarial Deed Number 2011, DN 1170, Volume 2011 PN 935, Dossier 005603 ("the Resort"). The Property will have a built up area of approximately 45.00 square metres. The Property consists of a reception area, 1 bedroom and 1 bathroom and is herein referred to as ("the Property").

1.2 ***THE FOUNDER MEMBER*** wishes to procure the admission of the Purchaser to membership of the Company and ***THE FOUNDER MEMBER*** has the power to procure such admission to membership to the Company under the Memorandum and Articles of Association of the Company.

1.3 Legal ownership of the Property will vest in the Company and the Company's ownership of the Property shall be registered at the Bureau of Gueret Land Registry prior to Completion.

1.4 The Purchaser, together with other parties who have or shall become members of the Company, shall have no rights of occupation or enjoyment related to such holding as provided for in the Rules and Regulations of the Company regarding occupation. The Rules and Regulations of the Company are attached as the Second Schedule hereto.

1.5 The Resort includes all necessary infrastructures and basic services – such as roads, pathways, car parking, green zones, water, sewerage, electrical, telephone and satellite – and the Company will have the use of and the right to connect the properties to be built upon the site referred to in clause 1.1 to such infrastructures and services.

1.6 The Company entered into a Property Purchase and Sale Promissory Contract with ***SAS Halcyon Retreat*** a Company incorporated under French Law and having its

Registered Office situate at Domaine de la Fot, 23300, Noth, France, Company registration Number 529 259 16, whereby the Company promised to buy Apartment Number 4 Building F in the Resort. As a consideration for the commercial benefit from the Property and resort facilities the Company shall pay together with the other owners having a similar right to such property a proportional share of the costs of operating and maintaining such facilities, as part of the Condominium, in accordance with the terms set out in the Property Management Agreement referred to in Clause 1.8 of this Agreement

1.7 The Property Purchase and Sale Promissory Contract provides for the delivery by ***THE DEVELOPER*** of a hotel unit in accordance with the Plans in the Third Schedule hereto.

1.8 The Company shall on completion of the Property enter into a management agreement with a property manager to be nominated by ***THE DEVELOPER*** ("the Management Company") to provide property management and tourist management services required for the maintenance of a high quality resort ("the Management Agreement"). Estimated management fees are set out in the Fifth Schedule hereto.

1.9 The Property shall be unfurnished. Any necessary furnishing, fixtures and fittings will be owned, supplied and maintained by the Management Company to enable the property to form part of the hotel rental pool.

1.10 The Purchaser wishes to become a member of the Company to hold a commercial interest (in common with others) in the Property.

1.11 The Company is incorporated in England as a private company limited by guarantee and its corporate compliance and taxation matters will be managed and administered by Fractional Administration Solutions Limited, of PO Box 5, Willow House, Oldfield Road, Heswall, Wirral, United Kingdom, CH60 0FW ("the Administrator") which expression shall include any subsidiary or associate of the Administrator under a Company Administration Agreement.

2. Agreement

2.1 The Purchaser agrees to apply for membership of the Company.

2.1.1 Upon completion of the Property, the Purchaser will receive a fixed rental income of 10% of their purchase price per annum for a period of fifteen years from completion. This will be paid quarterly in arrears. After the initial fixed rental period the Purchaser will receive 1/26th of 50% of the net nightly room rate achieved.

2.1.2 For the avoidance of doubt, it is hereby confirmed that:

(i) For the first 15 years from completion the maintenance fee, insurance and local taxes will be paid in full by the Management Company

(ii) For the first 15 years the annual company administration fee of £90 will be paid by ***THE FOUNDER MEMBER***. The company administration fee may increase at each

calendar year end, subject to cosmetic rounding, in line with the rise in the Guernsey Retail Price Index over the preceding 12 months (Q3 to Q3).

(iii) During the 15 years fixed rental income mentioned in clause 2.1.1 (above) is paid to the Company net off all costs. Therefore the income to members would total £950 each per annum.

(iv) After the 15 years fixed rental income the day to day running costs incurred by The Management Company on behalf of The Company will form part of the operational expenses and those costs will be deducted from the gross room rental income prior to passing such net sums to the Members of the Company. In the event that the expenses exceed the rental income then these expenses shall accrue and be offset against future rental income.

