

**Ordinary General Assembly of the  
Owners Association of Club Jardin Amadores**  
(*“Comunidad de Propietarios del Complejo de Apartamentos Club Jardin Amadores”*)

An Ordinary General Assembly of the Owners Association of Club Jardin Amadores (**“Owners Association”**) is held on 1 December 2016. First call at 08.00 hrs, second call at 08.30 hrs.

Meeting held at Hotel H10, Meloneras, San Bartolomé de Tirajana, Gran Canaria, Spain.

Assistance and representations

- **Holiday Club Canarias Sales & Marketing S.L.U.**, holding 465 votes equivalent to that number of weeks (*“co-ownership shares”*), represented during the meeting by Mr. Miguel Juliá.
- **Holiday Club Canarias Resort Management S.L.U.**, acting as administrator of the Owners Association, representing owners holding 59 weeks (*“co-ownership shares”*) by way of proxies granted for such purpose, represented during the meeting by Ms. Ilona Kievits.
- **Ms. Charlotte Andersson** representing owners holding 28 weeks (*“co-ownership shares”*) by way of proxies granted for such purpose.
- **Mr. Bjarne Gregersen** representing owners holding 32 weeks (*“co-ownership shares”*) by way of proxies granted for such purpose.
- **Mr. Samuel Tejera** representing owners holding 5 weeks (*“co-ownership shares”*) by way of proxies granted for such purpose.
- **Mr. José Luis Elejabeitia Llana** representing owners holding 2 weeks (*“co-ownership shares”*) by way of proxies granted for such purpose.
- **Ms. Cristina Batista** representing owners holding 19 weeks (*“co-ownership shares”*) by way of proxies granted for such purpose.
- **4 owners** attend in person to the meeting, representing 8 votes. They are British, Irish, German and Scandinavian, according to the list attached.

The meeting takes place together with the meeting of the Owners Association of Club Vista Amadores. Due to the fact that both clubs share facilities, it was decided to call both meetings together although resolutions are to be passed independently. The casting of the votes has been done separately for each Club. Separate minutes are to be prepared, one for each club. All attendees agree to this procedure and accept that the meetings take place at the same time.

For the minutes it is reminded to the owners that in order to secure proper recording of the name of attendees, the number of votes that each owner has and the casting of votes, there is a prior procedure established so that the owners interested in attending the meeting have to indicate their wish in advance, so that and the list of attendants can be prepared on that basis.

Notwithstanding that procedure, Ms. Nicole Smyth goes around the attendees in order to check any additional attendee and the list of attendants is prepared. Proxy holders have likewise informed the administrator in advance.

The meeting starts on time.

#### Presentation of the Chairman of the Meeting and of the participants

Mr. Calvin Lucock acts as the 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 Jardin Amadores held on 3<sup>rd</sup> December 2015. This is acknowledged by all attendants.

The Chairman introduces to the attendees other participants in the meeting:

1. Nicole Smyth
2. Roberto Picón, Vice-chairman
3. Miguel Juliá, representing Holiday Club Canarias Sales & Marketing S.L.U.
4. Iлона Kievits, representing Holiday Club Canarias Resort Management S.L.U. and the owners that have granted proxies to it and responsible as well for helping in the preparation of the minutes.
5. Tarja Suominen (for the translation into Swedish and Finnish)
6. Matthew Summers

#### Language of the meeting

In accordance with past practices, since all of the owners attending this meeting speak English, it is agreed that the meeting will be held in English. The Chairman explains that it is possible to translate and make summaries of the issues discussed in German, Swedish and Finnish if needed. However all attendees confirm that they are fine in having the meeting in English and there is no need for translation.

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.

Being present or represented owners holding a total number of 618 rights (equivalent to the same number of weeks), the meeting is considered as duly convened and constituted in second call. The Chairman declares that the General Assembly is validly formed, without any attendant making any protest or reservation, in order to discuss the following

#### **AGENDA**

1. Minutes of the previous General Meeting
2. Report from the Administrator Holiday Club Canarias Resorts Management S.L. on the year 2016
3. Status of the reparation and renovation fund and of the uses given to the fund
4. Report of the Services Company on the 2015 Statement of Income and Expenditure of the Owners' Association
5. Report of the external auditor of the 2015 Statement of Income and Expenditure of the Owners' Association
6. Report on the repossession by developer of weeks of owners in default and as a consequence of the non-payment of maintenance fees the positive impact of this in the bad debt provision for 2017. Prorogation of the 2011 resolution

7. Report on the collection efforts of the maintenance fees carried out by the Administrator
8. Presentation of the budget submitted by the services company Holiday Club Canarias Resort Management S.L. for rendering services to the resort and unit owners in 2017 and its approval, as the case may be
9. Analysis and approval, as the case may be, of an option in favour of all owners to surrender their interest to the developer company in year 2048 and granting of powers of attorney to implement the decision
10. Amendment of the by-laws of the Owners' Association in order to include a clause providing for an option in favour of all owners to surrender their interest to the developer company in year 2048 and granting of powers of attorney to implement the decision
11. Transformation or adaptation of the existing timeshare scheme into a scheme according to Act 42/1998 and/or Act 4/2012, and granting of powers of attorney to implement the decision
12. Appointment and/or renewal as appropriate, of the Chairman of the Owners' Association
13. Appointment and/or renewal as appropriate, of the Vice-chairman of the Owners' Association
14. Appointment and/or renewal as appropriate, of the Secretary of the Owners' Association
15. Questions and answers
16. Granting of powers to implement and to remedy the resolutions passed, as the case may be

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

## **RESOLUTIONS**

### **1. Minutes of the previous General Meeting**

The Chairman explains that the Minutes of the General Meeting held on 3<sup>th</sup> December 2015 were drafted according to the law and the authorization granted by the owners and approved by the Chairman and Secretary. The Secretary informs that the minutes were uploaded into the webpage [www.hccanarias.com](http://www.hccanarias.com)

The Chairman states that the Minutes were prepared duly after the meeting and they were uploaded on to the webpage [www.hccanarias.com](http://www.hccanarias.com).

