

**Ordinary General Assembly of the
Owners Association of Club Playa Amadores**

("Comunidad de Propietarios del Complejo de Apartamentos Club Playa Amadores")

An Ordinary General Assembly of the Owners Association of Club Playa Amadores ("**Owners Association**") is held on 3 December 2011. First call at 10:00 am, second call at 10:30 am.

Meeting held at Club Playa Amadores, Amadores, Mogán, Gran Canaria, Spain.

Assistance and representations

- **Holiday Club Canarias Sales & Marketing S.L.**, holding 180 votes equivalent to that number of weeks ("*co-ownership shares*"), represented during the meeting by Ms. Claudia Esplá.
- **Holiday Club Canarias Resort Management S.L.**, acting as administrator of the Owners Association, representing owners holding 268 weeks ("*co-ownership shares*") by way of proxies granted for such purpose, represented during the meeting by Mr. Manuel Roca.
- **Mr. Lennart Karlsson** representing owners holding 55 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Mr. Holger Piepgrass** representing owners 37 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Ms. Solfrid Alme** acting on her own name and behalf and on behalf of one other owner representing in total 8 weeks ("*co-ownership shares*").
- **Mr. Cato Abrahamsen and Ms. Christine Hellum** acting on their own name and behalf and on behalf of three other owners representing in total 31 weeks ("*co-ownership shares*").
- **Thirty-nine owners** attend in person to the meeting, of which one is Spanish, one Belgian, twelve are British, two German and twenty-three are Scandinavians, according to the list of attendants prepared.

It is indicated that in future meetings, it will be required that proxies are delivered 48 hours ahead so that the list of attendants and the persons represented can be prepared in advance of the meeting in order to avoid delays at the start of the meeting as it has happened in this meeting.

Presentation of the Chairman of the Meeting and of the participants

Mr. Calvin Lucock acts as the Vice-chairman of the Owners Association and Mr. José Puente acts as Secretary of the Owners Association, as they were elected in the last meeting of the General Meeting of the Owners Association of Club Playa Amadores held on 21 February 2011.

It is agreed by all attendants that Mr. Calvin Lucock shall act as Chairman of this Meeting, and that Mr. José Puente shall act as Secretary of this Meeting.

Presentation of other participants at the meeting:

1. Ms. María Martínez
2. Mr. Samuel Miranda

Language of the meeting

In accordance with past practices, since the majority of the owners attending this meeting speak English, it is agreed that the meeting will be held in English. Short summaries of the issues discussed will also be made in German and in French.

The General Assembly was called by means of a letter sent by the Administrator of the Owners Association, as established in the by-laws of the Owners Association, to all Owners on 3 November 2011.

Being present or represented owners holding a total number of 638 weeks, the meeting is considered as duly convened and constituted in second call. The Chairman declares that the General Meeting is validly formation of the Assembly, without any attendant making any protest or reservation, in order to discuss the following

AGENDA

1. Minutes of the previous General Meeting
2. Report to the Owners on the implementation of the decisions passed by the Owners' Association last 21 February 2011
3. Presentation of the budget submitted by the services company Holiday Club Canarias Resort Management S.L. for rendering services to the resort and the unit owners for year 2012 and its approval, as the case may be
4. Proposal for appointing an external auditor to review the Account of Income and Expenditure of the Association for 2011 and submit the resulting report at the General Meeting in 2012
5. Report from the Administrator Holiday Club Canarias Resorts Management S.L.
- 6.- Proposal of the developer to assume the risk of collection of maintenance fees of 2012 in cases of weeks of owners in default that are effectively repossessed
- 7.- Appointment and/or renewal as appropriate, of the Chairman of the Owners' Association

- 8.- Appointment and/or renewal as appropriate, of the Vice-chairman of the Owners' Association
- 9.- Appointment and/or renewal as appropriate, of the Secretary of the Owners' Association
- 10.- Future calling of meetings and remittal of documents via email and webpage

Additional points of the Agenda included following a request from Mr. Lennart Karlsson:

