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Dear Owner,

We write to you following the decision of the arbitrator in the ongoing dispute between WimPen Leisure Management S.A. and certain members of the Club purporting to comprise the Club's Committee. As ever, our goal is to secure the future of the Club, and regularise its constitutional affairs, for the benefit of all the owners at Los Claveles.

Arbitrator's Decision

Following the closing of submissions in January this year, the arbitrator issued his award on 1 August. This decision deals with various issues surrounding the Club, and the events of the past two years.

We are pleased to let you know that the arbitrator's decision confirms that much of what Mr Fletcher and the 'Committee' have told members over the last two years is simply not true:

- The arbitration was commenced due to a dispute about the termination of WimPen's management agreement with the Club. The arbitrator identified that this was the "main issue" in dispute. We said that the management contract had not been terminated. We were right.
- We said that WimPen and Time Ownership Los Claveles (Management) Limited were, and remain, the 'founder members' of the resort. We were right.
- We said that Mr Pengelly was, and remains, a member of the Club Committee. We were right.

We understand that some Club members have been asking Mr Fletcher why he has been spending potentially hundreds of thousands of pounds of *your* money pursuing an unnecessary legal action. Mr Fletcher lost on that issue, and must face that he has engaged in a battle using your money and lost the key points he wanted to prove.

Mr Fletcher could have taken the proper procedural steps outlined in the Constitution which would allow the Club members to decide on a change of administrator following the expiry of the management contract. WimPen have said on numerous occasions over the past two years that a general meeting of the Club should be convened in a manner agreed between all parties, with a preference for such a meeting to be overseen by an independent chairperson. We still believe that this is a reasonable and proportionate way to resolve the issues between all parties; instead of engaging in such a constructive discussion, Mr Fletcher has opted to take numerous invalid steps to further distort the constitutional affairs of the Club.

The 'Committee'

The arbitrator decided that the current Committee is Mr Pengelly together with Albert Fletcher, Roger Lindsay and Norma ('Ann') Burston. It is a simple matter that, to hold a valid Committee meeting, you need to invite all the members of the Committee. This did not happen. Mr Pengelly, having looked after Los Claveles and its members for nearly 30 years, has been wrongfully excluded from Committee meetings since July 2015. The arbitrator's decision shows that it was wrong for this to happen. Any Committee meeting which took place without Mr Pengelly being invited is not capable of being valid.

2017 AGM

No arrangements have been put in place to convene an AGM of the Club in 2017 due to the circumstances surrounding the dispute. While matters are in dispute, it would be reckless to cause further confusion by making changes which impact the Club, including its Constitution and Committee structure. Mr Pengelly has not received any notice of, been invited to, nor attended, any Committee meeting regarding the calling of any 2017 AGM. Therefore, as outlined above, no valid meeting is capable of having been convened.

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WimPen's Club Membership

As well as working with you, and acting as your management company for 20 years, WimPen is a member of the Club, owning a number of weeks. WimPen has been threatened with the cancellation of its weeks at the resort. Like you, we pay the same maintenance fees to pay for the upkeep of the resort and are proud to have contributed to the upkeep of Los Claveles over the years.

'Founder Member'

WimPen and Time Ownership Los Claveles (Management) Limited have been the 'Founder Members' at Los Claveles since 1998. Founder Membership of a resort is a commercial right which vests in a developer of a resort, such as Los Claveles. Founder Membership is exclusive from any management arrangement and gives the right holder certain powers. We understand that a recent meeting purported to delete these rights – this is simply not possible.

Club Property

As a result of its position as the management company, WimPen currently holds Club property (including Club funds) on behalf of the Club members. The Club's current management contract with WimPen expired on 3 May 2017. The arbitrator's decision states that the Club's property ought to be transferred to its Committee.

However, there is still unresolved disagreement about the identity of the Club Committee, and the correct version of the Club Constitution. These issues will need to be resolved before it is possible for any progress to be achieved. Regrettably, this process may involve further legal proceedings, which may include an appeal of the arbitrator's decision, or initiating a new arbitration, to achieve the necessary clarity on the points of dispute.

Next Steps

Until these issues have been resolved, WimPen proposes to remain as the acting management company in order to maintain the status quo at the resort. Once the issues have been resolved, we would like all owners to decide the future of their resort at a General Meeting at which the validity is agreed by all parties. We have offered such a meeting before, in August 2016, but this offer was ignored.

The maintenance fees paid to WimPen go directly into the Los Claveles bank account and pay for your resort staff's employment, the restaurant and all the other facilities you enjoy. This is still managed on a day to day basis by WimPen. Therefore, in the interim, please ensure that you continue to pay your maintenance fees to WimPen and ignore any other invoices which you may receive.

We continue to consult with our solicitors in the UK and Spain regarding the next steps to protect the future of Los Claveles for its members. We will let you know what action will be taken at the earliest opportunity.

We hope we can work together with members to regulate the business of Los Claveles as soon as possible.

Yours sincerely,



German Castro
WIMPEN LEISURE MANAGEMENT, S.A.
Managing Director