

**Ordinary General Assembly of the  
Owners Association of Club Puerto Calma**

*("Comunidad de Propietarios del Complejo de Apartamentos Club Puerto Calma")*

An Ordinary General Assembly of the Owners Association of Club Puerto Calma ("**Owners Association**") is held on 4 December 2015. First call at 09:00 hrs, second call at 09:30 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 1,736 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 278 weeks ("*co-ownership shares*") by way of proxies granted for such purpose, represented during the meeting by Ms. Ilona Kievits.
- **Mr. Lennart Karlsson** representing owners holding 115 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Mr. Nils Fredrik Braathen** representing owners holding 6 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Mr. Bjarne Gregersen** representing owners holding 126 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Ms. Lena Perez** representing owners holding 42 weeks ("*co-ownership shares*") by way of proxies granted for such purpose
- **Mr. Roy Stovell** representing owners holding 10 weeks ("*co-ownership shares*") by way of proxies granted for such purpose.
- **Five (5) owners** attend in person to the meeting, representing 11 votes. They are British, Irish, German and Scandinavians, according to the list attached.

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 Puerto Calma held on 5th December 2014. 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)

#### 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 2,324 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.U. on the year 2015
3. Status of the reparation and renovation fund and of the uses given to the fund
4. Report of the Services Company on the 2014 Statement of Income and Expenditure of the Owners' Association
5. Report of the external auditor of the 2014 Statement of Income and Expenditure of the Owners' Association
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 2016. 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.U. for rendering services to the resort and unit owners in 2016 and its approval, as the case may be
9. Report on the balance of the loan granted by Holiday Club Canarias Sales & Marketing S.L.U. to the Owners' Association in connection with the deep maintenance works of 2012

10. Report on important events that have affected the industry in this year and actions that can be implemented to protect owners' best interest:
  - 10.1 Enhancement 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;
  - 10.2 Enhancement of the by-laws of the Owners' Association in order to include a clause providing for termination of all owners' interests in year 2048 (50 years after enactment of Spanish Act 42/1998) and granting of powers of attorney to implement the decision;
11. Authorisation to release certain units out of the timeshare scheme and granting of powers to the Chairman for executing the release and fixing the new quotas applicable to those units
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 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 5<sup>th</sup> December 2014 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 within the deadline of 10 working days agreed in the meeting and they were uploaded on to the webpage on due time.

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 Chairman explains that Mr. Lennart Karlsson that represents owners with 115 votes by way of proxy has forwarded to him before the meeting some 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 relevant item of the agenda on questions and answers.

The minutes are thus acknowledged by all attendees and no additional comments are made.

### **2. Report from the Administrator Holiday Club Canarias Resorts Management S.L.U. on the year 2015**

The Chairman updates on the developments of year 2015.

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 also informs on the acquisition of approx. 89% of the share capital of Holiday Group Oy, mother company of Holiday Club Canarias Resort Management S.L.U., by the Indian Group Mahindra. He explains that the change of the shareholder of the Services Company will not have any impact in the Owners' Association. The new shareholder is studying investments in timeshare projects in new destinations throughout Europe. He will inform in future meetings on any developments on this.

The Chairman explains that there have been two rulings passed by the Spanish Supreme Court related to the timeshare industry that have addressed the question on the duration of the timeshare schemes. Legal experts and the industry in general have criticised the Supreme Court's approach, but it is a fact that the decision has been taken by the Supreme Court.

The Chairman emphasises that these rulings from the Supreme Court do not affect the scheme of Club Puerto Calma but they relate to a different timeshare scheme set up by another company. On the contrary, the Provincial High Court of Las Palmas has recently passed a resolution dated 27 November 2015 in a case that involved the initial developers of Club Puerto Calma (i.e. Puerto Rico S.A., Puerto Calma Marketing S.L. and Vista Amadores S.L.) and a client holding weeks in Club Puerto Calma and Club Sol Amadores, and the Provincial High Court of Las Palmas has expressly stated that the rulings of the Supreme Court do not apply to the timeshare scheme of those clubs and that the contracts signed are fully valid and the court declared that the client that filed the legal action has now to pay all the legal costs.