The Chairman indicates that the minutes are valid with the signature of the Chairman and Secretary, but he asks the attendees for comments or remarks on the minutes of the previous meeting. Mr. Bjarne Gregersen comments that the minutes were not uploaded on time. Mr. Picón answers that the minutes were uploaded on 22 December 2015. Mr. Bjarne Gregersen comments that it is important that the minutes are available online before invoices are issued. The Chairman acknowledges that the minutes have to be uploaded before invoices are sent out. No other comments or remarks to the minutes are made. The minutes are thus acknowledged by all attendees and no additional comments are made.

The Chairman explains that Mr. Lennart Karlsson (also on behalf of Mr. Gösta Nilsson) has forwarded to him before the meeting, some comments and questions in connection with issues discussed in the previous meeting. These questions are addressed during the meeting in this first item of the agenda, but since they do not refer to the minutes but they are rather a follow up with issues previously discussed, for the minutes these questions are reflected in the item of the agenda relating to questions and answers.

## **2. Report from the Administrator Holiday Club Canarias Resorts Management S.L.U. on the year 2016**

The Chairman updates on the developments of year 2016.

The Chairman reminds that there is a website [www.hccanarias.com](http://www.hccanarias.com) and that all information for this meeting has been uploaded into that page. All the materials for the meeting have been included in the web page, including the calling of the meeting, as approved in previous meetings.

The Chairman explains that there have been additional rulings passed by the Spanish Supreme Court related to the timeshare industry that have addressed the question on the duration of the timeshare schemes. Regarding the resorts originally developed by Puerto Calma Group no decision had been taken by the Spanish Supreme Court in December 2015 and the judgements issued by the Provincial Court of Las Palmas were reported, which had endorsed the validity of the schemes implemented by Puerto Calma Group. In 2016 the situation has changed since there are already three rulings passed by the Spanish Supreme Court related to the resorts developed by Puerto Calma Group, two of the rulings have been favourable to Puerto Calma Group and declared that the contracts are valid and one of the rulings has been negative. In any case, this is the reason why items 9, 10 and 11 have been included in the Agenda, in order to deal with the problem and take a decision which can provide certainty to all owners. More information regarding this issue will be explained in Items 9, 10 and 11.

The Chairman also reports that a consultant was hired in order to supervise the cleaning at the resort in order to detect areas of improvement and recommend measures. As a consequence of that exercise, the daily cleaning of the rooms has been increased up to five days of cleaning. The administrator believes that this is a more efficient approach in order to guarantee the comfort to the owners and cleanness of the resort.

The report by the Chairman is acknowledged by the attendees. He further makes reference to the questions submitted by the owners in writing before the meeting and confirms that they will be answered in the questions and answer section at the end of the meeting and also time will be allocated for further questions.

## **3. Status of the reparation and renovation fund and of the uses given to the fund**

Mr. Roberto Picón explains the situation of the funds. As of 31 December 2015 the available money in the bank account for the renovation fund was 12,676.29 Euros. As per 2016 budget, the total contribution for the renovation fund was agreed to be 24.257,38 Euros. In accordance with the authorisation granted in last year meeting, the Services Company has used some of the available proceeds throughout 2016 in order to carry out investments. An amount of 51.123.10 Euros has been invested so far in following concepts: pool heating & cold unit installation including electrical, plumbing and pumps, Wi-Fi Installation carried out on 2015.

Mr. Picón shows on the screen a report detailing the concepts, and the related invoices and amounts.

Accordingly, as of 1 December 2016 the renovation fund is already depleted. Due to the fact that the contribution to the reparation and renovation fund generated during 2016 was not enough to cover the necessities, during the course of this year, the Services Company will finance the exceeded amount of 14,189.43 Euros and it will be balanced from the reparation and renovation fund for 2017.

In the 2017 meeting an update as regards the use of the renovation fund will be provided, if applicable.

The Chairman requests that the authorisation in favour of the Administrator to use the funds if necessary for renovation works granted last year, is renewed for 2017 and future years, acknowledging that a full report will always be provided to the Owners Association.

A voting takes place and all owners vote in favour. No owner raises any objection or wants to abstain. Therefore the following resolution is unanimously passed:

- ⇒ The Administrator is authorised to use the funds available in the reparation and renovation fund during 2017 and future years in order to devote the funds to any reparation or renovation purposes.

#### **4. Report of the Services Company on the Statement of Income and Expenditure of the Owners' Association for 2015**

The Chairman explains to the owners that a Statement of Income and Expenditure for the whole year 2015 has been prepared. Mr. Roberto Picón explains the Statement and the total amount of actual expenses incurred in that period. The Statement of Income and Expenditure is shown in the screen. The main conclusions are as follows:

- (a) The budget approved in 2014 for year 2015 forecasted a total amount of expenses for 2015 of 619,067.81 Euros.
- (b) The actual level of expenses to third parties amounted to 577,710.68 Euros.
- (c) The actual level of collected maintenance fees in 2015 amounted to 600,684.44 Euros.
- (d) Holiday Club Canarias Sales & Marketing S.L.U. contributed with 2,250.00 Euros by way of income out of the payment of outstanding maintenance fees linked to repossessed weeks.
- (e) The amount of uncollected maintenance fees of 2015 was 16,133.37 Euros.
- (f) As result, there has been a surplus of 25,223.76 Euros.

