

**STRAP2 (STATEMENT OF TIMESHARE OWNERS' RIGHTS AND PRIVILEGES)**

Between Club La Santa S.A.

and The International Timeshare Owners Organisation at Club La Santa

TABLE OF CONTENTS

1 PURPOSE OF THE AGREEMENT ..... 8

2 INTERPRETATION ..... 8

3 THE AGREEMENT ..... 8

4 THE TRUST FUND ..... 9

5 DURATION ..... 10

6 ADOPTING OWNERS..... 10

7 CHANGE PROCEDURE ..... 10

8 TIMESHARE OWNERSHIP RIGHTS ..... 11

    8.1 GENERAL DESCRIPTION OF THE RIGHTS OF THE TIMESHARE OWNERS .. 11

    8.2 RENTING AND TRANSFER OF RIGHTS AND OBLIGATIONS ..... 11

    8.3 SPORTS BOOKING..... 12

    8.4 AIRPORT TRANSFERS..... 13

    8.5 BOOKING, DISCOUNTS AND DISCOUNT FACILITIES (CREDIT CARDS) .... 15

    8.6 INTERNAL EXCHANGE ..... 16

    8.7 OCCUPATION ..... 17

9 ITSO MEMBER FACILITIES..... 18

10 OBLIGATIONS OF THE TIMESHARE OWNERS..... 18

11 OBLIGATIONS OF THE RESORT OWNER ..... 18

12 THE SERVICE FEE..... 19

13 RIGHTS OF ITSO LA SANTA ACTING ON BEHALF OF THE ADOPTING OWNERS ..... 19

    13.1 MEETINGS AND INFORMATION ..... 19

14 DISPUTES ..... 20

15 GOVERNING LAW ..... 21

## INDEX OF DEFINED TERMS

- Adopting Owners ..... has the meaning ascribed thereto in Clause 6.1.
- Agreement ..... means this Agreement.
- Apartments ..... means the apartments forming part of the Resort, including the Timeshare Apartments.
- Apartment Infrastructure ..... means the infrastructure, utilities, installations and related equipment of each individual Apartment.
- Apartment Services..... means the services provided by the Resort Owner for the benefit of the Apartments, the Apartment Infrastructure and the Guests, including renovation, repair, decoration, maintenance, cleaning, supply of bedlinen and towels, washing sundries and all other similar services.
- Club La Santa Internal Credit Card ..... means the credit card issued by the Resort management upon request to Timeshare Owners who are not members of ITSO La Santa.
- Code of Conduct..... means the document created by the Resort Owner which defines acceptable behaviour within the Resort by both guests and staff.

Commencement Date ..... has the meaning ascribed thereto in (C) of the preamble.

Common Parts ..... means all the common parts, shared areas and shared services, which form part of the Resort.

Existing Agreement ..... has the meaning ascribed thereto in (A) of the preamble.

Furnishings..... means the furnishings, household effects and equipment of each individual Apartment.

Guest ..... means any guest staying at the Resort (including Timeshare Owners).

Guest Facilities and Services..... means the sport and leisure facilities, sports booking services, equipment, instruction, training, activities, organisation of events, competitions and tournaments, entertainment, medical/health facilities, shops, restaurants, bars, excursions, reception services, and all amenities and services provided for the benefit of Guests as may exist at the Commencement Date or be developed or introduced during the term of this Agreement.

Immediate Family ..... means the husband/wife/partner, brothers, sisters, children, grandchildren, parents, grandparents of a Timeshare Owner.

ITSO Card ..... means the membership card issued annually by ITSO La Santa to its members.

ITSO La Santa Board ..... means the board of national representatives appointed by ITSO La Santa in accordance with its Articles of Association.

ITSO Member ..... means a Timeshare Owner who is a member of ITSO La Santa for the current calendar year.

Renovation ..... means the reconstruction and modernisation of the existing complex at the Resort.

Renovation Timetable ..... means the timetable and detailed plan according to which the existing Apartments, structures and amenities are to be renovated or rebuilt by 2015.

Resort ..... has the meaning ascribed thereto in (A) of the preamble.

