

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

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

An Ordinary General Assembly of the Holders of Rights Association of Club Playa Amadores ("**Holders Association**") is held on 1 December 2017. 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 374 votes equivalent to that number of weeks ("*co-Holdership shares*"), represented during the meeting by Mr. Miguel Juliá (also designated as "HCC SM")
- **Holiday Club Canarias Resort Management S.L.U.**, acting as administrator of the Holders Association, representing holders holding 60 weeks ("*holdership rights*") by way of proxies granted for such purpose, represented during the meeting by Ms. Ilona Kievits (also designated as "HCC RM")
- **Ms. Charlotte Andersson** representing holders holding 54 weeks ("*holdership rights*") by way of proxies granted for such purpose.
- **Mr. Bjarne Gregersen and Mr. Keld Hviberg** representing holders holding 34 weeks ("*holdership rights*") by way of proxies granted for such purpose.
- **Mr. Nils Braathen** representing holders holding 62 weeks ("*holdership rights*") by way of proxies granted for such purpose.
- **Mr. Samuel Tejera** representing holders holding 28 weeks ("*holdership rights*") by way of proxies granted for such purpose.
- **Mr. José Luis Elejabeitia Llana** representing holders holding 32 weeks ("*holdership rights*") by way of proxies granted for such purpose.
- **Mr. Lennart Sellin**, holder of 3 weeks ("*holdership shares*")
- **Mr. Mark Hamblen**, holder of 1 weeks ("*holdership shares*")
- **Mr. Paul Whelan**, holder of 6 weeks ("*holdership shares*")
- **Ms. Patricia Hogan**, holder of 4 weeks ("*holdership shares*")
- **Mr. Roy Stovell**, holder of 2 weeks ("*holdership shares*")
- **Mr. and Mrs. Harry Elmlad**, holder of 2 weeks ("*holdership shares*")
- **Mr. and Mrs. Thorsten Johannesson** , holder of 2 weeks ("*holdership shares*")

A list of attendants is attached.

For the minutes it is reminded to the holders that in order to secure proper recording of the name of attendees, the number of votes that each holder has and the casting of votes, there is a prior procedure established so that the holders 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, Mr. Matthew Summers 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 Holders Association and Mr. José Puente acts as Secretary of the Holders Association, as they were elected in the last meeting of the General Meeting of the Holders Association of Club Playa Amadores held on 1<sup>st</sup> December 2017. This is acknowledged by all attendants.

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

1. Mr. Roberto Picón, Vice-chairman
2. Mr. Miguel Juliá, representing Holiday Club Canarias Sales & Marketing S.L.U.
3. Ms. Ilona Kievits, representing Holiday Club Canarias Resort Management S.L.U. and the holders that have granted proxies to it and responsible as well for helping in the preparation of the minutes.
4. Mr. Matthew Summers
5. Ms. Claudia Esplá

#### Language of the meeting

In accordance with past practices, since all of the holders 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 Spanish, German, Dutch, 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. Certain questions and comments were made by the attendants in Spanish and translation into English was provided.

The General Assembly was called by means of a letter sent by the Administrator of the Holders Association, as established in the by-laws of the Holders Association.

Being present or represented holders holding a total number of 664 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 2017
3. Status of the reparation and renovation fund and of the uses given to the fund

4. Report of the Services Company on the 2016 Statement of Income and Expenditure of the Holders' Association
5. Report of the external auditor of the 2016 Statement of Income and Expenditure of the Holders' Association
6. Report on the repossession by developer of weeks of holders in default. Prorogation of the 2011 resolution
7. Presentation of the budget submitted by the services company Holiday Club Canarias Resort Management S.L. for rendering services to the resort and unit holders in 2018 and its approval, as the case may be
8. Appointment and/or renewal as appropriate, of the Chairman of the Holders' Association
9. Appointment and/or renewal as appropriate, of the Vice-chairman of the Holders' Association
10. Appointment and/or renewal as appropriate, of the Secretary of the Holders' Association
11. Questions and answers
12. 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 1<sup>st</sup> December 2016 were drafted according to the law and the authorization granted by the holders 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 on due time. No questions or concerns are raised.

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. No 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 some questions and comments have been forwarded to him before the meeting in connection with issues discussed in the previous meeting and regarding some other issues. Ms. Charlotte requests that a quicker implementation of the decisions passed, such as the decision regarding the defibrillator. Mr. Picón informs that the defibrillator is already installed, staff will receive the training in December and it will be operational in a few weeks.