- 11.- Proposal for the creation of a liaison committee for serving as a channel of communication of the unit owners with the Administrator of the Owners Association and with the Services Company, in addition to the statutory positions. Liaison Committee to be formed by three members who shall represent the unit owners -one representative for each of the three large "owner regions", namely (i) United Kingdom/Republic of Ireland; (ii) Central Europe and (iii) Nordic countries (DK, FI, IS, NO and SE)-, establishing the remuneration terms
- 12.- Translation of the statutes of the Owners' Association into the languages of the main number of customers
- 13.- Request to the administrator to establish the procedure to be followed in case of transfers of week units where the seller is an existing owner in order to provide clear information to the seller and buyer as regards the steps and the scope of the rights that can be transferred
- 14.- Request by the Owners' Association to the developer Holiday Club Canarias Sales & Marketing S.L. of information on internal exchanges and on the system of how it works
- 15.- Proposal to revisit the situation of the VIP Card and/or alternative measures
- 16.- Questions and answers

As a consequence of the new items suggested being included in the agenda, following item is required

- 17.- Review of the 2012 budget under the light of the decisions taken under items 11 through 16

After having been discussed are then unanimously -except as otherwise stated- passed the following

RESOLUTIONS

1. Minutes of the previous General Meeting

The Secretary explains that the Minutes of the last General Meeting were prepared and drafted according to the authorization granted by the owners in the last meeting.

Mr. Piepgrass asks why the minutes of the previous meetings were not sent to the owners. Mr. Puente explains that copies of the Minutes are available to all owners on site during the meeting and afterwards, if any of them are interested.

The Chairman explains that the Minutes may be translated into German and Norwegian if specifically requested by the owners, and copies will be sent per e-mail to Owners upon request.

2. Report to the Owners on the implementation of the decisions passed by the Owners' Association last 22 February 2011

The Chairman explains that the assumption by Holiday Club Canarias Resort and Management S.L. of the role of administrator and services company has been completed, as it was agreed in the previous meeting.

Mr. Walters asks if the contracts of Owners who bought from the previous company will be renewed by Holiday Club. Mr. Lucock explains that existing contracts are unaffected.

Mr. Padgett asks whether Puerto Calma still holds the contracts or they are passed over to Holiday Club. Mr. Puente replies that the only weeks taken over by Holiday Club have been the unsold weeks, i.e. Holiday Club has purchased the available weeks from Puerto Calma. Any other weeks and any other contracts are not affected.

Mr. Carlsson asks if the Puerto Calma Group still exists. Mr. Puente replies that it does. Mr. Lucock confirms this.

3. Presentation of the budget submitted by the services company Holiday Club Canarias Resort Management S.L. for rendering services to the resort and the unit owners for year 2012 and its approval, as the case may

Mr. Miranda presents to the owners the budget submitted by the services company Holiday Club Canarias Resort Management S.L. to the Owners Association to render services to the owners. The budget includes a grand total of 714,741.31€ as expenses. This budget proposal includes the total amount to be paid by all owners of weeks to Holiday Club Canarias Resort Management SL

as consideration for the services the company will provide during the year 2012 pursuant to the standards based on which have been prepared for the corresponding budgets.

The budget is explained to the owners. Particular attention is devoted to the following items:

- The budget includes an item of "other income" for services that Holiday Club Canarias Resort Management S.L. will be entitled to invoice directly to owners. This item relates to services that do not need to be paid by all owners, but only by owners that demand on site those services.
- The item "Extraordinary income" includes income that the service company will receive in the case of approval of the procedure provided in section 6 of the agenda.
- The budget includes an item as "Renovation and Reparation Fund" in order to build said fund for future reparations. According to the law there needs to be a sinking fund, but the reality is that when Holiday Club Canarias Resort Management S.L. took over the management, no Renovation and Reparation Fund was available.

An Owner asks for clarification of the sinking fund, and what amount of cash reserve was transferred. It is explained that at the point of takeover by Holiday Club Canarias Resort Management S.L. from the previous manager no sinking fund was available. A provision has been made within the new budget to ensure the fund will be available and accounted for.

Mr. Stephens questions the income from the telephone as calls from the apartment are paid by owners. Mr. Lucock replies that this is included in the entry on the budget "other income".

Ms. Sundby questions the cost of gas on the budget, as there does not appear to be gas in the apartments, and asks for assurance this is not a cost that should belong to the restaurant. Mr. Lucock replies that the hot water for the apartments is powered by gas, also the heating for the swimming pools, so the Owners Association has an actual need of gas supply and has to pay for it.

In connection with this item, another owner asks for an explanation on the increased of the amount budgeted for gas budget. Mr. Miranda explains that the gas reading by the utility supplier has been wrongly done for the last six years, and the utility supplier has requested during 2011 that the corrected amount is paid. An owner questions why is it necessary to pay this amount if it has been a fault of the gas company. Mr. Miranda comments that the company has to pay the missing amount for the last three years, since the utility company has only the right to request pending monies going back three years, but not for the full six years. The pending amount corresponding to the last three years should be paid and if the amount is not paid, the future supply could be stopped.