More information regarding this issue will be explained in Item 10.

The report by the Chairman is acknowledged by the attendees. Some owners attending the meeting raise some comments and particularly ask about the new Indian shareholder and about the court rulings. The Chairman welcomes these questions and he elaborates on both aspects. 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 2014 the available money in the bank account for the renovation fund was 36,548.06 Euros. As per 2015 budget, the total contribution for the renovation fund was agreed to be 119,233.80 Euros. In accordance with the authorisation granted in last year meeting, the Services Company has used some of the available proceeds throughout 2015 in order to carry out investments. An amount of 89,041.13 Euros has been invested so far in following concepts: Electrical appliances, WiFi installation, living room cabinets, chairs and parasols.

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 2015 is estimated at 66,740.73 Euros.

In the 2016 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 2016 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 2016 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 2014**

The Chairman explains to the owners that a Statement of Income and Expenditure for the whole year 2014 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 2013 for year 2014 forecasted a total amount of expenses for 2014 of 1,705,459.02 Euros.
- (b) The actual level of expenses to third parties amounted to 1,562,299.88 Euros.
- (c) The actual level of collected maintenance fees in 2014 amounted to 1,473,209.70 Euros.
- (d) Holiday Club Canarias Sales & Marketing S.L.U. contributed with 86,420.00 Euros by way of income out of the payment of outstanding maintenance fees linked to repossessed weeks (298 weeks)
- (e) The amount of uncollected maintenance fees of 2014 was 145,249.32 Euros.
- (f) As result, there has been a deficit of 2,670.18 Euros. Mr. Picón explains that Holiday Club Canarias Resort Management S.L.U. has absorbed 100% of this deficit through the reduction of its administration fee.

Upon the following questions of the attendees:

- Question on insurances in place in the resort. A German owner would like to know the insurances that are contracted. Mr. Picón explains that there is a damages and third party liability insurance contracted with Reale and an accidents insurance policy contracted with Allianz. The German owner wonders if he can have a look at the policies, and the Chairman invites him to come to the offices and he will of course have the opportunity to check the policies.
- The owners ask about the deviation in the general expenses. Mr. Picón explains the deviations in telephone expenditure mainly driven by the switchboard costs, and explains that he expects the related costs will be reduced as it is shown on the budget proposal for year 2016. He also explains

that there is a legal requirement to have a pool lifeguard service that caused an increase in the expenses in more than 21,000 Euros, included on "Other Costs"

- Mr. Karlsson wonders about the deviation in the bad debt provision. Actual bad debt was lower than expected, and it is confirmed that the excess of the provision for bad debt foreseen in the budget has helped to cover other expenses that deviated.
- Following Mr. Braathen's request, the line on "Other costs" of the Statement of Income and Expenditure line is broken down and explained to all attendees. This position includes printing and stationary, postal services (including the sending of the maintenance fee invoices and the callings of the Owners Association meeting, consultancy fee human resources, health & safety, auditing and analyst electric consumption, welcome pack, staff uniforms and meals, photocopier maintenance, external contracts for pool analysis, legionella / pest control and air conditioning.

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 Statement of Income and Expenditure of 2014 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 2014**

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 2014. 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 2014;
- (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 Puerto Calma is in line with the accounting of Holiday Club Canarias Resort Management S.L.U.;
- (e) The amount of expenses allocated to Club Puerto Calma 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 Owners Association.

The audit report is thus acknowledged 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 2016. Prorogation of the 2011 resolution**

The Chairman asks Mr. Roberto Picón to explain the measures carried out during 2015 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 2015.

Mr. Roberto Picón informs that in the previous meeting in December 2014 it was forecasted that Holiday Club Canarias Sales & Marketing S.L.U. would repossess 50 weeks in 2015. The number of repossessions for 2015 to date is higher and amounts to 70. The positive impact of this in the Statement of Income and Expenditure of 2015 represents an additional sum of 15,000.00 Euros that will be accounted as “Extraordinary income”, in line with the resolution passed in December 2014.

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 2016.

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 budgeted for the year when the repossession takes place. Upon repossession of weeks Holiday Club Canarias Sales & Marketing S.L.U. shall not have to pay any outstanding maintenance fees above the budgeted amounts for the relevant year. Any amounts so received will be considered as “Extraordinary income”.