Mr. Hambelton asks about the decisions passed last year and about the members that were not present. Explanation is given by the Secretary as regards the fact that the minutes were published, and a 30-day term was given to members so that they can submit comments or rejections to the decisions passed. No member sent any notice stating that they did not agree to the decisions passed.

Mr. Hambleton also questions if the decisions passed in December 2016 implied a change to the contracts of each client. The Chairman explains that the decisions were passed by the Association and they do not affect any contractual terms of the existing contracts. The option to exit in 2048 was just an option given to the clients, and they can make use of it if they wish so.

Further questions will be addressed in the relevant item of the agenda on questions and answers.

## **2. Report from the Administrator Holiday Club Canarias Resorts Management S.L.U. on the year 2017**

The Chairman updates on the developments of year 2017. The Chairman addresses the following issues:

- (a) Decisions passed by the General Meeting of December 2017
  - (1) Last meeting approved the relevant decisions in order to adapt the schemes in the Club to the 50 year rule and a right has been granted to all Holders to exit in 2048. The decisions have been incorporated into a public deed and they will be submitted to the Land Property Registry.
  - (2) However one client in Club Playa Amadores has filed a court challenge because he understands that the decision should have been unanimously. At the end of the day this is a right granted to everyone and each holder will be entitled to decide by his/her own. This has been very recently received and we will file a statement of defence in order to defend the decisions passed by the vast majority of holders.

- (b) Challenges of contracts

Regarding contracts signed after 1998 and before 2012 the Supreme Court is still declaring some of them void, though the Supreme Court has confirmed that clients have to pay the maintenance fees and they have to pay for the use of the weeks according to the time that they have been members.

- (c) Insolvency of Puerto Calma Marketing S.L. and of Vista Amadores S.L.
  - a. These companies stopped their timeshare operations in 2011, they are non-operating companies and are facing many claims from clients. Because of the claims received, those two companies have filed for insolvency and the court has already declared the companies in insolvency ("*concurso de acreedores*"). The Chairman states that the filing of bankruptcy does not affect any contractual rights of clients that bought from those companies. In his opinion this insolvency process will drag on for a substantial period of time. Any new claims addressed to those companies will need to be dealt with by the Commercial Court. If the companies are finally liquidated, the assets of the insolvent companies will be liquidated and the proceeds distributed among the creditors. It is more than likely that they will not have sufficient assets to pay their debts. Mr. Elejabeitia intervenes in the debate and would like to state for the minutes that in his opinion the "insolvency filed *by* those two entities *may be possibly fraudulent*". The Secretary states that the insolvency has been requested by those companies because of the financial pressure put on them by the claims and that a court has *declared* it so that the Court has acknowledged the status of insolvency. The Chairman states

that each member thinking about going after those companies should seek for his/her own legal advice, but in his opinion starting claims against an insolvent company is probably not the best recommendation. An insolvent company in Spain or elsewhere means that the company cannot pay its debts. The Chairman finds it his obligation to inform on the aforementioned insolvency proceedings to report it to the clients, as he has done so transparently for the last few years regarding the rulings from the Supreme Court, and mentions that any client is free to do whatever he deems fit.

(d) RCI Gold Crown

All resorts managed by HCC RM in Gran Canaria, including Club Playa Amadores have achieved the gold crown status for 2018

(e) Wi-Fi in the resort.

Capacity of the Wi-Fi has been increased.

(f) TV Channels.

A client puts a question on the TV Channels and he particularly asks for having access to the Norwegian sender NRK. The Chairman answers that he hopes that with the increased Wi-Fi capacity, clients will be able to watch their favourite channels on their own devices. He reminds the members of the difficulties for installing legally satellites and receivers of foreign broadcasters.

The report by the Chairman is acknowledged by the attendees. Some holders attending the meeting raise some comments. The Chairman welcomes these questions and he elaborates on them.

One of the attendees wonders about his contract and whether the fact that those entities of Puerto Calma Group are insolvent means that his contract is not valid. The Chairman answers that the insolvency of Puerto Calma does not affect the "membership" of each member. Those that have bought the weeks from Puerto Calma Group are valid members in the Club and thus their right to use the weeks is not questioned.