(v) After 15 years the annual company administration fee will be paid by the Company from the rental income it receives from The Management Company before the income is paid to the Members of the Company. Therefore after 15 years the income to members will vary in line with any change in the company administration fee and amount of net rental income received by the Company.

(vi) 15 years after completion, the cost of insurance, local taxes, maintenance costs for the Property will be paid by the Company from the rental income that it receives before passing the balance, less the annual company administration fee, to the members of the company.

2.2 ***THE FOUNDER MEMBER*** covenant with the Purchaser that the Management Agreement shall be in such form as the Purchaser shall reasonably require providing for certain matters including but not limited to:

2.2.1 the payment of income in accordance with sub-clause 2.1.1 of this Agreement;

2.2.2 that the Purchaser or the Scheme Member shall have no right to occupy or use the Property or any part of the Resort of which the Property forms a part

2.2.3 that all furniture and furnishings in the Property required for the use or enjoyment of any occupier from time to time shall be supplied by and shall remain the property of the Management Company and any charge for the use of such furniture and furnishings shall belong exclusively to the Management Company

2.2.4 such additional provisions that the Purchaser shall request and as are necessary for the Purchaser to comply with any statutes rules regulations and requirements governing pensions and trusts in the United Kingdom

2.3 The Purchaser only acquires any rights or interest in the property by virtue of becoming members of the company and if they cease to become a member of the company they retain not such right or interest in the property.

3. Consideration

3.1 The price for the Membership shall be £9,500 (*nine thousand five hundred Pounds)* ("the Purchase Price") and shall be paid by the Purchaser to ***THE FOUNDER MEMBER*** as follows:

3.1.1 By 29th September 2015 - 100% of the purchase price, amounting to £9,500 (*nine thousand five hundred Pounds).*

3.2 Upon completion, the Purchaser must enter their rental allocation as detailed in Clause 2.1 of this Agreement.

3.3 If the Purchaser fails to pay any part of the Purchase Price for thirty (30) days after payment has been demanded by ***THE FOUNDER MEMBER*** the Purchaser shall pay interest at one percent (1%) per calendar month on the outstanding amount until the date payment is made to ***THE FOUNDER MEMBER***.

3.4 If the Purchaser fails to pay any part of the Purchase Price for a period in excess of sixty (60) days from the date of demand, ***THE FOUNDER MEMBER*** shall have the right to cancel this Agreement by serving written notice on the Purchaser of his intention to do so. ***THE FOUNDER MEMBER*** shall refund to the Purchaser all sums paid under this Agreement less fifty percent (50%) of the Purchase Price and minus the total amount the Purchaser has received as cash back payments from ***THE FOUNDER MEMBER*** thus far. This will be paid upon successful resale.

3.5 Should the Purchaser wish to cancel this Agreement at any time ***THE FOUNDER MEMBER*** shall refund all sums paid by the purchaser under this Agreement less fifty percent (50%) of the Purchase Price and minus the total amount the Purchaser has received in cash back payments detailed in Clause 3.7 from ***THE FOUNDER MEMBER*** thus far. This will be paid upon successful resale except in the event of:

(i) ***THE DEVELOPER*** failing to complete the Works by the Long Stop Date pursuant to Clause 6.4 in which case all monies paid by the Purchaser shall be refunded to the Purchaser within 30 days of the Long Stop Date.

3.6 Upon Completion of the Property, **THE DEVELOPER** shall be responsible for paying all completion taxes in respect of the Property.

3.7 ***The Company*** does hereby guarantee that once the Purchaser pays the 100% instalment for the membership the Company shall pay 10% cash back on this deposit payment to the Purchaser. The total amount will be spread over 24 instalments and paid to the Purchaser on a monthly basis for a period of twenty four months. This monthly cash back payment will be paid into the Scheme Members bank account.

