

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

*("Comunidad de Propietarios del Complejo de Apartamentos Club Vista Amadores")*

An Ordinary General Assembly of the Owners Association of Club Vista Amadores ("**Owners Association**") is held on 4 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 342 votes equivalent to that number of weeks ("*co-ownership shares*"), represented during the meeting by Mr. Samuel Miranda.
- **Holiday Club Canarias Resort Management S.L.**, acting as administrator of the Owners Association, representing owners holding 165 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 44 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Mr. Holger Piepgrass** representing owners 33 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **16 Owners** attend in person to the meeting, of which 2 are British, 4 German and 10 Scandinavians, according to the list attached.

For the future, proxies need to be delivered 48 hours ahead.

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 Vista Amadores held on 22 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:

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 Swedish.

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 600 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 22 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

**At the request of Mr. Karlsson before the starting of the meeting this item is suppressed of the Agenda.**

- 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

Ms. Jenny Kristiansen asks if there are enough owners in attendance to legally vote. Mr. Lucock explains that if 50% of the owners are present the meeting may convene on the first call. If this is not the case the meeting can convene on the second call and the owners present are able to take decisions.

After having been discussed the issues above 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. Copies of the minutes are available to all owners on site, if any of them is 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.

**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**

Mr. Puente 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 631,625.64€ as expenses. This budget proposal includes the total amount to be paid by all owners of weeks to Holiday Club Canarias Resort Management S.L. 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 what percentage of the owners are not paying maintenance, what steps will be taken to recover the funds, and how this will reflect against the running of the

resort. Mr. Lucock explains that there is a substantial amount of Owners who have not paid the fees due, approx. 9%. If payments are not received funds are not available to be spent. The services company will actively pursue the debts and request collection, and where consistent will reposes the week(s).

An owner questions the zero entry in the budget "Extraordinary income". Mr. Lucock explains that at present this is an unknown entry, and will depend on the weeks that are repossessed. The maintenance for 2012 will then be covered and will be shown as an income.

Ms. Jenny Kristiansen asks for clarification of the sinking fund, and what amount of cash reserve was transferred to the services company upon assumption of that role. It is explained that at the point of takeover of the operation from the previous operator no additional sinking fund was available. Provision has been made within the new budget to ensure that there will be a fund for said purposes.

An owner asks for clarification on the caption "Industrial Benefit". It is explained that "Industrial benefit" is the corresponding remuneration of the services company that provides the services to the resort and manages it. This is calculated as a percentage over the costs.

An owner asks for the percentage increase of the maintenance for 2012. Mr. Lucock replies it is 2.2% against 2011, and the budget now contemplates the additional expenditure and sinking fund. The increase has not been based on a percentage, but on the cost required for maintaining the resort.

A German owner asks for the costs of 2011. Mr. Puente explains that the 2011 costs are not yet available since year 2011 is still ongoing. He regrets to inform owners that the figures for 2010 have been requested from the former services company, however are as yet unavailable. In reference to point 4 of the agenda, in the future an independent auditor will be used to provide complete clarity of the accounts, if the proposal is accepted.

Mr. Lucock adds that as a new company the starting point is zero, rather than comparisons with existing figures from the Puerto Calma Group.

Mr. Piepgrass asks where the figure of -7.650,00 Euros comes from. Mr. Lucock replies that this is the cost of the services provided by Vista Amadores to the resort of Jardin Amadores.

Ms. Jenny Kristiansen asks the management for their thoughts on the evolution of future maintenance. Mr. Lucock explains that a great share of the costs is formed by staff costs; number employees may be reduced but labour laws in Spain are very protective for employees so any dismissal always implies a substantial cost. Mr. Karlsson asks how it will be possible to reduce these costs. Mr. Lucock replies that

through shared resources, and reviews of the efficiency it may be possible to generate savings.

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 Coopers 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**

At the request of Mr. Karlsson before the starting of the meeting this item is suppressed of the Agenda.

**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.

**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.

Mr. Piepgrass states that he does not agree with the charging of a fee.

Mr. Lucock explains that Holiday Club Sales & Marketing S.L. has bought the weeks which were unsold from Puerto Calma Goup and it has the right to use them in order to offer services. These services have a cost and therefore a small fee has been implemented. The other option would be to take away the internal exchange and all reservations would need to go through RCI.

Mr. Puente reiterates that the Internal Exchange system should not be discussed in the owner's association

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

This issue has already been dealt with above

**16.- Questions and answers**

A Scandinavian owner asks whether an internet connection will be available in the apartments. Mr. Lucock replies that mobile modems will be available for the owners through the reception until a broader solution can be found. The current internet connection speed is small, and not sufficient to service the whole resort.

A question is raised regarding the television channels. Mr. Lucock replies that 3 options for television channels are currently being discussed, with emphasis placed on the most requested channels – A children's channel, news channel, sport channel and a music option. The current package is not beneficial to owners – This contract has been terminated and will cease in March.

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

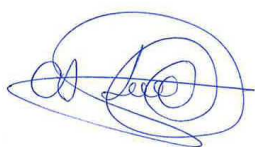
As a consequence of the new items suggested being included in the agenda, this item is required. However, since no decision has been taken that affects the budget, no further decision in this regard is required.

**18.- Approval of the Minutes**

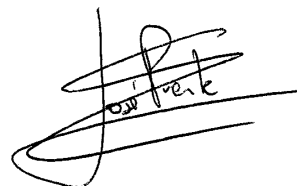
According to the terms of the law, the minutes will be prepared by the Secretary within the next ten days and once they are ready, the Minutes will be signed by the Chairman and the Secretary of this Meeting.

Powers are 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