One clients complaint about unsolicited calls that he is receiving proposing him to start a claim. He does not like receiving these calls; he wonders how those claim companies have the contact details of the members and he states that this issue is a big question mark to him. The Chairman states that there are companies targeting members by phone and email to initiate a claim against the Puerto Calma Group or against HCC SM. In the light of this debate, the Chairman explains that there was a new law passed in Spain in 2012 and the interpretation of the Supreme Court does not refer to that law. The Supreme Court has not yet taken a decision as regards contracts signed after 2012 when the law was amended and the duration of the schemes was clarified. Therefore he recommends members to be careful when thinking about challenging their contract if you are spending money with just a promise try to get monies. In the United Kingdom you are not allowed to carry out unsolicited marketing calls. He also asks himself the question as how those companies get access to those contact details.

Another attendee states that the reason why some clients start legal actions is because there is not a second hand market and he asks whether a resale program could be implemented. The Chairman addresses the issue of the resale program: He states that in Finland there is an active resale program; in Spain there is also the possibility to resell the weeks, however the question mark is the price expectation.

The attendees state that they would like to see a program where a certain price is offered to members and then it is up to the members to accept or not.

A question arises regarding income taxes triggered by a resale. The Chairman states that if something is sold for less than the initial purchase price, there is no income tax liability payment, but every person should check its personal circumstances in order to assess any tax impact.

After a long debate between the members and the Chairman on this issue, Mr. Lucock, in his condition as CEO of HCC SM states that he will pay due consideration to this request and he will take the steps to implement a program offering the possibility to implement a resale program offering a price and then it will be up to the members to accept it or not. Mr. Hambleton asks if the resale programme will be throughout all resorts and for a kickoff date. The Chairman answers there will not be any addendum to meetings already held, but information will be sent out in general and subject to finalisation of the concept, this program will start in early 2018.

The Chairman further makes reference to the questions submitted by the holders 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 2016 the available money in the bank account for the renovation fund was 5,243.86 Euros. As per 2017 budget, the total contribution for the renovation fund was agreed to be 53,390.40 Euros. In accordance with the authorisation granted in last year meeting, the Services Company has used some of the available proceeds throughout 2017 in order to carry out investments. An amount of 67,855.42 Euros has been invested so far in following concepts: new sofa beds and armchairs in each apartment and terrace furniture, new dosification system and meters for the pools, upholstery, parasols, and Jacuzzi and pools spare parts

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

Accordingly, and subject to any further investment decision, the total amount that will be available as of 31 December 2017 is estimated at -9,221.19 Euros, which implies that the replacement fund is exhausted. The amount is negative and this means that the Services Company will finance this deficit for this year and it will be balanced from the replacement fund next year.

Several questions are posed as regards the replacement fund, which are summarised as follows:

- (a) Mr. Mark Hambleton suggests including the fire extinguisher inspection costs in the budget, not in the replacement fund. Mr. Lucock says that it is a valid point, although it is a variable cost as legislation changes.
- (b) Ms. Andersson asks why some regular purchases are included in replacement fund, e.g. mugs. Mr. Picón explained that this is a new item, which was never in the apartments but it requested by many members. Therefore, as a first/time purchase, it comes out of the replacement fund. Further purchases, when broken, will come out of maintenance fees.
- (c) Ms. Andersson says that the wording of "Replacement fund" is a bit confusing and that it could be better named "Investment fund".

A debate starts regarding the need to build a proper fund for accomplishing renovations in the future. Mr. Niels Braathen states that the replacement fund, as he understands it, should be devoted to build up monies for future extraordinary refurbishments. He proposes to include a specific additional fee amount in the yearly maintenance fee which should be used only for those extraordinary refurbishments. Ms. Andersson on behalf of OPCA Sweden also requests the management company to think about building a separate fund to the Replacement Fund which would build up monies for future investments.

Regarding these requests, the Chairman states that, as the budgets are already published, he thinks it is not wise to increase the maintenance fees this time for accumulating monies for such "Investment Fund". This is an issue that can be discussed at the next General Meeting.

In the 2018 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 2018 and future years, acknowledging that a full report will always be provided to the Holders Association.

A voting takes place and all holders vote in favour. No holder 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 2018 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 Holders' Association for 2016**

The Chairman explains to the holders that a Statement of Income and Expenditure for the whole year 2016 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 2015 for year 2016 forecasted a total amount of expenses for 2016 of 847,447.20 Euros.
- (b) The actual level of expenses to third parties amounted to 798,227.72 Euros.