Resort Owner ..... has the meaning ascribed thereto in the list of Parties in the preamble.

Service Agreement ..... means the agreement for services made between each Timeshare Owner and the Resort Owner.

Service Fee ..... means the annual fee per Timeshare Apartment Week as

specified in the relevant Timeshare Certificate.

- Timeshare Apartment ..... means any apartment at the Resort in which any Timeshare Owner owns a Timeshare Week or Weeks.
- Timeshare Certificate ..... means the certificate issued by the Resort Owner to each Timeshare Owner on completion of purchase of a Timeshare Week or Weeks.
- Timeshare Owner ..... means any person who owns a Timeshare Week at the Resort.
- Timeshare Week..... means accommodation for one week in a Timeshare Apartment at the Resort as specified in the relevant Timeshare Certificate or as exchanged by agreement with the Resort Owner.
- Trust Fund ..... means the La Santa Trust Fond, formerly entitled "The Club La Santa Timeshare Owners' Foundation" as established on 6 December 1995 and registered in the Curacao Foundations Register on 3 February 1996.

This Agreement (the "Agreement") is made on [ 2011] between:

- (1) Club La Santa S.A., Avenida Krogager S/N of Lanzarote, Spain (the "Resort Owner"), and
- (2) The International Timeshare Owners Organisation at Club La Santa ("ITSO La Santa") acting on behalf of itself and its members and on behalf of the Adopting Owners (as defined below)

- the Resort Owner and ITSO La Santa hereinafter collectively referred to as the "Parties" and separately as a "Party"

#### WHEREAS

- (A) The Parties entered into an Agreement on 29 September 1999, which was extended until 31 December 2011 (the "Existing Agreement") concerning the buildings, land, apartments and related services and facilities known as Club La Santa, Avenida Krogager, Tinajo, Lanzarote, Islas Canarias, including additions or extensions made after the Commencement Date (the "Resort");
- (B) New developments and changes have taken place at the Resort since the commencement of the Existing Agreement;
- (C) It has been agreed to terminate the Existing Agreement and to enter into this Agreement with effect from 1 January 2012 (the "Commencement Date");
- (D) The Resort Owner acknowledges the original investment made by the Timeshare Owners in the Resort and the value of their loyalty; and
- (E) The Timeshare Owners appreciate the extensive new investment in the Resort to which the Resort Owner is now committed;

NOW IT IS HEREBY AGREED AS FOLLOWS:

**1 Purpose of the Agreement**

- 1.1 The purpose of this Agreement is to specify the obligations and rights of the Parties with respect to the Resort.

**2 Interpretation**

- 2.1 Where the context so requires or admits, the masculine shall include the feminine and the neuter, and the singular shall include the plural and vice versa.
- 2.2 Any references in this Agreement to a clause or exhibit is a reference to a clause of or an exhibit to this Agreement.
- 2.3 The expression "person" means any individual, firm, company, incorporated association, partnership, limited liability partnership or joint venture.

**3 The Agreement**

- 3.1 The Parties agree and declare and so that each is bound to the other and to the Adopting Owners that the respective current rights and obligations of the Parties and each Adopting Owner relating to the Resort and as set out in the Existing Agreement and in the Timeshare Certificates and Service Agreements of the Adopting Owners are from the Commencement Date replaced by this Agreement. The rights and obligations of the Parties as set out in this Agreement are in addition to the rights, obligations and other terms and conditions as set out in the Timeshare Certificates and Service Agreements issued to Timeshare Owners by the Resort Owner, and where there is any overlap or conflict, this Agreement shall prevail. For the avoidance of doubt the services to be delivered and provided by the Resort Owner and the service level of such services shall be governed solely by this Agreement.
- 3.2 The Resort Owner shall not make material changes to the wording of the Timeshare Certificates or Service Agreements currently in force at the Commencement

Date or issued after the Commencement Date without prior agreement to the changes between the parties.