Mr. Piepgrass requests a more detailed budget for the future.

Mr. Padgett asks for clarification of certain percentages, which was given.

Ms. Hannah Jensen commented on the entry of the budget "Apartment equipment", and felt that some of the equipment was in need of repair and furniture should be replaced. Mr. Lucock replies that funds need to build up to be available for furniture replacement, such as the sofa beds. This would normally come from a sinking fund that does not exist. There are considerable investments that will need to be undertaken which are not included in the general budget.

Mr. Whelan asks why the budget has increased so much for the salary costs, when in relation the cleaning services have decreased. Mr. Lucock replies that the salaries are regulated by law, and are subject to a minimum annual increase. Mr. Lucock explains that reducing the scope of the cleaning not only saves costs but also has an environmental impact.

Ms. Walters suggests that maintenance fees could be paid via a direct debit system. Mr. Lucock replies that this will be looked into.

Mr. Padgett asks for the costs of 2010. Mr. Puente regrets to inform owners that the figures for 2010 have been requested from the former management company (Puerto Calma Maintenance S.L.), however are as yet unavailable. Mr. Lucock comments that as a new company the starting point is zero, rather than comparisons with existing figures from the Puerto Calma Group.

Reference is made to point 4 of the agenda where it will be proposed to the owners that an independent auditor is engaged in order to provide complete clarity on the statements of income and expenditure.

There is a show of hands in order to decide on the budget submitted. No owner raises any objection to the budget or wants to abstain, all owners show their conformity with the budget so that the budget is unanimously approved and the payment of the corresponding maintenance fees approved.

Following measures will apply to the payment of the required maintenance fees to cover the budget:

- The services company will charge the total of the maintenance fees to the owners, splitting the total of the budget among the owners;
- Payment of the maintenance fees shall be made before 31 January 2012;
- Non-payment of the maintenance fees on time will trigger a penalty as per the by-laws of the Owners Association.

4. Proposal for appointing an external auditor to review the Account of Income and Expenditure of the Association for 2011 and submit the resulting report at the General Meeting in 2012

The Secretary informs the owners that in the past the review of the accounts has been done by two owners reviewing the accounts.

The management company believes that it would be better to have the accounts reviewed by a professional auditor, and it requests authorization to appoint a new auditor for reviewing the account of Income and Expenditure of the Association for 2011.

Advantages and disadvantages on hiring a small local audit company are discussed. A small audit company instead of one of the big four audit firms (such as Price Waterhouse Cooper etc.) would be a cheaper option.

- ⇒ The proposal of Holiday Club Canarias Resort Management S.L. is unanimously approved.
- ⇒ Holiday Club Canarias Resort Management S.L. is authorised to request quotes from local auditors and to take a decision on the appointment.

5. Report from the Administrator Holiday Club Canarias Resorts Management S.L.

Mr. Lucock reports to the owners on the activities carried out by the management company and on the main decisions and measures taken. The reasons behind the reduction of the periodicity of the cleaning of rooms are explained.

Furthermore Mr. Lucock explains what has happened to the VIP Cards. It was a fact that there were a number of clients in favour of the VIP Cards and a relevant number of clients that was against. The reason behind that was the personal interest of each in using the VIP Cards or not. The owners that used the VIP Cards were in favour and the owners that did not use them were not in favour. According to the consultation made, the number of clients against the VIP Card and in favour of terminating the contract on the VIP card was appreciably higher. Nevertheless the reality is that the services offered by Puerto Rico S.A. under the services contract covering the VIP Card had been substantially reduced over the years but the prices had not been reduced accordingly. The existing contract's term is for 10 years, and the financial impact for the owners association over that period of time would be relevant. During the negotiations with Puerto Calma Group, Holiday Club Canarias Resort Management S.L. secured the right to cancel the VIP Card, and Holiday Club Canarias Resort Management S.L. has done it, because it believes that it was in

best interest of the owners and because there were no funds available for covering the month of December 2011.

Following requests from owners, Holiday Club Canarias Resort Management S.L. will try to negotiate good conditions and discounts with Puerto Rico S.A. or with other service providers –although Puerto Rico S.A. is currently the only one that offers hammocks on the beach of Puerto Rico-. Owners will be informed if additional possibilities are available in the future.