## **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 a specialised company.
4. And although the delinquency has gone up slightly, it is thanks to these efforts that we can maintain the delinquency rates at a minimum.

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 Chairman explains that there has been generally a slight increase in bad debt in 2015 in comparison with 2014. Since 2011 the collection efforts have materialised in a sharp decrease of owners not paying their maintenance fees, but in 2015 this trend has stopped. It is true that the delinquency had fallen to a reasonable ratio and it is difficult to achieve further material reductions in that percentage. The increase in 2015 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 for year 2016 and its approval, as the case may be**

Mr. Lucock 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 2016. The budget includes a grand total of 1,715,410.22 Euros, including an amount of 115,000.00 Euros as bad debt provision. 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 2016 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 slightly increased by 1.54%.
- 74,752.62 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.

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 owner raises any objection to the budget or wants to abstain. All owners show their conformity with the budget so that the budget is unanimously approved and the 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 2016 is approved, with following additional measures:



- 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 2016;
- Non payment of the maintenance fees on time will trigger a penalty as per the by-laws of the Owners Association.

**9. Report on the balance of the loan granted by Holiday Club Canarias Sales & Marketing S.L.U. to the Owners' Association in connection with the deep maintenance works of 2012**

The Chairman explains that Holiday Club Canarias Sales & Marketing SLU granted a loan of 500,000 Euros to the Owners Association for financing the deep maintenance works of 2012, to be repaid out of the budgets in subsequent years. The amount to be paid in 2015 will amount to 81,686.20 Euros, and this is the amount foreseen in the budget.

As of today the repayment of the loan has been done as follows:

- (i) Repayment in 2013: equivalent to 5% of Total Expenses budgeted for 2013. It amounted to 83,033.09 Euros;
- (ii) Repayment in 2014: equivalent to 5% of Total Expenses budgeted for 2014. It amounted to 81,212.33 Euros; and
- (iii) Repayment in 2015: equivalent to 5% of Total Expenses budgeted for 2015. It amounted to 81,165.39 Euros.

Taking into consideration those repayments, it is acknowledged that the outstanding amount due to Holiday Club Canarias Sales & Marketing S.L.U. as of the 30 November 2015 amounts to 254,589.19 Euros.

The owners unanimously acknowledge the situation of the loan.

**10. Report on important events that have affected the industry in this year and actions that can be implemented to protect owners' best interest**

The Spanish Supreme Court issued a ruling dated 15 January 2015 in connection with two timeshare contracts for weeks in a timeshare resort developed by another company, and in this particular case the Supreme Court said that the timeshare scheme that was created before 1998 should have a duration of 50 years since the enactment Act 42/1998. The timeshare scheme at stake differs substantially from the scheme in place in Club Puerto Calma, where a quota right in the form of co-ownership of an apartment is purchased.

The High Court of Las Palmas has considered in its resolution dated 21 April 2015 (Appeal nº 257/2013) that the above position of the Supreme Court on the duration of the schemes does not apply to pre-existing schemes (before 1998) created in the form of co-ownership. This position of High Court of Las Palmas has re-confirmed in its resolution dated 27 November 2015 (Appeal nº 420/2013) addressing specifically the case of co-ownership in the resort Club Puerto Calma. This resolution has endorsed the validity of the timeshare scheme of Club Puerto Calma.

It shall also be noted that Spanish Act 42/1998 is and the wording of the current Spanish Act 4/2012 makes it even clearer that pre-existing schemes (created before 1998) can have a duration for an indefinite period of time.

Nevertheless the Chairman states that this is an issue where owners have raised questions and he thinks that it is necessary to discuss and inform the owners in the Owners' Meeting. In the light of the legal discussions, he feels that it would be naive not to talk openly on this issue and offer the owners at least the right to decide and take a decision on the basis of the information available.

This item of the Agenda deals with this problem and the intention behind the two proposals was to provoke at least a discussion on this issue.