- (c) The actual level of collected maintenance fees in 2016 amounted to 824,865.35 Euros.
- (d) The amount of uncollected maintenance fees of 2016 was 22,940.70 Euros.
- (e) As result, there has been a surplus of 26,637.63 Euros. Mr. Picón explains that the surplus has been taken as a positive figure in the budget for 2018

The following questions are posed by the attendees:

- A question is posed in connection with the postal costs and particularly whether the maintenance fee invoices could not be issued and sent by email in order to avoid the related costs. It is agreed by all attendees that this procedure would be the best and most cost effective, but no all clients have e-mail. The Association is already saving costs out of the decision passed not to mail the minutes but rather to have them published on the web; this has already reduced these mail costs. However as per the members database not all clients have emails and trying to sort manually who and who not has email would be more time consuming, although the option will be looked into.
- In this regard Mr. Hambleton asks whether a single invoice could be issued for those members owning several weeks. It is answered that unfortunately the IT system used is not that flexible and clients holding several weeks under different contracts still get separate invoices.
- A question is posed regarding the General Meeting costs. Mr. Picón explains that the rent of the room is 300EUR plus the costs for the coffee break. The rest of the costs relates to the callings. Ms. Andersson asks whether meetings could be held in the future on the resort. It is answered that this is a possibility that could be studied; meetings could take place in one of the restaurants but it would not have the privacy and the focus that they have in the current venue. In any case, this is something that will be studied for the next year.
- Mr. Hambleton asks why a caption for CCTV was included in the budget and it is also included in other costs. Mr. Picón explains that it was not in the budget for 2016 so it features in other costs, but CCTV is now included as a separate budget line for 2017.

No further questions were posed.

A voting takes place and all holders vote in favour of acknowledging the Statement of Income and Expenditure of 2016. No holder raises any objection or wants to abstain. Therefore the following resolution is unanimously passed:

- ⇒ The Statement of Income and Expenditure of 2016 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 Holders' Association for 2016**

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 2016. 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) The auditor has seen the real Statement of Income and Expenditure of the year 2016;
- (b) Expenses are duly recorded in the accounts and correspond to actual invoices;
- (c) There is an analytical accounting in Holiday Club Canarias Resort Management S.L.U. in order to allocate the expenses to the different resorts;
- (d) The real Statement of Income and Expenditure of Club Playa Amadores is in line with the accounting of Holiday Club Canarias Resort Management S.L.U.;
- (e) The amount of expenses allocated to Club Playa Amadores is reasonable, i.e. respond to a rational parameter of allocation.

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

Ms, Andersson asks whether if members have questions on the audit report, they could directly contact the auditing company. Mr. Picón answers any member can pose specific questions but for organising the contact they could be channelled through him. Mr. Lucock indicates that the audit company will be invited to the meeting next year if fits within their schedule and if is at no extra cost.

The Chairman asks the attendees whether they wish to continue with the external auditing or would rather prefer to stop it and eliminate thus the costs. Costs are between 4,000 Euros and 5,000 Euros every year, divided amongst the 5 resorts.

It was agreed by all attendees to continue with the audit.

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

There is a request by one member that the auditor comes next year to the meeting and presents the audit report. The Chairman answers that he will look into this since it makes sense and he will ask them to come.

## **6. Report on the repossession by developer of weeks of holders in default. Prorogation of the 2011 resolution**

The Chairman asks Mr. Roberto Picón to explain the measures carried out during 2017 for repossessing the weeks of holders in default in the payment of maintenance fees. Mr. Roberto Picón shows on the screen a report on the repossessions during 2017.

The Chairman adds that there has been generally a decrease in bad debt in the last years in comparison with previous years. Mr Picon shows on the screen the evolution of delinquency during the last 5 years. Delinquency in 2012 reached 6.72 % and the actual percentage for 2017 is 3.10%.

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 highlights however that there are no repossessions forecasted or budgeted for the year 2017.

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

A voting takes place and all holders vote in favour. No holder 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. 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 holders in 2018 and its approval, as the case may be**

Mr. Lucock asks Mr. Picón to present to the holders the budget submitted by the services company Holiday Club Canarias Resort Management S.L.U. to the Holders Association to provide services to the Holders in 2018. The budget includes a grand total of 910,571.16 Euros, including an amount of 25,000 Euros as bad debt provision. This budget proposal includes the total amount to be paid by all holders of weeks to Holiday Club Canarias Resort Management S.L.U. as consideration for the services the company will provide during the year 2018 pursuant to the standards based on which have been prepared for the corresponding budgets.