A voting takes place and all owners vote in favour of acknowledging the Statement of Income and Expenditure of 2015. No owner raises any objection or wants to abstain. Therefore the following resolution is unanimously passed:

- ⇒ The Statement of Income and Expenditure of 2015 is acknowledged and approved.
- ⇒ The management and the services carried out by the Services Company are also approved.

#### **5. Report of the external auditor of the Statement of Income and Expenditure of the Owners' Association for 2015**

The Chairman introduces this point of the agenda and explained the audit analysis carried out by the auditor RSM Gassó. The audit analysis is referred to year 2015. The report is shown on the screen in Spanish and English. A full copy is available in the web page [www.hccanarias.com](http://www.hccanarias.com).

It is explained that the expenses are booked in the accounts of the services company and the auditor has verified that:

- (a) There is an analytical accounting in Holiday Club Canarias Resort Management S.L.U. in order to allocate the expenses to the different resorts. The analytical accounts of Club Jardín Amadores are included in the accounts of the administrator and no issues have been detected.
- (b) They have verified a sample of expenses in 2015 and they have checked that all documents related to those expenses and their correct accounting and allocation to Club Jardín Amadores;
- (c) They have checked a sample of employees of the administrator and they have verified their correct assignment of the costs to Club Jardín Amadores. They have also made a surprise interview of selected employees and of the management of the resorts. They have checked the cost allocation of the staff costs among the different resorts in those cases that employees work for different resorts, and they have considered that the distribution criteria is appropriate and reasonable. No issues have been detected in this regard.
- (d) They have specifically verified the supply costs (water, gas and electricity costs) and they have stated that the costs are properly accounted.
- (e) They have checked the Statement of Income and Expenditure of Club Jardín Amadores is in line with the accounting of Holiday Club Canarias Resort Management S.L.U.
- (f) As a conclusion they consider that the information included in the Statement of Income and Expenditure of Club Jardín Amadores is reasonable.

The costs of the auditor have been considered as part of the costs of the Owners Association.

The audit report is thus acknowledged unanimously by all attendees and no additional comments are made.

**6. Report on the repossession by developer of weeks of owners in default and income generated as a consequence of the payment of maintenance fees and positive impact of this in the bad debt provision for 2017. Prorogation of the 2011 resolution**

The Chairman asks Mr. Roberto Picón to explain the measures carried out during 2016 for repossessing the weeks of owners in default in the payment of maintenance fees. Mr. Roberto Picón shows on the screen a report on the repossessions during 2016.

The number of repossessions for 2016 up to date amounts to 39 weeks.

The positive impact of this in the Statement of Income and Expenditure 2016 represents a sum of 18,912.13 Euros. If Holiday Club Canarias Sales & Marketing had not reposed these weeks on 2016, the figure of 18.912,13 € should be recognized as delinquency.

The Chairman requests that previous resolutions acknowledging repossessions by Holiday Club Canarias Sales & Marketing S.L.U. against the payment of current year maintenance fees are renewed for future years, as readiness by Holiday Club Canarias Sales & Marketing S.L.U. to continue repossessing is strictly subject to this condition.

The Chairman requests that the 2011 resolution is extended for subsequent years in the event of repossessions.

A voting takes place and all owners vote in favour. No owner raises any objection or wants to abstain. Therefore the following resolution is unanimously passed:

- ⇒ Holiday Club Canarias Sales & Marketing S.L.U. is authorized to continue repossessing in the future weeks of clients in default in the payment of their maintenance fees and in those cases it will pay to Holiday Club Canarias Resorts Management S.L.U. the outstanding maintenance fee for the year when the repossession takes place.

## **7. Report on the collection efforts of the maintenance fees carried out by the Administrator**

As part of the management tasks Holiday Club Canarias Resort Management S.L.U. has increased its efforts to collect the maintenance fees. Holiday Club Canarias Resort Management S.L.U. thinks that these efforts are a substantial part of its function as Services Company and Administrator and this contributes to the benefit of all owners that want the resort to be properly maintained and that all owners pay their relevant share of the costs.

Holiday Club Canarias Resort Management S.L.U. has carried out following steps:

1. The Services Company has continued with the structured program for contacting all defaulting clients and requesting payment from them. This has continued to be successful and many customers have voluntarily agreed to pay their maintenance fees.
2. If telephone conversations and emails contacts have not lead to a fruitful outcome, Holiday Club Canarias Resort Management S.L.U. has sent written reminders.
3. Only once the written requests have been unsuccessful, Holiday Club Canarias Resort Management S.L.U. has entrusted the collection efforts to Intrum.

If the above measures have not worked out, then the cases have been forwarded to Holiday Club Canarias Sales & Marketing S.L.U. as a repossession candidate.

The Vice-Chairman explains that there has been generally a decrease in bad debt in 2015 and 2016 in comparison with previous years. Figures already written in previous minutes: delinquency in 2012 reached to 22.65%, in year 2013 and 2014 decreased to 8.18% and 8.11% respectively. The actual percentage for year 2015 is 2.62% and for year 2016 is 3.23%.