#### **4 The Trust Fund**

4.1 In consideration of the agreement set out in Clause 3 above ITSO La Santa undertakes to procure that the Trust Fund pays to the Resort Owner an amount equivalent to:

- (i) EUR 150,000 on 30 November 2012;
- (ii) EUR 150,000 on 30 November 2013;
- (iii) EUR 150,000 on 30 November 2014;
- (iv) EUR 75,000 towards the cost of one additional tennis court at the Resort, which will be a priority Timeshare Owners' court, to be paid on completion of its construction. A drawing of the intended location of the new TSO priority court is attached as Exhibit 4.1;
- (v) eighty per cent of the total return earned during each relevant year (less bank management costs) after 2014 on the last day of February in each year for the term of this Agreement UPON THE CONDITION that such sums shall be expended promptly and solely upon the upkeep and maintenance of Timeshare Apartments and facilities at the Resort which are used by Timeshare Owners, the relevant year being that year which ends fourteen months before the due payment date. The Parties shall on request provide reasonable documentary evidence of their compliance with this clause. The first such payment will be made on the last day of February 2017.

4.2 The payments under Clause 4.1 (i) – (iii) are a contribution to the cost of renovating the Resort (excluding any new or existing apartments that are not Timeshare Apartments). All payments will be subject to compliance by the Resort Owner with the Renovation Timetable, which will be provided to the ITSO La Santa Board on or before the Commencement date. Any substantial delays in performance will be matched by delays in the staged payments listed at 4.1(i) – (iii) above, and any material breach of this Agreement may incur suspension of the payments at 4.1(v) above until such time as the issue has been resolved.

## **5 Duration**

- 5.1 This Agreement shall be binding on all Parties for a period of ten years from the Commencement Date and shall continue thereafter unless terminated by either of the Parties giving no less than two years' notice in writing to the other Party.
- 5.2 If this Agreement is terminated it shall upon expiry of the notice period become null and void and neither Party shall have any obligations or liabilities under this Agreement or the Existing Agreement, unless such obligations and liabilities arose before the termination of the said Agreements.

## **6 Adopting Owners**

- 6.1 Every Timeshare Owner shall be deemed to be an adopting owner (an "Adopting Owner") unless he signifies in writing delivered to ITSO La Santa his desire not to receive the rights and not to be bound by the obligations set out in this Agreement.
- 6.2 It is the intention of the Parties that all reasonable efforts shall be made by each Party to bring the Agreement to the notice of all Timeshare Owners and to facilitate their withdrawal as an Adopting Owner if they so wish.
- 6.3 The Parties to this Agreement intend the terms of this Agreement to be binding and enforceable on and by the Parties, and, where the context so permits or requires, the Adopting Owners.

## **7 Change Procedure**

- 7.1 Where either Party wishes to change this Agreement, a written request or recommendation shall first be delivered to the other Party, who shall immediately upon receipt issue a written acknowledgment.
- 7.2 Each such request or recommendation shall set out the reason for the change, full details of the change sought, the cost implications of the proposed change (if any), and a suggested timetable for implementation.

- 7.3 Where the Parties agree upon the proposed amendment, they shall arrange for a copy of the agreed terms to be signed by each Party and annexed to this Agreement. This annexure will then constitute an amendment to this Agreement.
- 7.4 Where the Parties fail to agree, the procedure set out in Clause 14 of this Agreement shall be followed.
- 7.5 ITSO La Santa acknowledges that the Resort Owner may from time to time need to make changes to the Resort and the Guest facilities and services. However, where it appears likely that any such change will have a material adverse effect on the majority of Timeshare Owners, the Parties agree to follow the foregoing procedure.

## **8 Timeshare Ownership Rights**

### *8.1 General description of the rights of the Timeshare Owners*

#### 8.1.1 A Timeshare Owner shall have the right subject to payment of the Service Fee:

- (i) to enter and enjoy the Resort during his Timeshare Week(s);
- (ii) to use the Common Parts;
- (iii) to occupy and use the Timeshare Apartment and the Furnishings with the benefit of the Apartment Infrastructure and the Apartment Services;
- (iv) to use and have the benefit of the Guest Facilities and Services, free of charge, unless (a) otherwise agreed by the Resort Owner and ITSO La Santa; or (b) otherwise provided for in this Agreement;
- (v) to use and have the benefit of the Timeshare Owner facilities and services set out below in Clauses 8.2 – 8.7.

