

Santa Ana del monte

Residents Cooperative

October 2009 Report

On the 8th October 2009 Anthony Malpass, on behalf of the SARC membership, met with Almudena to discuss the position of SADM. The meeting lasted one and half hours and was the **most significant and important** meeting that has been held to date. Subsequent communications via telephone and email have taken place with her and a Spanish Solicitor/ Barrister consulted for clarification of some points.

The following information was either given or discussed:

Jumilla Town Hall

Almudena explained that the town hall is applying pressure upon HdT to resolve the situation with SADM as soon as possible, as the landowners, affected by the expropriation, want to know what is going on. The town hall has a legal obligation to commence procedures concerning the expropriation of the land and its status.

I quote Almudena :

*"We understand that the Town Hall following the legal paths, must convey such notice after so long without making the payment for expropriation, however this doesn't mean that the actions referred to in such document have been taken..... the Town Hall in its document always makes reference to urbanization works and the subdividing land project and this is something that has nothing to do with the approval of the Partial Plan. That is, the Partial Plan of "SANTA ANA DEL MONTE - JUMILLA GOLF" _*was approved definitively*_ and that's something beyond question. "*

The process would take several months and a Spanish Barrister was asked for an opinion. He stated that it should not impact on the administration process and the judge can paralyze the Town Hall, stop any action and that this is a method for the Town Hall to apply pressure on the administrators to resolve the situation ASAP. He also stated that the document submitted to the court in this regard, is a legal document but not an administrative disposition.

Below are the questions followed by the reply:

My questions are: Have the administrators opposed this and has the court put this on hold? What impact does this have on the sale of the land at Calasparra and the payment for the final build licences? What effect does this have on the settlement offer that is being put together to put forward to the creditors to consider?

Dear Tony;

I have checked the document from the Town hall, this document is a legal report but it is not a administrative disposition.

*I think that the Town hall is chasing the legal administrator to go ahead with the project.
I suppose that the legal administrator will present a writing to the Town hall against this report.
Nevertheless, the last word in that case will come from the Judge.
The judge could paralyze the acts of the Town hall.
Regards*

It may appear that the Town Hall is not supportive of SADM going ahead but this is not necessarily the case. Almudena explained that **HdT and the Town Hall are actively engaged in working towards getting the project back under way and wish for the development to go ahead. However, there may be political issues that we are not aware of and legal formalities that may be required.**

Administrators'

It was explained how the administrators are independent of the company. The administrators and court stopped SJ from undertaking work at Dolores, despite SJ wishing to do so. The reason for this was that it was not considered by the administrators or court to be in the interest of the creditors. **It is important to note that SJ and HdT are separate companies with different administrators.**

This is a good demonstration of the independence of the administrators from the companies. They act to ensure the best outcome for the creditors and ensure that this it is put forward to the creditors/purchasers.

Quote from HdT solicitor "...Following the phone conversation this morning, just inform you that the settlement offer (propuesta de convenio) will have to be supervised by the administrators in order the offer to be achievable so that the content of the offer is down-to-earth as well as achievable."

Settlement Agreement

Due to the progress being made with the refinancing, as mentioned in the previous report, HdT/administrators are now in a position to put forward a resolution agreement:

It was explained that over the past few weeks HdT have been putting together the resolution offer to be put to the purchasers. It has all been quite complex. HDT together with the administrators want to be as fair as possible to all purchasers and to give them a variety of options in the agreement. It was explained that for those who want their money back there would be different repayment options. For those who want their properties a choice of incentives. This agreement would be presented to ALL of the creditors and purchasers to give their agreement or not.

It is important to note that it is the agreement that is agreed to at this stage and not whether you want your property or money back, nor which option you prefer. What purchasers would be agreeing to would be that they accept the agreement.

(The opinions and expectations of the SARC membership concerning a settlement were conveyed to Almudena by A Malpass).

Along with the agreement an accompanying letter will be sent to purchasers explaining that they can go and formally lodge their acceptance of the agreement with a Notary. Anyone who does not go and formally lodge their acceptance will be counted as declining the settlement agreement. There will be no Notary cost involved for purchasers to lodge their

vote, as HdT will pay the notary fee. As a large number of purchasers are not within Spain, Notaries will be instructed in the UK and Eire and a list of their locations will be provided.

For purchasers in other countries please contact HdT ASAP to make arrangements as to how you can place your vote. 0034 902 209 210

To be able to lodge your vote you do not need to take the letter with you, or to have received one. The Notaries will have a list of all purchasers' details and you would need proof of identity.

It is important that those of you who are purchasing with a partner or others all lodge your votes, as your deposit money is spread amongst you and you are all creditors.

For the agreement to be accepted there needs to be an acceptance vote of 50% or more of the total creditors. Therefore, it is important that purchasers ensure that they lodge their vote with the Notaries. Almudena said that if the agreement is not accepted HdT would be liquidated and in the current economic climate that the sale of assets would be problematic and purchasers would probably get very little back.

The resolution offer will be ready in the next few weeks. SARC will keep in contact with HdT and upload the letter, the settlement agreement and the location of Notaries on our website as soon as this occurs. This is to ensure that all purchasers have access to the information and are able to lodge their vote, even if there are issues with the postal service. Please note that any resolution offer will have been subject to the scrutiny of the administrators and their agreement to it.

I quote Almudena:

“.. the Company hope to present the agreement proposal for clients and creditors as soon as possible, that will allow the Company to get out of the Voluntary Administration Proceedings and continue with this development”

The New Motorway

Anthony Malpass drove up to Jumilla to see how the new motor way is progressing and found that a lot of work had been done. There were numerous construction workers and vehicles working along the motorway's path and concrete piles for an elevated section had been put in place near to the Pinoso turn off and the entrance to the Jumilla valley. See photo below:



Motorway flyover works near Pinoso turn off

Comment / Opinion

Over the last few days and indeed the proceeding months, there have been those who have spread rumours and caused a lot of stress and concern for purchasers. It is not for us to neither comment on nor judge their behaviour but just to point out the truth of our circumstances and options. We now have a way out of this mess, to have a positive outcome and be able to finally put the nightmare behind us.

SADM remains a very attractive development, situated in a beautiful valley and with the new motorway link it will give speedier access to the coast and airports. This should not only make it more attractive to purchasers but also have a positive impact upon property prices.



View of the valley to the North of SADM

The SARC Executive have not seen the settlement offer but know the stark reality of what liquidation would mean for us all and believe that it is important that every purchaser does what they can to protect their deposit and formally lodges their vote on the agreement.

Furthermore, the SARC Executive strongly urge all purchasers to carefully consider accepting the agreement as we believe that there is no realistic alternative and they will be formally lodging their acceptance of the settlement offer when it is made. Importantly, the settlement will enable those who want their money back and those who want their properties to achieve those ends. If the settlement is not accepted there is a very high probability that all will be lost. Do not allow this to happen. We all need to get out and ensure that the offer is accepted and SADM goes ahead!

Please do not think that by accepting the offer that you are helping HdT, who are not blameless, you will be helping yourself and preventing others from profiting from your loss and pain. i.e. assets sold for very little. It is now time for every one of us to be counted and to ensure that we protect our hard earned money from those who would profit from our loss.

SARC is made up of purchasers and is totally independent of HdT. SARC only supports the interests of its purchaser membership not that of HdT. We truly believe that without a Bank Guarantee, if HdT went into liquidation, as purchasers, we would lose all of the money invested. We have felt it important to keep the dialogue open with HdT during this administration process. There has never been, nor will there ever be, any preferential treatment given to us as members because of this, despite the rumours saying otherwise.