Since 2012 the collection efforts have materialised in a sharp decrease of owners not paying their maintenance fees. It is true that the delinquency had fallen to a reasonable ratio and it is difficult to achieve further material reductions in that percentage. It may be due to different reasons but an important one to be mentioned is the bad advice given by claims companies that have recommended their clients not to pay maintenance fees when filing a claim. Many of these claims filed against the prior developer have been lost by the owners who have incurred legal costs on top.

**8. Presentation of the budget submitted by the services company Holiday Club Canarias Resort Management S.L.U. for rendering services to the resort and the unit owners in 2017 and its approval, as the case may be**

Mr. Luccock asks Mr. Picón to present to the owners the budget submitted by the services company Holiday Club Canarias Resort Management S.L.U. to the Owners Association to provide services to the Owners in 2017. The budget includes a grand total of 677,175.01 Euros, including an amount of 52,536.46 Euros as bad debt provision allocated as less income. This budget proposal includes the total amount to be paid by all owners of weeks to Holiday Club Canarias Resort Management S.L.U. as consideration for the services the company will provide during the year 2017 pursuant to the standards based on which have been prepared for the corresponding budgets.

Mr. Picón explains the budget to the owners:

- It is underlined that the budget for ordinary expenses has increased by 3.35%.
- 37,895.16 Euros are forecasted as the ordinary provision for the reparation and renovation fund. The reparation and renovation fund will only be used for extraordinary expenditure, as the maintenance fee covers the maintaining of the resort and normal repairs.
- It is explained that expenses have been increased because of the increase of staff because of the higher occupancy expected. Mr. Bjarne Gregersen says that owners should not be liable for the additional costs linked to rented apartments. The Chairman answers that the maintenance fees are paid by all owners of all weeks entitling them to use throughout the year, and that there are no extra charges for cleaning related to weeks that are rented out to clients.

In the event that the budget is approved, the services company Holiday Club Canarias Resort Management S.L.U. will issue the corresponding maintenance fee to each of the holders of the week including the corresponding IGIC (i.e. VAT).

The Chairman asks whether the attendees have any objection to the budget

All owners show their conformity with the revised budget subject to an increase of 3.35% so that the revised budget is unanimously approved and the maintenance fees to be paid by each owner are approved. Therefore the following resolution is passed:

- ⇒ The budget submitted by the Services Company and Administrator for 2017 is approved unanimously, with following additional measures:
- Powers are granted to the Services Company to adjust the budget according to that limitation. The revised budget will be uploaded in the webpage;
  - 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 2017;
  - Non payment of the maintenance fees on time will trigger a penalty as per the by-laws of the Owners Association.



**9. Analysis and approval, as the case may be, of an option in favour of all owners to surrender their interest to the developer company in year 2048 and granting of powers of attorney to implement the decision**

In the meeting held last 3 December 2015 a motion was discussed with the following wording:

*“As of 15 December 2048 the owners of the quotas shall have the right but not the obligation to terminate their holdership and to return the quotas they may hold to the developer. The owners shall be entitled to exercise this option since 1 January 2047, by sending a written notice to the developer of the scheme. The return of the rights over the quotas shall not entitle the owner to receive any consideration or amount from the developer.”*

The owners requested that this motion was not to be discussed in December 2015 but rather that it shall be submitted to the 2016 meeting again. This is the reason why it has been included in the Agenda again. In this item the motion is to be decided as an ordinary resolution and in the next item the motion is to be voted as an amendment of the by-laws. The motion is focused in granting each owner the right to decide by him/herself whether to terminate their interest as of 5<sup>th</sup> of January 2049.

The motion is shown in the screen projected with a beamer.

The Chairman indicates that the developer company is neither promoting nor against this resolution, but that it will cast a vote together with the majority of the owners attending today the meeting.

The Chairman invites the Secretary to explain the proposal to the owners. He refers to the minutes of the issues discussed last year and that the proposals for motions were already included in those minutes. Owners requested to include the motion regarding the option in the meetings to be held in 2016. He explains that the period of 50 years that the courts have indicated that should apply in certain rulings is a period to be counted since Act 42/1998. This Act was enacted on 15 December 1998 but it entered into force on 5 January 1999. If the period is counted since the date of the Act it would be until 15 December 2048 and if it is counted since its entry into force, the 50 years period will end on 5 January 2049. He further explains that OPCA Sweden has submitted wording for the motion and that he understands that this wording is an improvement of the motion and thanks OPCA Sweden for that. He understands that the motion that is submitted by OPCA Sweden is a fine tuning of the wording of a proposal for a motion originally discussed in the meeting held in 2015.

Mr. Thomas Andersson Borstam on behalf of OPCA Sweden has submitted in particular the following motion:

*“Decisions to be passed:*

*Amendment of the deed of adaptation of the scheme at the resort granted on 22 December 2000 before the Notary of Mogán Mr. Luis Moncholí Giner with his protocol number 2943 as follows:*

**A)** *An option is expressly recognized in favor of all holders of rights in the resort to terminate or assign as of 5 January 2049 their rights to the entity that acts then as the developer of the resort (currently it is Holiday Club Canarias Sales & Marketing S.L. the one with that role) at their will and unilaterally, for no consideration; said option right will also imply that the holder of the right that terminates his/her*

*right shall have following the termination no further duty to contribute to the maintenance fees. The owners shall be entitled to exercise this option since 1 January 2047, by sending a written notice to the developer of the scheme.*

**B) *The timeshare scheme will have a maximum duration of 50 years from the entry into force of Law 42/1998, so that the regime will be terminated on 5 January 2049.***