### *8.2 Renting and transfer of rights and obligations*

#### 8.2.1 A Timeshare Owner shall have the right:

- (i) to let or lend his Timeshare Apartment to any third party, subject to payment of the Service Fee at least three months in advance of the relevant Timeshare Week, and provided that prior notification is duly given to the Resort Owner by the Timeshare Owner;

- (ii) to sell or otherwise transfer all rights and obligations to any third party, provided the Service Agreement is adopted by the new owner and the transfer is registered with the Resort's administration in accordance with its reasonable procedures, including delivery of the existing Timeshare Certificate.

8.2.2 To charge or mortgage a Timeshare Week (subject to payment to the Resort Owner of any appropriate administration charge).

8.2.3 To have his Timeshare Week pass as part of his estate on death to his heirs.

### 8.3 *Sports Booking*

#### 8.3.1 *All Sports*

Up to and including 30<sup>th</sup> June 2012 Timeshare Owners will enjoy advance booking privileges as set out in the Existing Agreement. Thereafter, the following may be booked by Timeshare Owners on the same terms and conditions as other Guests, save only in relation to tennis courts (at 8.4 below):

- (i) Courts (subject to (v) - (vii) below);
- (ii) Sports facilities, activities and equipment;
- (iii) Instruction classes (save for private "Plus Instruction" coaching and other private coaching arrangements). Instruction may be subject to payment if non-timeshare owners pay for similar instruction;
- (iv) Bicycles for the whole day;
- (v) Type A Apartment – limited to one booking of each type of court per day;
- (vi) Types B & C Apartment – limited to two bookings of each type of court per day;
- (vii) Sports Apartment – limited to three bookings of each type of court per day;

all subject to such conditions as may from time to time be agreed between ITSO La Santa and the Resort Owner. This provision includes all new sports facilities, amenities, activities and equipment introduced in any part of the Resort.

8.3.2 The Resort Owner can at any time determine the relevant booking deadline, provided that no change is made to the privileges set out in this clause without the prior agreement of the ITSO La Santa Board. As an important part of the general

business development programme until 2015, it is the Resort Owner's intention to develop and introduce modern and efficient electronic systems for reserving/booking sports facilities and equipment, and the Resort Owner will seek to incorporate ways of prioritising the Timeshare Owners in the systems.

8.3.3 The privileges in this Clause 8 are extended to the Immediate Family of Timeshare Owners staying in a Timeshare Apartment, whether or not the Timeshare Owner is also resident.

#### 8.4 *Priority Tennis Courts*

8.4.1 As part of the works to be completed during the Renovation Timetable the Resort Owner will establish four tennis courts – one new pursuant to Clause 4.1 (iv) and three existing (the "Priority Courts") as identified in Exhibit 4.1.

8.4.2 Subject to 8.3.1 (v) - (vii) above, a Timeshare Owner and his co-occupiers or Immediate Family may book the Priority Courts one day in advance of use. No other guest may book these courts before or during that time. Available times on the Priority Courts not booked when Sports booking opens on the actual day are open for booking for all guests.

#### 8.5 *Airport Transfers*

8.5.1 A Timeshare Owner has the right to free transfers between Arrecife airport and the Resort, whether occupying his own or an exchange apartment, or a tourist apartment which immediately precedes or follows the Timeshare Week in which he is resident at the Resort, in accordance with the following provisions:

##### 8.5.2 Arrivals

(i) The Timeshare Owner must notify the Resort Owner at least three weeks before the date of travel of the flight number, travellers' names and expected arrival time in respect of all his party, and of any subsequent changes.

(ii) To qualify for a free transfer a Timeshare Owner is required to travel by Club La Santa bus, provided that advance notification is given to him by the Resort Owner (whether by publication of the relevant timetable on the Club La Santa website, or by notice given orally or in writing) that a bus will be available

within one hour following the Timeshare Owner's official flight arrival time.  
Where:

- (a) no bus meeting this condition is available according to the published timetable or notification given; or
- (b) a bus is published or notified as available but is not present at the airport at the stipulated time; or
- (c) no timetable is published or notification given by the Resort Owner to the Timeshare Owner in advance of his travel; or
- (d) the Timeshare Owner's flight is so delayed (through no fault of his own) that he arrives too late to board the designated or any other immediately available bus;

the Timeshare Owner will be entitled to travel by taxi and to reimbursement of the fare upon production of the relevant receipt.