4. Completion

4.1 The Completion Date shall mean the date being 30 days after ***THE FOUNDER MEMBER*** has served written notice on the Purchaser that:

a) The construction of the Property has been completed in accordance with the Third Schedule, it is fit and ready for occupation and the property ownership has been transferred into the name of the Company;

5. ***THE FOUNDER MEMBER's warranties***

5.1 ***THE FOUNDER MEMBER*** hereby warrants to the Purchaser and with effect as at Completion Date:-

5.1:1 That the Company was incorporated on 4th February 2014 and remains in good standing under the laws of England, being registered under Number 8875713;

5.1:2 That the Company is a company limited by guarantee with a maximum of twenty six ordinary Members;

5.1:3 That ***THE FOUNDER MEMBER*** has power to procure the Membership of the Company by the Purchaser free from all liens and encumbrances;

5.1:4 That the Company has no unpaid or unsettled liabilities and it is not in dispute with any tax authorities, local authorities or neighbours and is not party to any litigation, arbitration or other proceedings and no notice of the same has been received by the Company, ***THE FOUNDER MEMBER*** (it's subsidiaries or associates) or is anticipated, nor is any litigation threatened against the Company;

5.1:5 That the Company has no employees;

5.1:6 That the only asset that the Company has or shall have is good legal title to the Property and that such title is or shall be free of all liens, charges and encumbrances, other than those arising as a result of the Resort's touristic nature and also of all those expressly contained in the present agreement and its Schedules; (unless written authorisation has been given by all parties, including ***THE FOUNDER MEMBER***, to obtain mortgage funding);

5.1:7 That the Company is not in breach of any of its obligations concerning the Property and that all local authority taxes in respect of the Property have been paid;

5.1:8 That the Statutory Books of the Company are fully up to date and the Company has filed all necessary returns at the relevant Companies Registry and complied with all legislation relating to it;

5.1:9 That there are no outstanding management charges or company registry charges in England in respect of the Company;

5.1:10 That the Company is not legally bound to make payments to any Director or employees or former Directors or former employees of the Company by way of compensation or as a contribution or by way of bonus, gratuity or otherwise;

5.1:11 That no guarantees have been given by or in respect of the Company;

5.1:12 That the Property is not subject to any covenants, restrictions or conditions and is not subject to any directions (made or proposed to be made) by any

competent authority which affects or will affect the use or continued use hereof or any part thereof;

5.1:13 That all covenants, restrictions and conditions in all directions and orders made by any competent authority affecting the Property have been observed and performed.

5.1.14 to use its best endeavours to enable the Purchaser to become a member of the Company

6. ***THE DEVELOPER*'s Warranties**

THE DEVELOPER warrants and agrees with the Purchaser and the Company:

6.1 to construct the Property in accordance with the Plans annexed at Schedule 3 ("the Works") and conforming with all statutory and local regulations and bye laws applicable to the Works

6.2 to execute the Works with sound and proper materials in a good and workmanlike manner and in compliance with all relevant statutes, statutory orders and regulations made by competent authorities

6.3 to keep the Purchaser informed of the progress of the Works and any material problems or delays affecting the Works

6.4 To carry out the Works expeditiously and ensure that the completion of the Works shall be no later than 1st July 2017 ("The Long Stop Date")

6.5 Full planning permission has been granted for the Property.

7. **Purchaser's undertakings**

The Purchaser agrees:

7.1 To take such steps as may reasonably be required to become a member of the Company.

8. ***THE FOUNDER MEMBER*'s obligation to procure**

Upon completion of this Agreement ***THE FOUNDER MEMBER*** shall procure that there is delivered to the Purchaser:-

8.1 a certificate of membership of the Company in respect of the Purchaser on the earlier of:

8.1.1 Where the Property is ready for habitation the certificate of membership shall be issued upon Completion; or

8.1.2 Once the purchase price has been paid in full, all necessary paperwork has been provided and ***THE FOUNDER MEMBER*** has given its approval to the addition of this membership.

8.2 And upon request:

8.2.1 a copy of the Company's Memorandum and Articles of Association

8.2.2 a warranty from the directors of the Company that it has not traded other than to acquire the Property

8.2.3 a director's warranty that the Lease has been entered into by the Company

8.2.4 an extract from the Company's registers of directors and members

8.3 The original Purchaser has the option to apply for an assured resale, whereby, ***THE FOUNDER MEMBER*** guarantees to the original Purchaser that five to fourteen years after the completion date, ***THE FOUNDER MEMBER*** will offer to resell the membership interest at the price not less than £11,875 *(eleven thousand eight hundred and seventy five Pounds)*.