Mr. Picón explains the budget to the Holders. The outcome of the budget is that the maintenance fee payable by the Holders will increase by a slight 0.32% in comparison to the maintenance fee payable under the budget of 2017.

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. No holder raises any objection to the budget or wants to abstain. All holders show their conformity with the budget so that the budget is unanimously approved and the maintenance fees to be paid by each holder are approved. Therefore the following resolution is unanimously passed:

- ⇒ The budget submitted by the Services Company and Administrator for 2018 is approved, with following additional measures:
  - The Services Company will charge the total of the maintenance fees to the holders, splitting the total of the budget among the Holders;
  - Payment of the maintenance fees shall be made before 15<sup>th</sup> February 2018;

- Non payment of the maintenance fees on time will trigger a penalty as per the by-laws of the Holders Association.

#### **8. Appointment and/or renewal as appropriate, of the Chairman of the Holders' Association**

Mr. Calvin Lucock is unanimously re-elected as Chairman of the Holders Association in the terms foreseen in the by-laws and in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

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

#### **9. Appointment and/or renewal as appropriate, of the Vice-chairman of the Holders' Association**

Mr. Roberto Picón is unanimously re-elected as Vice-Chairman of the Holders Association in the terms foreseen in the by-laws and in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

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 2017, which is confirmed by all attendees.

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

Mr. José Puente is unanimously re-elected as Secretary of the Holders Association in the terms foreseen in the Spanish Act on Condominiums ("*Ley de Propiedad Horizontal*").

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 2017, which is confirmed by all attendees.

#### **11. Questions and answers**

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

1) Mr. Lennart Karlsson on behalf of OPCA Sweden has submitted the following questions:

1. They would like to request that the Holders association prohibits Holders to rent their weeks to third parties.

The Chairman answers that members are free to rent their weeks to whom they choose. HCC SM also offers a rental program for Holders where they can deposit their weeks with HCC SM, and not pay the relevant yearly maintenance fees. Since the introduction of this program, there have been over 1,000 weeks deposited by Holders.

2. Translation of sales documents and contracts

The Chairman explains that this is an issue not related to the Holders Association. He however provides an answer to those present on the issue. All contracts being used by HCC SM have been revised as of October 2017 and translated documents will be used in 2018.

3. Implementation of a regular quality follow up

Reference is made to the comments and proposals sent by Mr. Rolf Enquist, Mr. Gösta Nilsson and Mr. Lennart Karlsson in the last two meeting held in 2015 and in 2016 which were reflected in the minutes. They have proposed that a yearly procedure for a quality follow-up of the apartments is implemented.

The Chairman explains that the Services Company has as a standard proceeding to check the status of each unit and its inventory. Every week after a client has left a unit, the status is checked. If clients have broken or taken any asset, the relevant asset is replaced though depending on the type of asset its replacement may take some days. Reality is that clients tend to report any accidents affecting the units or the inventory. Accidents are dealt on a case by case basis and they are they reviewed. If the Services Company understands that the client is liable then the costs are charged against the deposit.

2) Mr. Torbjorn Aakre has submitted the following questions for Club Playa Amadores.

1. He asks why NRK 1 is not available since the members have been waiting for 10 years for this channel. The Chairman answers that the Norwegian channel is currently available. He acknowledges that connection might not always be great but we are working to improve it. As an example of this he mentions the efforts carried out to improve and increase the internet connection.
2. He states that maintenance fees have increased by 100% in a period of 13 years and he wonders why. This question is answered explaining the fact that cost of living has increased. The Services Company try to minimize the increase of the maintenances fees when possible and for example the increases in Club Playa Amadores have been 2.33% for year 2016, 1.40% for 2017 and 0.32% for next year 2018. However the Chairman would like to stress the fact that the maintenance fees the last three years are stable and he trusts that the holders will appreciate the efforts done in this regard.
3. He wonders why old Puerto Calma Group contracts like his do not have a resale clause. The Chairman refers the client to Puerto Calma Group representatives because that is a question to them. The fact that the contract does not have a resale clause does not prevent that the client may sell the related weeks.
4. Mr. Torbjorn Aakre states that the 50 years ruling is illegal and that he has bought his timeshare right in perpetuity and he wants to continue this in perpetuity. The Chairman refers to the fact that this rule has been by introduced by the Supreme Court. He agrees with Mr. Aakre that clients should be allowed to hold their week in perpetuity. Having said that, the

decisions passed in the meeting of December 2016 were aimed precisely at that: those clients that want to exit after 50 years will have the right to do so, and those clients that want to stay and continue enjoying their weeks will also be entitled to do so.