#### 8.5.3 Departures

(i) The Timeshare Owner must notify the Resort Owner at least three weeks before the date of travel of the flight number, travellers' names and flight departure time in respect of all his party;

(ii) In order to benefit from a free transfer, a Timeshare Owner and his co-occupiers must travel by Club La Santa bus, provided that this will not cause them to arrive at the airport more than three hours before their official flight departure time(s);

(iii) Where the Resort Owner does not provide a bus as at (ii) above, the Timeshare Owner ~~is~~ and his co-occupiers are entitled to reimbursement of their taxi fare(s).

8.5.4 Co-occupiers of the same Apartment as a Timeshare Owner may travel at different times on the same day from the Timeshare Owner and are entitled to free transfers as above.

8.5.5 Immediate Family of a Timeshare Owner, or his guests or tenants, staying in the Timeshare Owner's apartment, but without the Timeshare Owner present, are entitled to free transfers on the same conditions as the Timeshare Owner.

8.5.6 Where the Resort Owner agrees that a Timeshare Owner may change the start and/or finish days of his Timeshare or exchange weeks, subject to 8.5.7 below the Timeshare Owner and his co-occupiers will forfeit their right to free transfers.

8.5.7 Where under the Existing Agreement the Resort Owner has permitted a Timeshare Owner to change the start and/or finish dates of his visit because of a lack of available flights, and the Resort Owner agrees to a change of days for this reason, the Timeshare Owner and his co-occupiers will be entitled to free transfers as at 8.5.2 above. Included under this sub-clause are Timeshare Owners from Germany and the Benelux countries.

8.5.8 Large or special luggage items are included in the free transfers, provided that space is available on the bus.

#### 8.6 *Booking, discounts and discount facilities*

8.6.1 Timeshare Owners are entitled to the use of agency facilities for the payment of Service Fees, reservation of accommodation, exchanges, and purchase of flights.

8.6.2 Timeshare Owners are entitled to receive the Club La Santa Internal Credit Card and to use it in accordance with the terms and conditions applicable at any time.

8.6.3 Timeshare Owners are entitled to receive the below listed discounts, in whatever form payment is made:

- (i) 10% on purchases in all bars/restaurants/disco which CLS wholly owns and operates, including all such present and future outlets;
- (ii) 10% on purchases in the Sports Shop;
- (iii) 10% on purchases in Sports booking and the Guide department, including excursions;
- (iv) 10% on rental agreements in Rent-a-car;
- (v) 15% per week on the purchase of half-board in Reception;
- (vi) 10% on the purchase of products/treatments/entry in the Wellness Centre, and 25% on entry at specified times;
- (vii) 10% on the prices published by Club La Santa Reception for tourist accommodation in all parts of the Resort;

together with such other discounts in on-site outlets as may be agreed after the Commencement Date between the Resort Owner and the ITSO La Santa Board.

For all areas: No discount on products/items/services which are already discounted by means of special offers or coupons.

8.6.4 As preferred guests the Resort Owner will, if possible, offer available weeks at attractive discounted prices to be determined by the Resort Owner to Timeshare Owners before offering these weeks to the general market.

#### 8.7 *Internal Exchange*

8.7.1 Timeshare Owners are entitled to exchange apartment weeks through Resort Condominiums International (RCI) subject to membership of that organisation and availability.

