



Report December 29th 2008

Anthony Malpass spoke to Tomas (a senior manager at HdT who is liaising with SARC whilst Almudena is on maternity leave) at length on Tuesday 23rd December, at which time, the following was discussed or he was informed of:

- The Court will be sending out letters to purchasers' legal representatives or possibly directly if they do not have legal representation, to inform them of the figure that is credited to them and recognised by the Court.
- The court would check that HdT is in a position to fulfill the purchase contracts before purchasers are asked if they wish to continue with the purchase of their property.
- Continuing with the option to purchase does not disadvantage the purchasers. In the event that there were not enough purchasers for SADM to continue, those who had opted to purchase would become creditors.
- Litigation by any creditors cannot proceed until the administration process is completed.
- The Court has authorised the sale of a plot of land for around 15.6 million Euros to continue the work at el Pinet.
- HdT are also looking into selling some land to continue with SADM, as well as continuing the negotiating of refinancing with 3 parties.
- HdT are committed to the completed SADM project and any consolidation would be short term.

On Monday 29th December Anthony Malpass spoke to a Spanish Barrister and sought verification of the above points plus information regarding the "informe" given to the Court by the administrators and he was informed that:

- The points made by Tomas regarding the letters, continuing with purchase and when litigation could take place were valid.
- Litigation was discussed and the opinion given was that the voluntary administration process protects HdT from litigation and that this action would not necessarily improve the outcome for the purchaser but would cost money. This was not seen as a sensible course of action for purchasers to take at this time.
- The Judge is probably going to be communicating with the solicitors regarding their behaviour.
- It was felt that some of the advice being given to clients is not objective as there is no guarantee of either getting your property or money back.

- It is still probable that purchasers could get their house before others get their money back.
- The voluntary administration process does not have to come to an end in May 2009 and it is up to the Court as to when the process will conclude.
- The “informe” advises that HdT places all of its efforts and resources into SADM, particularly as the foundations for many properties are already in place.
- The position of SADM is currently unchanged, with the advice to be patient and wait to see if the refinancing or sale of land recommences the project.

Opinion/Comment

We are finding it very difficult to obtain an independent and full translation of the “informe/report”. This is due to the costs involved. Quotes have ranged from 1,400.00 Euros to 750.00 Euros. We will, however, persevere and seek alternative quotes.

It would, however, appear that the future of SADM is still reliant upon the raising of capital, be it from the sale of land or from an agreement with one of the three parties being negotiated with.

The client base of SADM makes it attractive and the inland market is different from the coastal build locations.

On the basis of the information in the report together with the input from the above mentioned Spanish Barrister, it would seem prudent to continue with the purchase of the property and not to be panicked into taking any costly actions at this time.

ADM 29 Dec 2008