*Notwithstanding the foregoing, after this maximum term, any holder will have the option to freely and unilaterally extend the duration of their rights for a new maximum term of 50 years at no additional cost to the holder and without prejudice to his/her obligation to continue paying the maintenance fees. At the end of each fifty-year term, the holder shall have the right to continue to extend his rights and contracts successively and unlimited for the same maximum term.*

*The current developer, the company Holiday Club Canarias Sales & Marketing S.L., whose representative is present in this act, expressly accepts the above resolutions and undertakes to appear before a notary public to formalize the acceptance in a public document.*

**C) *The Chairman of the Owners Association is empowered, so that he can appear before a Notary to raise the above resolutions to public, as well as to request their registration in the Property Register, with faculties in order to correct or clarify as necessary until achieving the registration.***

*Clarifications:*

- The options in point A) and B) refer to all holders:*
- Regardless of the title of acquisition (donation, inheritance or sale by private or public contract). The title of acquisition of the owner can be directly from the developer or "second hand" (ie, sale, inheritance or donation of a private individual). If the owner acquired the right of an individual, the second-hand owner is subrogated to the rights of the first-hand owner, as regards the rights under point A) and B) to terminate their rights or to assign them to the developer company at the time.*
- The options in points A) and B) will be available to both the holders of the rights to whom the then developer sold before 5 January 1999 and to the holders of the rights to whom the developer from time to time may have sold after 5 January 1999.*

The motion is shown in the screen projected with a beamer.

The Secretary invites Ms. Charlotte Andersson, a lawyer working for OPCA Sweden and attending to the meeting, to explain the proposal which she does, and she answers the questions posed by the owners. Ms. Charlotte Andersson states that she considers that this proposal is in the benefit of the owners and provides them with certainty as regards their purchase. She has received questions from owners that wanted to transfer or will their weeks as regards the validity of these contracts and she acknowledges that certain courts have out a question on their validity as a consequence of the 50 year rule and for that reason she recommends implementing this change in order to bring the scheme in line with the case law that promotes the 50 years limitation while also respecting the rights of the owners that as a majority would like to keep their rights for an unlimited period of time.

The attendees pose certain questions to the motion submitted by OPCA Sweden. In particular they ask why this motion not included in the agenda. The Secretary explained that the motion was already included in the agenda of the meeting held in December 2015 and was discussed in 2015.

It is stated that the proposal from OPCA Sweden is in line with what was discussed but its wording is more elaborated and defined bearing in mind the interests of the owners. Ms. Charlotte Andersson mentioned not in incur costs in each individual contracts, changes will be included as an amendment to the Deed of Adaptation ("*Escritura de Adaptación*").

Mr. Bjarne Gregersen of OPCA Denmark states that he is in agreement with the proposal submitted by OPCA Sweden but that the majority of owners have indicated that they wish to continue enjoying the rights as they bought them, and consequently he would like that the motion is clarified by adding that

- 1) This option is not subject to the payment of any additional consideration or amount for continuing holding the rights (except for maintenance fees), and
- 2) Owners have the right to continue enjoying their rights and this will be respected.

It is agreed that this will be included in the motion.

Mr. Samuel Tejera hands out a letter to the Secretary from Mr. Coward, an owner that he is representing and he asks the Secretary to read out the letter loud, which the Secretary does. The letter says that he does not support any decision to taken at the meeting on this issue and he would like that no decision is made.

Mr. Elejabeitia wonders who is going to opt for the first option, e.g. opting for relinquishing and give back the week back in 2049. The Secretary says that he cannot tell, as many of the clients would like to continue as indicated in last year's meeting.

It is clarified during the discussions that the option to discontinue or continue for another successive 50 years shall be without costs for the owners.

Mr. Elejabeitia asks Ms. Andersson if having the right to continue for additional fifty years is legal or legal. Ms. Andersson says that no one knows what may happen in the future as currently no law states that it is. She cannot tell if in future there will be a law that says it is. She believes that OPCA Sweden proposal is legal and in line with current evolvments and interpretation of the law and provides an adequate balance between the request of the 50 years limit and the wish of the owners to keep a right of unlimited duration.

An owner asks whether future clients can enjoy this option as well. It is answered that if approved, this option would be a resolution by the Owners Association, so that it would be binding for the Association itself and thus for the person that are owners in year 2049.

The Chairman says that this motion secures the fact that clients have the option to give back their timeshare. They have that today as well but only with the current management because Holiday Club introduced a policy of taking back weeks in order to reduce delinquency, but this policy may change. And certainly if a new Management changes, the new management might not take any weeks back.

A Norwegian client wants to understand OPCA Sweden's proposal better. Ms. Charlotte Andersson explained in Swedish what the proposal is about.

Mr. Elejabeitia states that in his opinion OPCA Sweden's proposal cannot be voted as it was not on the Agenda. The Secretary states on the contrary that the item is on the Agenda, the proposal for a motion was discussed last year and it is in the minutes and that OPCA Sweden has just provided a more detailed text for the motion but the item was already included in the Agenda. The Secretary understands that the initial proposal of a motion has been fine tuned by the motion submitted by OPCA Sweden. Therefore, if the motion is approved with the text submitted by OPCA Sweden the wording originally proposed is superfluous. They are not two different motions but the same with different proposals of wording. Ms. Andersson supports this view and states that the proposal submitted by her on behalf of OPCA Sweden is just an elaboration of the discussions held in the owners meeting of last year and it fully meets the point included in the agenda.

After this debate there is a generally shared understanding by most of the owners that the proposal is good and it can be voted.

Reference is made to the Second Transitory Provision of Act 42/1998 that states that the decisions on the deed of adaptation require the simple majority of the owners attending to the meeting held with that purpose.