8.7.2 Timeshare Owners are, furthermore, entitled to exchange their apartment weeks internally, and the Resort Owner will use his best endeavours to arrange any such exchange upon request, subject to the following conditions:

- (i) exchange may only be made to an equivalent or lower seasonal period (as defined by the Resort Owner), unless otherwise agreed;
- (ii) the Service Fee must be paid three months or more in advance of the deposited week(s), or by such date as may be stipulated by the Resort Owner;
- (iii) exchange may only be made to equivalent size accommodation, in a similar category, unless otherwise agreed by the Resort Owner;
- (iv) exchanged weeks may be used by Timeshare Owners and/or their Immediate Family and may not be used by non-Timeshare Owners;
- (v) Timeshare Weeks up to, but not exceeding, a year in advance may be used for the purpose of exchange;
- (vi) Timeshare Owners continue to have the right to let or lend their Apartment Weeks, provided that the Service Fee is paid at least three months in advance and proper notification is given to the Resort Owner by the Timeshare Owner;
- (vii) the rights and privileges set out in this Agreement also apply (i) in respect of any additional week which the Timeshare Owner has booked

directly before or after an exchanged week; and (ii) to his Immediate Family when staying at the Resort in his absence.

## 8.8 *Occupation*

8.8.1 A Timeshare Owner shall have the right:

- (i) to enjoy a properly maintained Apartment, installations, facilities and buildings during the relevant timeshare period, the Apartment to have been properly prepared before the arrival of the Timeshare Owner, with sufficient sleeping accommodation/beds/sofa beds;
- (ii) to be permitted to occupy Timeshare Apartments according to the following maximum number of persons, provided that these continue to comply with all statutory regulations:

Apartment	Number of occupants
One-bedroom A apartment	Four adults plus one infant*
Two-bedroom B apartment	Six adults plus one infant*
Double C apartment	Six adults plus one infant*
UK Thursday C apartment	Eight adults plus one infant*
Double luxury C apartment	Six adults plus one infant*
Sports apartment	Ten adults plus one infant*

\*"infant" means a child under two years of age

- (viii) during occupation to receive changes of bedlinen and towels as frequently as other Apartments of similar type, and to have the Apartment cleaned at least once during each week of occupation, free of charge;
- (ix) to have the support of sufficient 24-hour security provision to ensure enjoyment of the amenities in all areas of the Resort, compliance with the Resort Owner's Code of Conduct, and the acceptable behaviour of all Guests.

## **9 ITSO La Santa Member Facilities**

9.1 Members of ITSO La Santa shall enjoy the rights and privileges of Timeshare Owners as set out above whenever they visit the Resort, whether as Timeshare Owners or as tourists, and in addition thereto:

- (i) WiFi access free of charge at all available locations to the extent that the WiFi access is operated by the Resort Owner;
- (ii) to have their ITSO La Santa membership card validated on arrival at Reception for the duration of their visit;
- (iii) to enjoy the use of a members' lounge exclusively for the use of Timeshare Owners, suitably furnished and maintained by the Resort Owner, with television with satellite channels in good working order;
- (iv) the use of a safe free of charge.

## **10 Obligations of Timeshare Owners**

10.1 A Timeshare Owner shall:

- (i) pay the Service Fee for the owned Apartment/Week at least three months before the beginning of the week in question;
- (ii) occupy responsibly and adhere to the Resort Owner's Code of Conduct;
- (iii) use the Apartments, Furnishings, Common Parts, facilities and equipment in a proper and responsible manner;
- (iv) pay reasonable compensation to the Resort Owner in respect of any damage or loss negligently caused, whether by the Timeshare Owner or any co-occupier, guest or tenant in his Timeshare Apartment, including family members who occupy the Apartment in his absence.

## **11 Obligations of the Resort Owner**

11.1 The Resort Owner shall have the obligation to:

- (i) maintain the Resort, the Common Parts, the Apartment Infrastructure, the Apartments and the Furnishings;
  - (ii) provide the services comprised by Clause 8 and 9;
- in each case at no extra charge (other than the Service Fee) unless a specific fee is also charged to all other guests at the Resort.

- 11.2 The Resort Owner shall have the obligation to maintain RCI Membership for the Resort.