The membership interest will continue be held by the Purchaser until such time as the membership is resold and be entitled to the income it generates subject to the conditions stated throughout Clause 2.1.1. The original Purchaser can apply for the assured resale and must do so in writing to ***THE FOUNDER MEMBER*** at the correspondence address. This must be applied for 12 months in advance.

If the original Purchaser has requested the assured resale and no resale has been made within six months of the resale commencement date, then ***THE FOUNDER MEMBER*** shall pay the Purchaser a penalty charge of 2.5% of the purchase price per annum until the membership is resold.

Or

THE FOUNDER MEMBER guarantees to the original Purchaser that 15 years after the completion date, ***THE FOUNDER MEMBER*** will offer to purchase the Membership at the price of £14,250 *(fourteen thousand two hundred and fifty Pounds)*. The Purchaser can apply for the buyback and must do so in writing to ***THE FOUNDER MEMBER*** at the correspondence address. This must be applied for 12 months in advance in writing to ***THE FOUNDER MEMBER'S*** corresponding address within 30 days of the 14th anniversary of completion.

9. **Directors**

Upon registration of the twenty sixth Membership excluding ***THE FOUNDER MEMBER*** the Company Directors named in the Sixth Schedule ("the Directors") shall continue to act unless the Administrator shall change.

10. Secretary

The Company Secretary named in the Sixth Schedule ("the Secretary") shall be responsible for the internal regulation of the Company including compliance with the formal matters contained in this Agreement. The Secretary shall continue to act unless the Administrator shall change.

11. Notices

11.1 Any notice under this Agreement to ***THE FOUNDER MEMBER*** shall be sent to ***THE FOUNDER MEMBER.***

11.2 Any notice under this Agreement to any party other than ***THE FOUNDER MEMBER*** shall be sent to the recipient by first class, registered post (requiring signature upon receipt) at his last known address or in the case of a company to its registered office or its principal business address.

11.3 Where a notice is sent by post service of the notice shall be deemed to be effected by properly addressing and posting a letter containing the notice and to have been effective 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 first class airmail.

11.4 The Purchaser shall not be required to give such warranties as may from time to time be in contravention of any rules regulations and legislation governing pensions in the United Kingdom and further provided that the Purchaser's liability shall at all times be limited to the assets of the Scheme.

12. Governing law

This Agreement is governed by the laws of England and the courts of England shall have non-exclusive jurisdiction.

13. Limitation of Liability

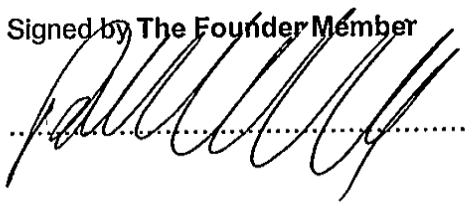
13.1 All covenants made by the Purchaser in this Agreement are made in its capacity as trustee of the Scheme but not so far as to incur any personal liability. No covenant shall be implied in this Agreement so as to render the Purchaser personally liable for payment of any sums due (or interest on those sums) under this Agreement nor shall such sums constitute a debt recoverable against them personally.

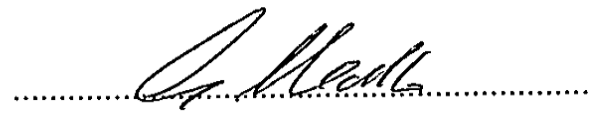
13.2 Any covenant to pay or discharge any monies due under or as a result of this Agreement or to perform any obligations shall only extend to an obligation to pay out funds and assets of the relevant pension scheme and the income from it so far as the same may be in their hands or under their control.

13.3 in the event that the Purchaser fails to pay the Purchase Price at the time and in the manner set out in this Agreement as a consequence of the funds and assets of the Scheme Member's account being insufficient, then Clause 3.3 or 3.4 of this Agreement shall apply.

IN WITNESS of which the parties have executed this Agreement on the date first written above.

Signed by **The Founder Member**



Signed on behalf of **Rowanmoor Trustees Limited**

Signed by **Mr Gary Heath**