A voting takes place on the OPCA Sweden's motion (whose text is included above) and owners vote as follows:

- ⇒ The motion is voted in favour by owners holding (present or represented) 592 votes. It is stated that Holiday Club Canarias Sales & Marketing S.L.U., holding 465 votes, exercises its votes here with the majority, once that the rest of owners attending have opted for voting in this sense.
- ⇒ The motion is voted against by owners holding (present or represented) 26 votes.
- ⇒ Thus the motion submitted by OPCA Sweden is approved by majority of 592 votes in favour and 26 against and consequently, following resolutions are passed:
  - *An option is expressly recognized in favor of all holders of rights in the resort to terminate or assign as of 5 January 2049 their rights to the developer at their will and unilaterally, for no consideration*
  - *The timeshare scheme will have a maximum duration of 50 years from the entry into force of Law 42/1998, so that the regime will be terminated on 5 January 2049.*
  - *Notwithstanding the foregoing, after this maximum term, any holder will have the option to freely and unilaterally extend and re-extend the duration of their rights for a new maximum term of 50 years at no cost to the holder and without prejudice to his/her obligation to continue paying the maintenance fees.*
  - *The deed of adaptation of the scheme at the resort granted on 22 December 2000 before the Notary of Mogán Mr. Luis Moncholí Giner with his protocol number 2943 is amended accordingly.*
  - *It is further agreed that this option shall imply no additional costs for customers, and that owners have the right to continue enjoying their rights and this will be respected.*
  - *Powers are granted to the Chairman of the Owners Association with the broadest faculties so that he can appear before a Notary to raise the above resolutions to public and sign the*

*pertinent deeds, as well as to request their registration in the Property Register, specially and expressly empowering him so that he subscribe the documents and/or grant the public documents required for the clarification, correction or rectification which be necessary to achieve the final registration in the aforementioned Registry.*

- *All with the scope and terms indicated in the above motion which is literally translated above.*

It is explained that the public deed of adaptation will be amended accordingly. Minutes will need to be translated into Spanish for said formalisation. It is agreed by all that the translation of resolutions into Spanish will be discussed and agreed between the Secretary and Ms. Charlotte Andersson.

#### **10. Amendment of the by-laws of the Owners' Association in order to include a clause providing for an option in favour of all owners to surrender their interest to the developer company in year 2048 and granting of powers of attorney to implement the decision**

The Secretary explains that the purpose of this item in the Agenda is in line with the issues discussed in the prior item of the agenda. In the item before the issue has been reflected as an ordinary resolution passed by the Owners Association. In the case of this item, the intention is to discuss reflecting the same regulation (through constrained to the wording of a simple article) in the by-laws of the Owners Association.

The Secretary explains that the driver of this motion is the same as in the prior item of the Agenda but the reason why there are two different items in the Agenda it is because of the majorities that may be required for passing the decision. In the prior item it was a simple decision and it required simple majority. However in this item, it is subject to interpretation whether an amendment of the bylaws can be carried out with a simple majority or on the contrary a reinforced majority or even unanimity would be required. Here there are different understandings as regards what majority is required. If it is considered that this is the amendment of an "incorporation document" of the Owners Association, according to the Act on Horizontal Ownership, it would require unanimity. However, it shall be noted that the motion only provides with an option to terminate the ownership, which can be individually exercised by each owner and it is up to their decision in 2049, so it includes no binding nature; there it is difficult to argue that it implies the amendment of the "incorporating documents". Furthermore, the adaptation of the schemes to Act 42.1998 was regulated in its Second Provisional Provision and it stated that it only required the simple majority of votes at the Owners Meeting. On top of that according to the by-laws decisions on amending the by-laws are also to be passed by majority and not by unanimity. For these reasons he understands that unanimity is not required. In any case, due to that reason, it was decided to have two separate items in the Agenda.

In this item it is proposed to vote on the following motion:

- ⇒ Enhancement of the by-laws of the Owners' Association in order to include a new article 44 with the following wording

*"As of 5 January 2049 the owners of the quotas shall have the right but not the obligation to terminate their holdership and to return the quotas they may hold to the developer. The owners shall be entitled to exercise this option since 1 January 2047, by sending a written notice to the developer*

*of the scheme. The return of the rights over the quotas shall not entitle the owner to receive any consideration or amount from the developer.*

*Additional part (only if item 9 is approved): This article implements the motions approved in item number 9 of the meeting of the Owners Association held on 1 December 2016 and shall be applied as agreed in said meeting."*

The motion is shown in the screen projected with a beamer.

This article 44 would be additional and complementary to the motions approved under item 9 above.

A voting takes place and owners vote as follows:

- ⇒ The motion is voted in favour by owners holding (present or represented) 592 votes. It is stated that Holiday Club Canarias Sales & Marketing S.L.U., holding 465 votes, exercises its votes here with the majority, once that the rest of owners attending have opted for voting in this sense.
- ⇒ The motion is voted against by owners holding (present or represented) 26 votes.
- ⇒ Thus the motion is approved by majority of 592 votes in favour and 26 votes against and consequently, the by-laws are amended through the inclusion of the new article indicated before.
- ⇒ Powers are granted to the Chairman of the Owners Association with the broadest faculties so that he can appear before a Notary to raise the above resolutions to public and sign the pertinent deeds, as well as to request their registration in the Property Register, specially and expressly empowering him so that he subscribe the documents and/or grant the public documents required for the clarification, correction or rectification which be necessary to achieve the final registration in the aforementioned Registry.

Ms. Cristina Batista specifically states that she votes against the motion because she understands that the resolution requires unanimity according to the provisions of the Spanish Act on Horizontal Division. This is stated in the minutes as per her request.

It is explained that this resolution needs likewise to be implemented in three steps, namely 1) formalisation of the minutes before a notary; 2) raising of the minutes into public deed, and 3) registration of the resolutions with the Land Property Registry. Minutes will need to be translated into Spanish for said formalisation. It is agreed by all that the translation of resolutions into Spanish will be discussed and agreed between the Secretary and Ms. Charlotte Andersson.

#### **11. Transformation or adaptation of the existing timeshare scheme into a scheme according to Act 42/1998 and/or Act 4/2012, and granting of powers of attorney to implement the decision**

A motion is submitted to the owners to transform the existing timeshare scheme into a scheme according to Act 4/2012, with the following particularities:

- The rights of co-ownership of all owners shall be converted into rotational enjoyment rights ("derechos de aprovechamiento por turno") with a duration of 50 years.

- The rotational enjoyment rights (“*derechos de aprovechamiento por turno*”) shall be in the form of “rights in rem” as per article 23 of Act 4/2012.
- Every current holder of a right shall be allocated a number of rotational enjoyment rights equal to the number of rights that they hold and entitling them to enjoy the same week of use as they currently have.

The Secretary informs the persons attending that this item is no longer necessary to be discussed since it provides for an alternative mechanism for adapting the existing scheme to the problematic of the 50 years. Either the existing scheme was limited to 50 years or the whole scheme was converted into a new rotation enjoyment right created according to the provisions of Act 42/1998, which is now out of force, and Act 4/2012. However since it has been agreed in the prior meeting to approve the possibility of having the option in 2049 and thus including the limit to the rights, the Secretary thinks that it is no longer necessary to vote this motion.

Ms. Charlotte Andersson on behalf of OPCA Sweden and the owners represented by her states that she would vote no to this motion.

Mr. Elejabeitia states that he would like to have the motion voted. Ms. Andersson clarifies that if this motion is voted in favour it would prevent from owners that wish to continue with their timeshare after the 50 years; this would no longer be possible.

A voting takes place and owners vote as follows:

- ⇒ The motion is voted in favour by nobody.
- ⇒ The motion is voted against by all owners attending to the meeting.
- ⇒ Thus the motion is dismissed by unanimity.

## **12. Appointment and/or renewal as appropriate, of the Chairman of the Owners’ Association**

Mr. Calvin Lucock is re-elected unanimously 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*”). He is discharged for the services rendered so far.

Mr. Calvin Lucock thanks all attendees for their support and confidence.

## **13. Appointment and/or renewal as appropriate, of the Vice-chairman of the Owners’ Association**

Mr. Roberto Picón is re-elected unanimously 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*”). He is discharged for the services rendered so far.

Mr. Roberto Picón thanks all attendees for their support and confidence.

The Chairman states expressly his thanks for the services rendered by Mr. Roberto Picón as Vice-Chairman during 2016, which is confirmed by all attendees.

#### **14. Appointment and/or renewal as appropriate, of the Secretary of the Owners' Association**

Mr. José Puente is re-elected unanimously as Secretary of the Owners Association in the terms foreseen in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*"). He is discharged for the services rendered so far.

Mr. José Puente thanks all attendees for their support and confidence.

The Chairman states expressly his thanks for the services rendered by Mr. José Puente as Secretary during 2016, which is confirmed by all attendees.

#### **15. Questions and answers**

The Chairman introduces the questions and motions raised by owners that have been sent in writing to the Administrator before this meeting.

Mr. Lennart Karlsson has sent the following comments and questions on resolutions passed on the Owners' Meeting of 2015.

(1) Defibrillators (heart-start machines)

In the minutes of the meeting of 2015 it was stated that a contract had been signed but the hospital had not provided the training to the staff yet and that the machine was still not installed and operative. Mr. Karlsson comments that this is one of the best proposals ever made in the Owners' Meetings and he thanks Mr Holger Piepgrass for submitting the proposal. He wonders whether the training of the staff and the installation and start-up of the machine is completed and whether the staff and equipment are fully operative. The Vicechairman states that the defibrillators have been received at the resort; the training is in process and will be completed by the end of January 2017.

(2) Implementation of a regular quality follow-up

As it was stated in the minutes of the meeting of 2015, Mr. Rolf Enquist and Mr. Gösta Nilsson sent in 2015 a proposal to implement a yearly procedure for a quality follow-up of the apartments and it was agreed to discuss this issue in the subsequent meeting. Mr Karlsson asks why this item has not been included in the Agenda of 2016 and whether there is a proposal including costs to be presented in the meeting and for a voting to take place. The Vicechairman answers that we are presently studying the proposal which was a very detailed proposal. Whilst everyone agrees that this would be a positive step, it will take time in the planning and the Vicechairman hopes to have a proposal ready for next year.

During the meeting, Mr. Elejabeitia asks for the procedure that is followed for the repossession of rights of owners that are in default in the payment of the maintenance fees. The secretary explains that this procedure has to respect the applicable law. The Secretary explains according to the law (article 32 of Act 4/2012) there is a legal possibility to repossess the rights of clients that do not pay their maintenance fees; furthermore this possibility is also regulated in every sales contract. By law it is necessary to wait one year. In the case of Club Jardin Amadores the repossession procedure starts when there are at least two invoices outstanding. No repossession is started until there are at least two invoices outstanding. The client in delinquency whose



weeks are repossessed does not receive any compensation, but it shall be noted that the client is not requested to pay outstanding fees. Moreover the sales and marketing company that takes the weeks has to pay part of the outstanding maintenance fees. Attention is to be paid also to prior resolutions passed by the Owners Association on this issue

The Chairman explains that there is a general effort to collect outstanding maintenance fees. The customer services team carries out the collection efforts first and if this does not work, then the file is passed on to the expert company Intrum; only when this fails is when the repossession procedure starts. Holiday Club does not generally take clients to court.

