

COPY

Dear Holiday Owner

16th November 2015

Re: Classic Narrowboats (the "Project")

We are writing to you in our capacity as Trustee for the Project, following the announcement made by Avante Leisure Group Holdings Ltd (the "Vendor") and Avante (UK) Ltd (the "Management Company") at the end of May 2015 that they had ceased trading and were no longer in a position to operate your holiday ownership.

The Vendor and Management Company are responsible for the management and administration of your narrowboats which includes, but is not limited to, maintenance and repair of the narrowboats, ensuring that there is adequate insurance in place, that each narrowboat has a boat safety certificate, that the narrowboats are securely moored, and that the narrowboats are licensed with the Canal & River Trust.

As Trustee, our prime role is to hold the legal ownership of the narrowboats in trust for you and this remains our first priority. To date, the Vendor and Management Company have not re-commenced trading and a liquidator has not been appointed therefore in order to ensure the narrowboats remain in good legal standing we have endeavoured to establish whether the responsibilities of the Vendor and Management Company have been fulfilled to date and, if not, what needs to be actioned.

There are two key issues we wish to bring to your attention, which we outline below.

- Ensuring the Narrowboats Remain in Good Legal Standing

We have been liaising with the staff at Redhill Marina, (where the narrowboats are currently moored), and the Canal & River Trust and understand that the following must be in place:-

-Narrowboat Insurance – we were informed at the end of May that the monthly payments for the insurance had ceased. We therefore paid an amount of £2075.00 on 10th June 2015 to ensure the narrowboats' remained insured. The narrowboats are insured until 9th June 2016. We have not been reimbursed by the Vendor or Management Company.

-Mooring/Storage Fees – prior to the Vendor's and Management Company's announcement that they would cease to trade, the narrowboats were moved from Mercia Marina to Redhill Marina. Redhill Marina requires payment for the moorings/storage and has kindly agreed to provide a discount of 15%. A fee of £23,750.60 is now due and payable to Redhill Marina for the narrowboat moorings/storage for the period from 1st June 2015 to 31st May 2016.

-Lift & Lay Charge –whilst the narrowboats are moored securely, there has recently been an incident whereby 4 of the narrowboats were broken into. It has therefore been suggested that we may wish to arrange for the narrowboats to be lifted out of the water for their additional safety. To do this a fee of £400.00 per narrowboat will be incurred, (with a total fee of £5600.00) which will need to be paid.

-Winterization – to prepare each narrowboat for the winter months, a fee of £100.00 per boat is required. Therefore a total of £1400.00 will need to be paid.

-Boat Safety Certificates – each narrowboat is required to have a boat safety certificate in place. We have paid £140.00 for one of the safety certificates which expired in June of this year. In addition, a further two narrowboats require safety certificates at a total cost of £280.00. Therefore a total of £420.00 will need to be paid.

-Canal & River Trust Licences – in the event that insufficient monies are received to pay for the lift and lay charges, the Canal & River Trust has confirmed that we will need to put trade plates onto the narrowboats until such time as they are in operation. We would therefore need to make payment of £1,631.56 which will ensure the narrowboats are legally registered for a year from the date we purchase the plates.

-Annual Trust Fees 2015 – our trustee fees for 2015 remain unpaid. A payment of £4188.91 is therefore due.

The above fees and charges have been/need to be paid to ensure the narrowboats remain in good standing for the foreseeable future. Unfortunately, neither the Vendor nor the Management Company have paid sufficient funds to us to cover the fees and charges above, and in their absence, (and in accordance with the Rules and the Deed of Trust), the burden to pay for these fees and charges falls on the Holiday Owners and will therefore be levied in the form of a supplemental management charge (“Supplemental Management Charge”).

Based on the assumptions given by the previous Management Company of the number of Holiday Owners who wish to remain Holiday Owners, we believe we will need you to pay £150.00 per Weekly Period registered in your name. Unfortunately, time is of the essence and we must therefore request that payment is made as soon as possible and, in any event, by Friday 11th December 2015.

To make payment, please transfer the above amount (by way of bank transfer) to: Hutchinson & Co Trust Company Ltd Shakespeare Client Call Account, Barclays Bank PLC, Barclays House, Victoria Street, Douglas, Isle of Man, IM99 1AJ, Account Number: 10717053, IBAN: GB31BARC20267410717053, SWIFT: BARCGB22, Sort Code: 202674 and quote your surname and contract number on the transfer reference.

We will endeavour to ensure that sufficient narrowboats remain in good standing for those Holiday Owners we receive payment from.

For the avoidance of doubt, non-payment of the Supplemental Management Charge as outlined above will be treated as a breach of your obligations as a Holiday Owner which may eventually result in your rights being suspended and possibly cancelled and we will not be in a position to protect your legal right to occupy the narrowboat.

- Future Management of the Narrowboats

In addition to the above, we are aware and sympathise that you are currently unable to occupy the narrowboats. In accordance with the Deed of Trust, we are empowered, though not obliged to appoint a temporary management company should the Vendor fail to do so. With this in mind, we have approached two narrowboat management companies who would be prepared to provide a quote for their services. However, before they can do this, we need to provide an indication of the number of narrowboats to be managed. It is anticipated that this will become clear in the New Year following receipt of replies to this letter.

Relinquished Holiday Ownerships

If you have relinquished your holiday ownership in the Project, please accept our apologies for sending you this letter. It would be very helpful if you could sign the reply slip below and return this to us either by email to [helpdesk@hutchtrust.co.uk](mailto:helpdesk@hutchtrust.co.uk) or by post no later than 11th December 2015, in order that we may update our records accordingly.

Please respond by 11th December 2015.

Yours sincerely,

sig1 april

Hutchinson & Co Trust Company Ltd

To Hutchinson & Co Trust Company Ltd

Name(s)

Contract/Certificate No.