- 3) Some questions have been posed by holders on the new apartment in Club Playa Amadores. Once that the new apartments are finished, the idea is that the Association will charge to the new apartment common costs and this will benefit the budget of the Association since costs will be split among a larger number of units. The Chairman explains that as soon as the unit is ready, there will be an equivalent amount to the maintenance fee being charged to that unit and the proceeds in 2018 will be an extra income for the club.
- 4) The Chairman mentions the questions raised by various members regarding whether it is necessary to have a reception in Club Playa Amadores open 24 hours or whether it would be possible to close it during night time. Overnight reception service could be provided remotely (being available on call) from the resort in Club Puerto Calma, also managed by HCC RM. Closing the reception during night time (i.e. during 8 hours) will imply a certain reduction in the yearly maintenance fee per week. General consensus is that it is good to reduce costs but not to lose on services. Finally it is agreed that a proposal on this issue will be presented next year to be decided by the members.
- 5) A member asks whether there is still timeshare sales activity. Mr. Lucock indicates there is still sales activity, but has significantly reduced. Market has changed and trends have changed.
- 6) Administrator of the Holders Association. It is explained that Holiday Club Canarias Resort Management S.L. was appointed in 2011 as administrator and manager of the Association in order to manage the resort and the Association. This appointment continues in place.
- 7) The Chairman refers to an on-going program addressed to members not wishing to use all or part of their weeks in a given year. Persons not using their weeks can give the use of the week to HCC SM and HCC SM assumes then the cost of the maintenance fee so that the member does not have to pay that cost.
- 8) Mr. Hambelton poses a question regarding the parking and wonders whether it would be possible to charge the users a nominal fee for parking the car in there. Another client states that he is not in agreement with that proposal; he believes that maintenance fees already cover all costs so that no extra fee should be paid for the parking. The Chairman states that in the parking area there is always space for parking; it is not usually full. After a certain debate on this issue, the general feeling is that there should not be an extra charge for those clients wishing to park their car in the parking lots.
- 9) Mr. Stovell poses a general question as regards tourist trends and whether the future will be on the basis of rental rather than ownership. Mr. Lucock explains that business has changed and it is not where it was. However Playa Amadores is a unique resort in an amazing location and this resort is always sought-after, but for less unique resorts trends have changed.

- 10) Reparation Fund. Mr. Braathen asks when there will be a deep maintenance in Playa Amadores. Mr. Picón answers that there will be a need to carry out one in the future. It is not something for the next 2 or 3 years but probably around 2020 or 2021 will be the time to start thinking about one. Mr. Braathen asks for a schedule and a proposal for future deep maintenance in next General Meeting and to include part of the funds required deep maintenance already in the budget of maintenance fees for 2019. It is agreed that Mr. Picón will prepare and present a proposal in the General Meeting of 2018. Mr. Charlotte Andersson indicates the need of a long term economic planning and having a special fund for deep maintenance renovations, not for reparations.
- 11) A Danish Client asks why the maintenance fee is so high in Playa Amadores. Mr. Picón explains the background of the calculation and indicates that the same formula is used for all the clubs in order to allocate common costs.
- 12) Mr. Roy Stovell asks to have the maintenance fee rising a little every year in order to devote the excess to a reparation fund.
- 13) Mr. Hambleton suggests as an option to organise live video/stream of the meetings so members not being on the island can follow the meetings.

All attendees acknowledge the questions and the answers given.

The Chairman expressly thanks the holders attending the meeting for giving up part of their holidays and spending the time at this meeting deciding issues which affect all holders, and he particularly thanks the representatives from OPCA, Mr. Nils Braathen, Mr. Hambleton and Mr. Stovell for their contributions to the meeting. Mr. Stovell also wants to thank all HCC staff for their participation in the meetings

## **12. 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 Holders 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 Holders Association may 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 Holders 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 Holders Association may take on behalf of the Holders 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.

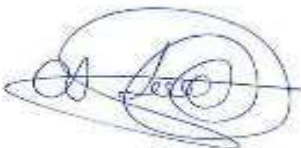
### **13. Approval of the Minutes**

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.

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 holders 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 Holders' Association of Club Playa 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 Holders 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 December 2017 at 10:30.



**THE CHAIRMAN OF THE MEETING**

Mr. Calvin Lucock



**THE SECRETARY OF THE MEETING**

Mr. José Puente