The first proposal (item 10.1 of the calling) was aimed at providing an option to each owner so that each owner would be entitled to decide on his/her own on an exit in year 2048. This would be just an option, and each owner individually would be able to take his/her own decision. The timeshare scheme and the right of enjoyment of the apartments would not terminate for owners deciding not to return their right. This approach would be individually driven.

The second proposal (item 10.2 of the calling) implies that all owners decide jointly now to set a fixed duration to the timeshare scheme and following lapse of the duration, the timeshare scheme would be terminated and the right of enjoyment of the apartments would have ended. If so decided, the resort could be offered for sale and each owner would be entitled to receive the proportional share of the proceeds so achieved.

The Chairman acknowledges and informs the attendees that he has received emails from several owners basically saying that they are happy with their rights and do not want that the duration of their right is limited in any manner.

A debate between the attendees starts. Some owners indicated that when they received the calling they did not fully understand what the intention behind this item of the Agenda was. They thank the Chairman for informing on the situation. Mr. Gregersen asks the Chairman for a copy of the ruling of 27 November 2015, and the Chairman agrees to share with him a copy.

The Chairman invites the Secretary to take the floor and explain the wording suggested for both options. The Secretary shows on-screen the wording of both options and answers the questions that are posed. He states that this is just a proposal and he is happy to include any amendments or suggestions that the owners may have as regards the wording. The Secretary informs the owners that the Services Company is not sponsoring any of the two proposals and that it is up to the owners to decide on them and whether they would like them to be approved or not.

It is clarified that in the first proposal, Owners are given the option, but only if they want, to give back their rights in 2048. This is only an option, and only if the relevant owner wants to give back the week(s). If the owner does not want to exercise this option, the member will continue, as usual, with his/her right(s). No compensation payment will be paid, if the option is exercised.

The second proposal regulates however the termination of the scheme in 2048. This proposal requires that all members wish to relinquish their rights in 2048.

After a long debate on this issues, all owners reject the second proposal (10.2) and there is a general feeling that the first proposal (10.1) could make sense, but the attendees ask for a bit more time to think about it and they all request that any decision on this proposal is adjourned and that this issue is included as an item of the Agenda for next year.

A formal voting on the two proposals takes place.

10.1 Enhancement 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 wording of the proposal for a new clause of the by-laws or for the resolution to be passed reads as follows:

*“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.”*

All the owners unanimously request that no decision is taken now as regards this proposal and that this proposal is included as an item of the Agenda for the Owners' Meeting of 2016.

10.2 Enhancement of the by-laws of the Owners' Association in order to include a clause providing for termination of all owners' interests in year 2048 (50 years after enactment of Spanish Act 42/1998) and granting of powers of attorney to implement the decision

The wording of the proposal for a new clause of the by-laws or for the resolution to be passed reads as follows:

*“The scheme of co-ownership for periods on the apartment shall terminate automatically once that fifty years lapse since 15 December 1998. Therefore as of 15 December 2048 all owners shall stop holding the quotas and the apartments that shall be returned to the then developer.”*

A voting takes place. All the owners unanimously reject that there is any limitation placed on the duration of their right and the motion is rejected. All owners want to have their initial right with their perpetuity respected. Therefore the following resolution is passed:

⇒ The motion is rejected and the owners do not wish to limit the duration of their rights of co-ownership.

**11. Authorisation to release certain units out of the timeshare scheme and granting of powers to the Chairman for executing the release and fixing the new quotas applicable to those units**

The Chairman explains that Holiday Club Canarias Sales & Marketing S.L.U. bought in 2011 the unsold timeshare weeks from Puerto Calma Marketing S.L. and Vista Amadores S.L. with the idea of selling all those timeshare rights within 5 or 6 years and then being able to establish a resale program for existing owners. However there has been a need to clean the situation and repossess many timeshare weeks from customers that were not paying their maintenance fees. This has led to a situation where Holiday Club Canarias Sales & Marketing S.L.U. owns now more timeshare weeks than in 2011. Holiday Club Canarias Sales & Marketing S.L.U. has every year a large amount of maintenance fees to be paid, so that its main interest would be to sell its own timeshare weeks before repurchasing weeks from existing owners. This makes it very difficult to implement a resale program.

