

La Canaria News Letter #10

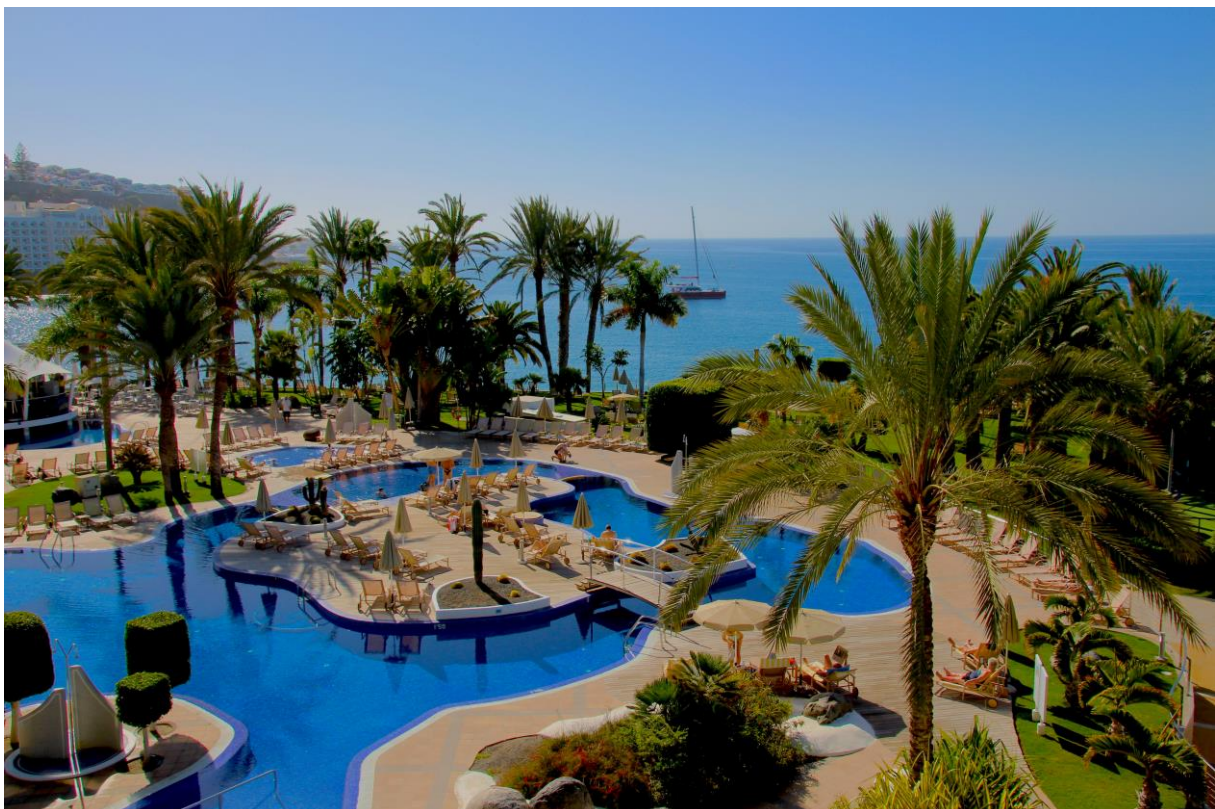
Dear owners

Breaking news: Costas concession formally approved

La Canaria Hotel Operation (LCHO) have just received from the Ministry in Madrid the formal concession for renting the Costas area for 30 years. We are actually the first ones in the Arguineguin area having a new concession from Costas. The board think this is very good news for our beautiful location ☺ ☺ ☺

The annual rental fee in new concession is 642,611 € compared to the old fee of 165,000 € (unchanged since 2001). This extremely high increase has concerned LCHO and the board of LCC.

We have, however, followed the legal advice that the fee can be challenged only after the formal concession has been given. As we now have received the formal concession from Madrid, our mainland front lawyer in Costas Concession case, Alejandro Hernandez, will make the plan of actions to reduce the scheduled rental fee. It is expected that we have a fair chance to get the fee reduced.



Adjustment of the physical area

For clarification, the board wants to inform about adjustment of the physical area we rent from Costas. In the Ordinary Owners Meeting in April it was informed that an adjustment of the physical area had been done. The board has investigated this matter and gives the following information:

La Canaria Hotel Operation (LCHO) has got a 30 years concession for renting the Costas area of 9,946 m². The Costas area is the whole garden between our building and the promenade, except for a few meters in front of the hotel building itself.

As a term for the concession an adjustment of physical area of 263,19 m² was automatically included in state property has been made. The lawyers have explained that, according to current legislation, the remaining part of the swimming pools had automatically been transferred to Costas as that was necessary to form a unit. This is regulated by law and is not negotiable.

If these terms had not been accepted by LCHO, the concession would not be granted. The application process would have been closed. Without a concession we would have to close our resort as it is operated today.

We own a 5-star Hotel in prime location.

The main focus of the board has been, and will be, the issues which can secure and strengthen the quality of the resort for guests and owners. Although the direct execution of the services is performed by Radisson Blu, the owners of the resort must initiate, support or reject projects which are up for decision. This is regulated in our International Management Agreement between the parties.



The rental agreement on SPA area was not renewed when it expired last year. The board supported LCHO on this decision. After a legal process the SPA area is now controlled by the hotel operation. The SPA services can be effectively integrated in the total offer and will strengthen the quality and performance of the hotel operation.

Towards the end of this year the sports area including the tennis court will be repaired and upgraded.

La Canaria Community, Articles of Association.

The board presented a revised set of articles for the Ordinary Owners Meeting (OOM) in April. The processing of this item on the agenda is duly described in the minutes from the meeting sent to all owners.

Since unanimous decision was required, and three owners voted against, the new articles were not approved. The board regret this since our old articles does not comply with Spanish law and does not conform with the practice and desires of owners.

The old articles is therefore still valid for LCC. Nevertheless, the board have to comply with the Spanish law and follow the rules and regulations anyway.

Water Neutral Hotel Concept, EU Life funding project

Radisson Hotel Group (RHG) has initiated an EU funded project where our hotel is selected as a pilot for reducing water consumption and possibly become water neutral. Radisson want to demonstrate the possibility of having the first water neutral hotel in the world.

The project is in a preliminary phase with no significant cost on our side. The board of La Canaria Community agreed to advise the hotel operation to continue the preliminary project activity until the next phase. That gives us more information and knowledge about the nature and effects of the different elements of being water neutral

The board will keep the owners updated on the progress, if and when a project becomes concrete. If any contribution of material importance to the owners is to be decided, the board will seek advice from the owners.

Next meetings:

September 25th, board meeting at 10 pm.

November 20th, board meeting at 10pm.

February 2019, board meeting.

April 2019, board meeting.

Preliminary schedule for the Ordinary Owners Meeting (OOM) in 2019 is April, close to Easter holidays.

Plans for information meetings in November 2018 and February 2019 will be prepared, preferably in combination with excursions for owners and their families.

The board wish you all the best and continued, warm and beautiful summer.

On behalf of the board, July 1st 2018

Nils Willy Gulhaugen

President of La Canaria Community