A question is posed on whether it is possible for any owner to relinquish a week. The Chairman explains that a fee is levied if clients want to give the weeks back so that it covers the maintenance fee for the following year.

Mr. Mark Hambleton has sent the following comments and questions on the items of the Agenda:

Agenda Item 9: States that it is an 'option' for owners to surrender their weeks in 2048, therefore:

- i) If current owners with an 'In Perpetuity' freehold contract wish to carry on with this 'legal', as Calvin keeps telling us, contract can they?
- ii) If we, The Owners, are forced by the company to change to a leasehold contract which expires in 2048, what compensation will the owners receive?

To these questions it is answered that the wording approved provides an option for owner and they can exercise it at their own discretion.

Agenda Item 10:

- i) What is the exact wording of this clause?
- ii) The Power of Attorney, what are the exact details, is it that the Owners have Power of Attorney over the company?

To these questions it is answered that the wording is included in the minutes (it is actually the wording already discussed in the 2015 meeting); the powers of attorney are also reflected above as they were discussed during the meeting. The powers are granted by the owners association not by a company.

Agenda Item 11:

- i) Why do we have to change this completely, in your words, legal contract?
- ii) Every Owner needs to see what this new contract says, what is in the detail, before this can be agreed.
- iii) This Power of Attorney, what are the exact details, is it The Owners have Power of Attorney over the Company?

To this point it is stated that the motion has not been approved.

No other owner raises any other objection or remark.

The Chairman expressly thanks the owners attending the meeting for giving up part of their holidays and spending the time at this meeting deciding issues which affect all owners, and he particularly thanks the

representatives from OPCA Sweden, OPCA Denmark and Mr. Nils Braathen for their contributions to the meeting.

#### **16. Granting of powers to remedy the resolutions passed, as the case may be**

The Secretary explains that it is convenient to foresee the possibility that the above resolutions may need to be remedied, provided it is always in the necessary terms as to implement the resolutions passed not to change them. Therefore the following resolution is passed:

- The Owners Association grants powers of attorney to the Chairman Mr. Calvin Lucock, to the Vice-Chairman Mr. Roberto Picón and to the Secretary Mr. José Puente, so that any of them, acting on their own and on behalf of the Owners Association may certificate the resolutions passed, appear before a Spanish Notary and grant a public deed raising these resolutions to public deed and submitting them for registration to the Land Property Registry.
- The Owners Association grants powers of attorney to the Chairman Mr. Calvin Lucock, to the Vice-Chairman Mr. Roberto Picón and to the Secretary Mr. José Puente, so that any other, acting on their own and on behalf of the Owners Association may take on behalf of the Owners Association any necessary step as to remedy and cure any of the resolutions passed in this meeting, provided no change such remedy or cure does not alter the sense of the resolution.
- For the above purposes, powers are granted to (i) appear before the relevant Spanish Administrative Authorities and make declarations and sign all necessary documents and to do whatever is necessary or appropriate in connection with the powers granted; (ii) arrange and sign all types of whatever public and private documents are required to exercise the powers conferred, to ratify, amend, extend or renew said documents, to rescind or cancel them; (iii) delegate all or any of the powers contained in this document in favour of any other attorney, and to withdraw any such delegation as he shall deem appropriate, to which effect the attorney may execute any private or public documents required.

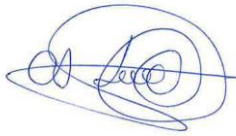
#### **17. Approval of the Minutes**

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.

These minutes will be uploaded into the webpage [www.hccanarias.com](http://www.hccanarias.com) and will be made available to all holders. In accordance with Spanish law all owners that have not attended in person to the meeting are informed that, in line with previous years, they have the right to express within 30 days their discrepancy as regards any of the resolutions passed in this meeting once that they receive a copy of the minutes with the wording of resolutions. If they wish to raise any discrepancy with the voting they should remit it in writing by registered mail (or any other mean that provides proof of remittal) to the attention of the Secretary of the Owners' Association of Club Jardin Amadores at the email address [customerservices@hccanarias.com](mailto:customerservices@hccanarias.com). If no written discrepancy is received within a period of 30 days, it will be considered that they agree and consent to the resolutions passed and their relevant votes will be counted as part of the votes voting in the same sense as the resolution passed in the meeting. If any written discrepancy is sent, this will be reflected in an addendum to the minutes that will be uploaded in the webpage [www.hccanarias.com](http://www.hccanarias.com).

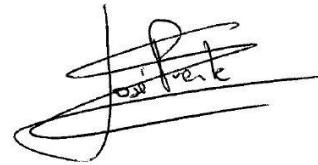
Powers are granted to the Chairman, Vice-chairman as well as to the Secretary so that, should it be necessary, any of them may, indistinctly, in the name and on behalf of the Owners Association, execute the aforementioned resolutions and particularly in order to issue a certificate of the resolutions 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 meeting was closed on Thursday, 1<sup>st</sup> December 2016 at 11:30.



**THE CHAIRMAN OF THE MEETING**

Mr. Calvin Lucock



**THE SECRETARY OF THE MEETING**

Mr. José Puente