Thinking about possibilities for changing this, an option would be to release apartments where no owner holds any timeshare week and to sell the apartment as a whole to persons interesting in buying the full ownership. This would reduce the number of unsold weeks and would contribute towards the goal of achieving a moment where a resale program could be implemented.

The Chairman makes it very clear that the release from the timeshare scheme would only affect units where owners do not own any week. It is out of question to release units where owners have rights.

A debate starts between the attendees. Owners raise concerns about the impact that said release would have in their maintenance fees. The attendees state that the release of certain apartments from the timeshare scheme should not imply an increase maintenance fee for timeshare week-owners. The Chairman states that the apartments that are released would obviously need to contribute to the general costs and expenses of the resort. The yearly maintenance fee for those released apartments should be in line with the costs and services that they will enjoy (reception, common areas) and should exclude the costs and services that they would not enjoy (such as furniture, maintenance, cleaning, replacement, etc.). The owners of the apartments would then be directly responsible for paying certain costs such as utility bills, insurances, real estate tax, etc.

The Chairman explains that he wished to introduce the concept but currently it is not possible to take a decision as there are no units free of owners however he will introduce it again in next year's meeting for approval. No owner raised any objection and that this issue will be included as an item of the Agenda for the Owners' Meeting of 2016.

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

Mr. Calvin Lucock is re-elected 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*").

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 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*").

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 2015, 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 as Secretary of the Owners 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 2015, 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.

##### **1. Questions posed by Mr. Lennart Karlsson**

###### **(a) *Documents to be included in the callings of the Owners meeting***

In item 13, point 1.1 of the agenda of the meeting of the Owners Association held in 2014, a proposal submitted by Mr. Lennart Karlsson was discussed by the Owners Meeting, though it was not approved.

Mr. Karlsson states that maybe his wording of the proposal submitted in 2014 was not clear enough. He meant that detailed contents of important proposals required to be taken by the Owners' Association should be sent to the owners together with the calling, so that attendees of the Owners' Association meeting and all owners as well could read the detailed proposal "at home" to be prepared for a meaningful discussion in the meeting.

He considers that it is not appropriate that agenda has just a "headline" and then the owners have to guess the context, which he thinks is now is the case regarding items 10.1 and 10.2 of the agenda for this Owners' meeting in 2015. He also adds that important proposals from owners, which could be designated "motions", also should be sent to all owners together with the calling. He understands however that every request or question from owners cannot be sent out in advance, the number has to be limited and the motions should be summarized. Mr. Karlsson once again suggests to the attendees to the Owners' meetings to request from the administrator to include relevant information in the callings.

The Chairman reminds that his motion was not endorsed in 2014 meeting; it is not feasible to include in the envelope all information he demands since this would significantly increase the mailing

expenses and the work involved in sending out the callings. The administrator has already done a big effort putting the relevant information available in internet. However, he pays due consideration to what Mr. Karlsson says and accepts his comments that the wording included in the calling in connection with points 10.1 and 10.2 of this year's agenda could have been a bit more specific. He believes that the item in the agenda is clear enough but he accepts that Mr. Karlsson may have a different view.

(b) *Defibrillators (heart-start machines)*

Mr. Karlsson points out that in last year's meeting of the Owners Association of Club Playa Amadores, Mr. Piepgrass raised a suggestion to have a defibrillator available at the resort. In the 2014 meeting of Club Playa Amadores, the administrator agreed to investigate Mr Piepgrass' wish regarding the possibility, costs and liabilities of having a Heart-Start machine in the reception to be operated by the receptionists, of course after having got the instructions needed. Mr. Lennart would like now to know the status and extend that petition to Club Puerto Calma.

Mr. Picón answers that the administrator has seriously looked into this issue and he is happy to inform the owners that there is already a contract signed with the hospital Clínica San Roque for providing the defibrillator and the training to the staff. The contract is signed but the hospital has not provided the training to the staff yet. As soon as the training is completed, the machine will be installed and operative. The contract covers the five resorts managed by the Services Company, namely Club Puerto Calma, Club Vista Amadores, Club Jardin Amadores, Club Playa Amadores and Club Sol Amadores. Clínica San Roque will furnish two defibrillators and the Services Company will purchase the remainder; the costs will be proportionally split between the five resorts.