6.- Proposal of the developer to assume the risk of collection of maintenance fees of 2012 in cases of weeks of owners in default that are effectively repossessed

The Chairman states that it has been a request from the owners to instrument measures to reduce the level of defaults in maintenance fees. In order to deal with that problem, the developer Holiday Club Canarias Sales & Marketing S.L. has communicated to the administrator that it would be ready to assume the risk of maintenance fees due in 2012 for those weeks that it is able to repossess, so that it will actively pursue the repossession of weeks of clients that are in default and in those cases it will pay to Holiday Club Canarias Resorts Management S.L. the maintenance fee corresponding to year 2012.

The services company has received said proposal and the budget has been prepared taken into account that proposal, so that item "Extraordinary income" was included, although with no indication of a figure. Any amounts so received will be considered as "Extraordinary income" and will be credited to the budget of the following year

⇒ The proposal of Holiday Club Canarias Sales & Marketing S.L. is unanimously approved.

7.- Appointment and/or renewal as appropriate, of the Chairman of the Owners' Association

⇒ Appointment of Mr. Calvin Lucock as Chairman of the Owners Association in the terms foreseen in the by-laws and in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

The resolution is unanimously approved.

8.- Appointment and/or renewal as appropriate, of the Vice-chairman of the Owners' Association

Mr. Lucock introduces Ms. María Martínez to the owners and requests that she is appointed as Vice-Chairman, to replace the Chairman should it be necessary.

- ⇒ Appointment of Ms. María Martínez as Vice-chairman of the Owners Association in the terms foreseen in the by-laws and in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*"). Ms. María Martínez, as the Vice-chairman shall replace the Chairman and act as the Chairman in the event of non attendance or resignation of the Chairman or if the Chairman is not able to perform his role.

The resolution is unanimously approved.

9.- Appointment and/or renewal as appropriate, of the Secretary of the Owners' Association

- ⇒ Renewal of Mr. José Puente as Secretary of the Owners Association in the terms foreseen in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

The resolution is unanimously approved.

10.- Future calling of meetings and remittal of documents via email and webpage

It is explained that this issue was already discussed in the meeting held in February 2011, where authorisation was granted to send callings via email. However the intention of the administrator is to enhance it with the possibility to upload callings to a webpage, so that the information is available there. There are certain IT problems being analysed and processed currently in order to facilitate that communication takes place via email. The option to receive communications by post will continue in place for those owners that prefer it.

- ⇒ Authorisation is unanimously granted to the administrator to send information and callings via emails to those owners that are interested and provide the administrator with their email address.
- ⇒ Authorisation is unanimously granted to the administrator to upload all callings of meetings in the web page once the IT system is ready.

Additional points of the Agenda included following a request from Mr. Lennart Karlsson:

11.- Proposal for the creation of a liaison committee for serving as a channel of communication of the unit owners with the Administrator of the Owners Association and with the Services Company, in addition to the statutory positions. Liaison Committee to be formed by three members who shall represent the unit owners -one representative for each of the three large "owner regions", namely (i) United Kingdom/Republic of Ireland; (ii) Central Europe and (iii) Nordic countries (DK, FI, IS, NO and SE)-, establishing the remuneration terms

Mr. Karlsson proposes that a Liaison committee is created in order to serve as a channel for communication between the owners and the administrator of the Owners Association and the management company. He proposes the creation of a Liaison committee formed by three groups of three persons in each group, which would make up a total of nine members, to communicate with the administrator of the Owners Association and the services company.

The Chairman clarifies that there should be no problem for the creation of an advisory board to the administrator but that the management company does not necessarily agree with the proposal formed by nine members and the costs involved.

Further questions are raised on how this committee would have access to the owner's data since due to the Data Protection Law the data on the owners cannot be facilitated.

A Spanish owner questions on how the people in the Liaison committee would be elected and whether all nationalities would be represented. Mr. Karlsson answers that he does not have a procedure for this as of yet.

Mr. Puente explains that the creation of the Liaison committee, if the resolution is finally passed, would have an impact on the budget. Mr. Karlsson says that he does not know what costs are involved yet. In any case, if the resolution is passed, the extra costs will need to be added to the budget.

Mr. Lucock states that the impact of the proposal –according to the terms proposed- would imply a yearly cost of 4,000 € plus expenses per person on the committee.

