



**Club Los Claveles update**

**19<sup>th</sup> July 2024**

Dear Member,

We write to update you on the position that Hutchinson Trustees Ltd ("the Trustee") currently finds itself in. As you may be aware, the Trustee is the sole holder of shares in the companies which own the parts of the resort for which the members of Club Los Claveles have timeshare weeks. The Trustee holds these on behalf of all members and must take all of their interests into account. The Trustee was appointed in 2022 and we have tried, in the past two years, to work constructively with all those who have an interest in the Club and the wider resort.

Towards the end of 2023, the Trustee was asked by those who are acting as the current committee of the Club to step down as trustee and transfer the shares to another company of the Committee's choice. There were discussions about how that could occur.

The Trustee has also received a significant number of letters from Club members representing over 2,000 Club weeks, expressing their concerns about the current discord within the Club and the effect it is having on the future of Club Los Claveles. In these letters, a number of members have also expressed their opposition to the transfer of the Club's trusteeship from the Trustee to a third party of the current Committee's choice.

Due to the on-going dispute within the Club and the complexity of the matters at hand, the Trustee has not yet undertaken any transfer of trusteeship on the basis that further legal guidance was needed. The Trustee has given and continues to give serious consideration to what it is required to do in these circumstances and has been seeking legal advice about this situation from Scottish lawyers. We recognise that all of this likely comes as a further disappointment to members and our intention is not to add further to any difficulties but to ensure that the proper processes are followed if there is to be a change of trustee.

Subsequently, the Trustee was served with a writ (the document starting legal proceedings) bringing a case against it in the Sheriff Court at Edinburgh. This case has been brought on behalf of the Club and five individual members (the "Pursuers") who are persons on the current Committee. In particular, the Pursuers have applied for the Court to order the Trustee to transfer the trusteeship to their chosen party. The Pursuers say that the Trustee agreed to step down as Trustee. That is not what the Trustee believes happened in this situation or what it believes it is required to do as a result of the discussions.

The Trustee has had to appoint a legal firm in Scotland to deal with this matter and the Trustee intends to defend the action on the basis that there was no binding agreement to transfer its role as trustee and that proper legal processes need to be followed if that transfer is to go ahead. However, the Trustee believes this could be a long-drawn-out and costly process and is likely to be well in excess of £100,000.00. Please note that, as per the Deed of Trust dated 04/05/1990, the Trustee will be indemnified out of the Club Property for all costs and expenses incurred in connection with the Property.

# HUTCHINSON

## T R U S T E E S



The Trustee is sending this email in an effort to communicate with members and explain the current position it has been placed in. The Trustee is trying to do everything possible to resolve both the current court action and the question of any transfer of trusteeship in a manner that minimises the harm to members and any disruption.

Please also be advised that the copy of the Members' Register we hold (received from FNTC, the previous Trustee) is more than two years old and does not contain any email addresses. In the interests of fairness between all members and of reaching the greatest number of members possible, we have asked that this letter be distributed to all those thought to be members via both:

- The present Committee of the Club; and
- The Development Owners' Association (through its administrator).

To close, please note that, as this matter has now entered litigation, the Trustee may be limited in its ability to answer any individual queries from members. We respectfully suggest that you contact the Club Committee and/or the Development Owners' Association for further information in the first instance.

Yours sincerely

A handwritten signature in blue ink, consisting of a series of fluid, connected loops and curves, positioned above the company name.

Hutchinson Trustees Limited