(c) *Storage and other issues in the apartments*

In Item 13, point 2.1 of last year's meeting there was a proposal for the enhancement of storage and other utilities of the apartments. In the minutes of meeting it was specifically stated that the measures would be studied and when possible amended. Mr Karlsson wonders what the result of the study is and what has been done. Mr. Karlsson acknowledges that some of the measures discussed last year have already been carried through. Mr. Picón explains that: (i) new hooks are available at bathrooms; (ii) handle/handlebars have been mounted in the shower to prevent fallings; (iii) safe has not been moved, still under consideration; (iv) change of the location of the mirror from the bedroom to the living room and ironing table to be hanged behind the bedroom door will be done. Enhancement of storage and utility space in the apartment has been addressed by including the brown cabinet in the living room, as well as an extra living room chair in the 2-bed units.

The Chairman explains that many owners are not necessarily in favour of all measures. Some owners have expressly stated that they do not want to change things or add new pieces of furniture. At the end of the day this is quite a matter of personal taste and we need to find a balance. Some measures have been implemented and some others will continue to be studied but he asks the owners to take into consideration that not all of them have the same views on this.

2. Date of the meetings

A question is raised by an owner on whether the Owners' Meeting could not be held earlier in the year, so maintenance invoices can be received earlier. It was explained that there are several reasons for holding the meeting in the first week of December: (i) there is a good overview of the expenses on the ongoing year which serve as a basis for the following year (it shall be noted that the calling is sent in late October so that the budget is prepared in September-October; if the meeting would take place earlier, the actual status of expenses during the preceding year would be more difficult to assess); (ii) availability on site for the people that want to be accommodated. Nevertheless it will be looked at options for holding next year's meeting in the last week of November.

3. Internet connection and WiFi

Owners state that the internet connection available at the resort is poor and it should be improved. The Services Company acknowledges this concern by the owners. The fact that the resort is located in the far south of the island means that the access to the internet connections by the Telecom companies is more expensive. However this concern is shared by many owners and the Services Company agrees to look into options for providing more internet speed and improving the log-in process.

4. TV channels

Questions are asked about availability of channels. Mr Picón informs on the status. The Chairman explains the difficulties in obtaining the licenses for certain channels. Many channels can be watched in local restaurants and pubs that lack of the required TV license, but the resort cannot do that; any TV channel offered at the resort needs to be properly licensed. The Services Company agrees to look into options for providing at least one Finnish channel.

5. Smoking at the resort

An UK owner (Mr. Leverett) complains about owners smoking in the resort in areas that have been designated as non smoking. Mr. Picón informs that signs have been put in swimming pool and other common areas forbidding smoking in certain areas. It is true that some owners may not obey these rules. It is mentioned a possibility to announce fines to offenders. It is generally accepted that it is better to insist clients in the need to respect the rules. The UK owner requests that the people at the resort such as the life guard actively asks clients at the swimming pool to observe the rules.

6. Questions posed by mail or email before the meeting

The Chairman reads loud questions posed by owners by mail or email before the meeting.

(a) *Implementation of a regular quality follow up*

Mr. Rolf Enquist and Mr. Gösta Nilsson have sent a proposal to implement a yearly procedure for a quality follow-up of the apartments. Their comments and proposals read as follows:

*As years pass by, the apartments get worn. Repairs are made and worn out and broken things are exchanged. The result may vary, and there is a risk for a deterioration of the standard. Sporadic remarks and proposals are made sometimes by committed owners.*

*Organizations similar to ours apply a "quality follow-up / a quality audit" to guarantee the correct level of standard and quality and in order to be in agreement at the point at which it has to be done at an estimated cost.*

*By a planned quality follow-up the owners should feel assured that things are taken care of and they do not need to unnecessarily occupy the maintenance personnel.*

*This procedure will be an important and necessary tool and will satisfy the requirements stated in "Ley 2/2013 de Renovación y Modernización Turística de Canarias".*

And they suggest the implementation of the following procedure:

- (i) The quality follow-up to be made yearly before the "owners meeting" by a representative from the owners together with a representative from the maintenance company. It is performed as an "audit by walking around".*
- (ii) The auditors prepare for each resort an auditor's report covering important observations and corrective actions proposed.*
- (iii) Follow up of budget and issue a financial status report. As a basis for the work the auditors should use a) "Top 10 list" digested from the evaluation by the visitors of the apartments b) The list of inventories of the apartment. c) Financial status report regarding budget for maintenance and running cost, \* By random a smaller number (5 pcs) of apartments at each resort is picked out and exposed to the follow-up. On the spot the auditors shall agree on their observations and proposed corrective actions and the minutes filled in before leaving the resort.*
- (iv) The auditors shall prepare for each resort an auditor's report covering important observations and corrective actions proposed.*
- (v) Auditors report should be presented at the annual owners meeting and a decision should be taken by the meeting.*

The Chairman welcomes the proposal and thinks that this is a good initiative by Mr. Rolf Enquist and Mr. Gösta Nilsson. The idea is commented with the attending owners. It is furthermore suggested that this issue is put on the agenda for next year and owners have the opportunity to vote on it, as it probably have costs involved.

All the owners thus unanimously request that no decision is taken now as regards this proposal and that this proposal is included as an item of the Agenda for the Owners' Meeting of 2016.

*(b) Quality Assurance*

Mr. Hans Olav Knagenhjelm has sent a mail with several comments under the topic Quality Assurance. His comments are as follows:



*“The quality of the services to the owners has improved greatly after Holiday Club Canarias Resort Management S.L.U. took over the management. However from the comments he has received from owners there are areas that still can be improved:*

1. *Communications between owners and management such as:*
  - a. *From earlier experiences we recommend that weekly get-together meetings be restarted only as a one hour informal information exchange. Too few owners are present at the annual meeting.*
  - b. *Start up an information window on HCC home page –short updated notes on activities affecting the owners*
  - c. *Initiate – ONE ENTRY handling major questions from owners such as:*
    - i. *Ownership*
    - ii. *Invoices*
    - iii. *Late arrival disputes*
  
2. *Services at the resort:*
  - a. *All complaints and activities are logged on the computer by the reception i.e. available for analysis. It would be helpful at the annual meeting to have general summary of the trend of the complaints and corrective actions.*
  - b. *Many are dissatisfied with the TV programs available today.*
  - c. *WiFi does not have enough capacity at present. In addition there are difficulties receiving signal in some of the apartments.*
  
3. *The following/question/proposal should be taken up in the owner’s meeting regarding Internet.*

*A large number of owners have reported that the speed of the internet of MAXIMUM 0,5 Mbps typical speed 0,2-0,4 Mbps is not sufficient even for sending emails, in fact most people cannot even log on at this speed.*

*He understands that the administrator has an offer from Telefonica to change the hardware enabling up to 1 Gbps on this line.*

*Mr. Knagenhjelm urges to install this hardware and to guarantee a minimum speed of 2Mbps for each apartment. Higher speeds can be available for a fee.*

*Mr. Knagenhjelm suggests an increase of the maintenance fee of up to 10€/week to achieve this. The running cost should be visible in the budget.*

*Improvement of the channels on TV which are at the moment coming from IPTV should then also be improved. Eurosport channel in English should be available. At the moment Eurosport is not available.”*

The Chairman welcomes Mr. Knagenhjelm’s comments. He believes that many of his comments regarding internet, TV channels and the weekly get-together meetings have been addressed before. He confirms that the administrator will continue looking into alternatives in order to fix things that may not work well and improve the holiday experience of all the owners.

Regarding the weekly owners meetings, the question is why the previous owners meetings sponsored by the sales & marketing company do no longer take place. The Chairman explains that this kind of owners meetings will not be re-instated as this was a drinking get-together and sales & marketing company aimed at selling more weeks to owners. He thinks that any such approach to clients should take place in a more professional way, rather than in a drinking event.

*(c) Questions and remarks posed by Mr. and Mrs. Brough*

Mr. and Mrs. Brough have sent an email with following questions and remarks:

- 1) *Can the issue of smoking on lower and adjacent balconies be addressed? Perhaps dedicated smoking apartments in each block.*
- 2) *They cannot see any reference to their question raised in 2014 in the minutes in respect of increase in RCI points value now that Club Puerto Calma is a gold crown resort.*

The Chairman addresses the question on smoking at the terraces. He believes that if clients are forbidden to smoke on the terrace, they will smoke inside the apartment. It is unfortunately not possible to assign specific apartments for smoking, as all members owning those apartments would need to agree, so it is better to allow certain ability to do so at the terraces.

Regarding the question on the points value at RCI of the timeshare weeks in Club Puerto Calma, the Chairman informs that an increase in point value for the timeshare weeks in the resort was addressed with RCI and is being looked at.

*(d) Questions and remarks posed by Mr. and Mrs. Stewart*

Mr. and Mrs. Stewart have sent an email with following questions and remarks:

- 1) Is there no longer a maintenance week for each apartment?
- 2) Can see no work has been carried out in apartment apart from moving of boiler – there is no carbon monoxide alarm?
- 3) Same marks on walls as last year
- 4) Leaking shower hose – cleaner should notice not customer
- 5) Fear management will wait until everything is worn and complete refit required.
- 6) Please clarify check in and check out times – no mention in welcome pack of any changes
- 7) No indication of non smoking area at swimming pool (as of September 2015)
- 8) Resort requires extra sun shade – one per two sun beds (standard in most good hotels) concrete based sun shades should be placed to enable beds to be moved around them not the other way round – damage to tiles and feet etc
- 9) Cleaning schedule of pool area and pool needs to be reviewed – two days running then nothing – appears dirty and draining water from cleaning runs onto stairs at pool bar access
- 10) Why no cover for entertainment staff when on annual leave?
- 11) Has Holiday Club Canarias Sales & Marketing S.L.U. got priority of urban lounge bar during day – unable to locate a shaded table on terrace at lunchtime due to staff use with

potential customers – which starts from 10am - why do they no longer use the tables at the old reception?

The Chairman answers all those questions briefly and they are recorded in the minutes for general knowledge:

- 1) Each apartment has a maintenance week assigned, however repairs are made instantly whenever necessary.
- 2) It was clarified that an electric boiler does not require a carbon monoxide (CO) alarm.
- 3) Check-in and check-out times have not changed.
- 4) Smoking area indication in pool area is at the top terrace of the pool.
- 5) Umbrellas are available at the pool area; anyhow amount will be checked.
- 6) Coverage of animation staff would implicate contracting staff from an external company, thus involving extra staff costs.
- 7) It was clarified that the Urban bar was refurbished by non-owner funds to a designated area where sales staff could be with their clients, to avoid disturbing the members. The fully-shaded pool bar is for the clients who do not wish to mingle with the sales operation.

*(e) Callings in Finnish*

Various owners have asked that the callings be prepared in Finnish as well. The Chairman states that it was agreed some years ago to send the callings in four languages in order to cover languages that the bulk of the owners speak. Holiday Club Canarias Resort Management S.L.U. is an affiliate of a Finnish group and of course we have a due consideration to that language. However if we open the door to Finnish other nationalities will start demanding translations into their own languages and this will have a cost and time impact. The text of the callings can always be Google-translated by each owner, using for this any of the four languages used for the callings, and the Chairman believes that the translations provided are quite good to almost all languages of owners. Therefore the administrator will keep the current policy. All attending owners acknowledge and agree to this.

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 and Denmark and Mr. Nils Braathen for attending on this Friday the meetings of the remaining association after the long day on Thursday.

**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 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 to the webpage [www.hccanarias.com](http://www.hccanarias.com) and will be made available to all owners. 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 the minutes are available with the wording of resolutions. If they wish to raise any discrepancy with the voting, they should remit it in writing by post, providing proof of remittal, to the attention of the Secretary of the Owners' Association of Club Puerto Calma – Avda. Joaquín Blanco Torrent – 35130 Mogán - Spain. If no written discrepancy is received within a period of 30 days as from 17<sup>th</sup> December 2015, 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 Friday, 4<sup>th</sup> December 2015 at 12:00.



**THE CHAIRMAN OF THE MEETING**

Mr. Calvin Lucock



**THE SECRETARY OF THE MEETING**

Mr. José Puente