One owner explains that this proposal for a Liaison committee is probably due to the situation of the relationship with the previous management company where there was certain tension. Now that there has been a change of the management company, he understands that the owners should give the new company time to prove that they will have an open and fluid communication with the owners.

Another owner states that it is always so much easier to go through the management company for any problem than through a third party.

Mr. Lucock explains that the philosophy of the current management company is to have a very open communication with the owners. His e-mail and Maria Martinez e-mail addresses are handed out at this moment and Mr. Lucock invites owners to send him or her any queries that they may have. The doors of the current management company will be always open for any owner who wishes to express his opinions, suggestions and or queries.

It is decided to proceed with a show of hands in order to decide on the proposal to create the Liaison Committee. The outcome of the show of hands is as follows:

- Votes in favour: 99
- Votes in against: 487

⇒ The proposal to create a Liaison Committee is rejected.

12.- Translation of the statutes of the Owners' Association into the languages of the main number of customers

Mr. Karlsson explains that he feels it would be necessary to translate the Statutes of the Owners' Association into at least the three main languages German, Norwegian and English.

The Chairman proposes that quotes are requested from translators for carrying out these translations and the quotes can be submitted to the next AGM for a decision to be taken on this.

Mr. Kyffin feels that there are enough costs and that there seems to be no end to the talk of adding costs to the budget.

Mr. Walters explains the statutes are available for all owners in Spanish and that if anybody wants it translated they can do it themselves at their own cost.

It is decided to proceed with a show of hands in order to decide on the proposal to translate the statutes and request quotes. No hands were raised.

⇒ No decision is taken in this regard.

13.- Request to the administrator to establish the procedure to be followed in case of transfers of week units where the seller is an existing owner in order to provide clear information to the seller and buyer as regards the steps and the scope of the rights that can be transferred

The management company agrees to prepare this procedure and send this information to owners.

14.- Request by the Owners' Association to the developer Holiday Club Canarias Sales & Marketing S.L. of information on internal exchanges and on the system of how it works

Mr. Lucock states that the internal exchange has nothing to do with the Owners Association. It is an additional service offered to customers, and it is only paid by those owners that want to use it.

15.- Proposal to revisit the situation of the VIP Card and/or alternative measures

This VIP card has been already discussed in point 5 however Mr. Karlsson insists that the majority of owners would prefer to have the VIP card.

It is agreed to proceed with a show of hands in order to take a decision on the continuation with the contract for the VIP card. The outcome of the show of hands is as follows:

- ⇒ Votes in favour of continuing with the VIP card: 4 owners
- ⇒ Votes against continuing with the VIP card: 14 owners

16.- Questions and answers

Much discussion takes place regarding the storage of owners' suitcases at the resort. Mr. Lucock explains the risks assumed by the fact that suitcases are storage. This not only implies a substantial room for storing the suitcases but it also implies a risk since it is impossible to control what is stored.

Although not in agreement, Mr. Lucock agrees that those with a suitcase would be able to keep the service however it needs to be clear that the storage will be at their own risk and that the management company does not assume any liability in that regard. The management company will only put the room at the disposal of the owners. This situation would need to be revisited in the future.

As a consequence of the new items suggested being included in the agenda, following item is required

17.- Review of the 2012 budget under the light of the decisions taken under items 11 through 16

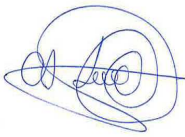
This point is no longer necessary as no resolutions have been passed that may imply a change on the budget.

18.- Approval of the Minutes

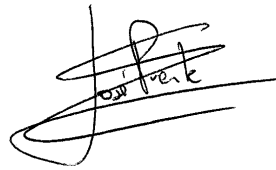
According to the terms of the law, the minutes will be prepared by the Secretary and once they are ready, the Minutes will be signed by the Chairman and the Secretary of this Meeting.

- ⇒ Powers are unanimously granted to the Chairman, Vice-chairman as well as to the Secretary so that, should it be necessary, any of them may, indistinctly, in the name and on behalf of the Owners Association, execute the aforementioned resolutions and particularly in order to issue a certificate of the resolutions

adopted, and if appropriate to appear before a Public Notary with the most ample faculties, in order to grant and sign the necessary Public Deeds, so that the aforementioned resolutions and the legal transactions arising from them may be formalised, and to raise them to the status of a Public Deed, for all the pertinent legal effects, even for the inscription of the same at the Land Property Registry.



THE CHAIRMAN OF THE MEETING
CALVIN LUCOCK



THE SECRETARY OF THE MEETING
JOSE PUENTE