## **12 The Service Fee**

- 12.1 The Timeshare Owner shall pay a Service Fee for use of the Timeshare Apartment.
- 12.2 As at 1 January 2012 the Service Fees are shown in Exhibit 12.2.
- 12.3 The Resort Owner shall calculate the Service Fee as follows:
- (i) for the second year of the term of this Agreement, the Service Fee as at 1 January 2012 shall be adjusted according to the Spanish Price Index (Indice de Precios del Instituto Nacional de Estadística) for June 2012;
  - (ii) for each successive year, the amount of the previous year's Service Fee adjusted according to the Spanish Price Index of June that year;
  - (iii) the Service Fee will be calculated in Euros and, where necessary, converted into Danish kroner or pounds sterling according to an average of the official exchange rate published on the last day of the preceding June/December/June.
- 12.4 With the prior agreement of the Resort Owner a Timeshare Owner residing in a non-Euro area may pay his Service Fee in Euros.

## **13 Rights of ITSO La Santa acting on behalf of the Adopting Owners**

- 13.1 *Meetings and Information*
- 13.1.1 The Board of ITSO La Santa shall be entitled to:
- (i) meet twice-yearly with or without the Resort Owner's management. The travel and accommodation costs of such meetings will be paid by the Resort Owner. At least one meeting each year shall be held jointly with the Resort Owner's management at the Resort;

- (ii) occupy such meeting rooms and residential accommodation at the Resort, free of charge, as shall facilitate such meetings of the ITSO La Santa Board;
- (iii) be notified in advance by the Resort Owner if the Resort Owner wishes to modify any of the material rights or privileges of the Timeshare Owners under this Agreement, in order that the change procedure set out in Clause 7 may be instituted;
- (iv) receive quarterly occupancy reports from the Resort Owner;
- (v) be provided with a copy of each end of year accounts of the Resort Owner, and such further operational information from the Resort Owner's management as may from time to time be agreed in joint meetings;
- (vi) receive through the Manager of the ITSO La Santa Service Office such agreed information as may assist him in the performance of his duties.

13.1.2 The Resort Owner shall for the benefit of ITSO La Santa maintain:

- (i) a Timeshare Owners' Service Office on-site in accommodation provided by the Resort Owner free of charge, with facilities provided at preferential rates, including efficient internet connection, telephone extensions and fax lines, email and IT support. The office shall unless otherwise agreed between the Resort Owner and ITSO La Santa remain in its current location;
- (ii) a staff apartment at the Resort free of charge with related privileges for use by the ITSO La Santa Service Office Manager and his family.

## **14 Disputes**

14.1 Where either Party considers that there has been a significant breach of the terms of this Agreement, or there has been a failure jointly to agree any proposed change or addition to this Agreement, the following procedure shall be followed.

14.2 There shall be full discussion at a joint meeting of the management of the Resort and the ITSO La Santa board, either at the annual joint meeting or at an extraordinary meeting convened to discuss the matter in dispute. Following full discussion, in the absence of agreement, each Party shall put its case in writing and serve it on the other within four weeks of the meeting.

- 14.3 At the same time, each Party shall serve its written arguments on the chairman of the A/S of 3. Juni 1986 board, with a request that the board decide the issue and inform both Parties within four weeks of the date of referral.
- 14.4 If either Party does not accept the board's decision, the matter shall be referred to the Court of Arbitration of the Chamber of Commerce, Industry and Navigation of Las Palmas (*Corte de Arbitraje de la Camara de Comercio, Industria y Navegacion de Las Palmas*), the costs of such arbitration to be equally shared between the Parties. The referral documents will be drafted by the ITSO La Santa Board and agreed by the Resort management, and formally submitted to the court by the chairman of the A/S of 3. Juni 1986 board in accordance with the rules of that court. In the absence of agreement, each Party shall submit its own case, and the Parties shall then be entitled to deliver such additional statements and evidence as the court may allow. The arbitrator's decision will be final.
- 14.5 Nothing in this Clause 14 will restrict either Party's freedom to commence legal proceedings to preserve any legal right or remedy whether by way of injunctive relief or otherwise.

**15 Governing Law**

- 15.1 This Agreement shall be subject to Spanish law, the venue in case of dispute being Las Palmas de Gran Canaria.

SIGNED BY

Club La Santa S.A.

ITSO La Santa

.....

.....

Name:

Name:

Title:

Title:

In the presence of .....

Witness name:

Address:

Occupation: