

## La Canaria Newsletter #16

Dear owners



### Owners cocktail Friday 15<sup>th</sup> November

More than 70 owners, families and friends enjoyed a wonderful cocktail party in the pool bar area. The taps food was excellent, as always. The cheerful atmosphere lasted until late evening.

### Information meeting on Friday 15<sup>th</sup> November at 17.00 hours

About 50 people were gathered for the information meeting held in the big conference room in La Canaria.

The hotel manager Finn Berstad presented the financial status of the hotel operation. This year has been challenging due to a reduction in number of tourists to the Canary Islands and consequently increased competition. Our hotel have been able to keep a high occupancy rate by giving discounts to meet the competition. This strategy seems to work quite well.



## Key figures in La Canaria Hotel Operation, LCHO

(1,000€)	Actual YTD (October)	Budget (October)	Variance
Rooms revenue	6,954	7,795	-841
Total operating revenue	11,089	11,961	-872
Net income before owners cost center and tax	742	1,147	-405

Occupancy (with owners)	78,8%	78,3%
Occupancy (without owners)	52,9%	50,3%
Actual room rate € (without owners)	228,93	269,56

Yearend forecast 2019, net income (before owners' cost center and tax):  
897,000€ compared to 2018: 1,259,362€

### More information:

The president of La Canaria Community, Nils Willy Gulhaugen continued the presentation by emphasizing some important issues.

The owners should note that the profit of the hotel operation is reduced significantly this year. At the same time, the new and very high Costas fee will have full effect from this year. This means that most of the profit in La Canaria Hotel Operation (LCHO) is disappearing. The company has, however, built up considerable reserves during the last 3 years. Assuming that the market situation will improve in not too long, we will still have a healthy economy. Also remember that the Board has focus on the ongoing matter of reducing the Costas fee. A qualified team of lawyers has a continuous pressure on the case.

The president asked the owners what they could do to improve the profit of the operation. The answer was clearly to rent out apartments more, as often as you can.

All owners of apartments in La Canaria are required to have a rental contract with LCHO and rent out at least for 6 months per year, except for the owners of apartments in 9<sup>th</sup> and 10<sup>th</sup> floor plus the S4 West apartments from 3<sup>rd</sup> floor and up. Many owners of the latter apartments have fortunately made a rental contract on a voluntary basis.

All new owners inside the rental pool will have to sign the rental agreement. The Board has improved and updated the rental contract. The secretary of LCC, Øystein Eide, and the administrator of LCHO, Diego Lopez Galan, will complete the process of signing contracts with the very few remaining owners.

The tourist legislation is very clear, and all owners should know the content of the legal rental report "*Tourism legislation for La Canaria owners*". This report is published on [www.lacanaria.es](http://www.lacanaria.es). The Board has decided to have the report translated into the German and Norwegian language.

## **Distribution of rental income.**

During the updating of the rental contract, the Board found some inaccurate formulations concerning the distribution of rental income. The question has been investigated. After clarifying the formulations, the Board's conclusion is that the current method of distribution of income and costs to owners is correct. The Board has made a document which is published on [www.lacanaria.es](http://www.lacanaria.es) called "*Distribution of Rental Income and Costs to Owners, summary of methods and definitions*".

## **Questions on timing of the Ordinary Owners meeting.**

The question on why the time of the OOM is in April was raised. The Board's justification for choosing April has first of all been to support the income of our own company LCHO. The high season giving the highest income for the hotel operation is from November till end of Easter holiday. Secondly, we must bear in mind that the annual report, including the accounts, will not be available for OOM before middle of March, taking into account the period of 30-45 day notice set in our Articles. The Board made, however, a note of the question and will take it into consideration when discussing the date for OOM 2021.

## **Owners' lunch excursion to "Vaqueria" in Arinaga**

35 people, owners with families and friends, joined the lunch excursion to Arinaga on Thursday 14<sup>th</sup> November. We visited a very special, local restaurant called "Vaqueria" (or dairy). The place was rough and simple with all kinds of used things and antiques along the walls or hanging in the ceiling. The menu was local and traditional. Main course was single roasted piglet. Everybody seemed to enjoy this lunch excursion. We will never forget the place.



**Next meetings:**

February 5<sup>th</sup> 2020, Board meeting LCC and Advisory board meeting LCHO

February 7<sup>th</sup> 2020, Information meeting for apartment owners and cocktail party

April 16<sup>th</sup> 2020, Board meeting LCC and Advisory board meeting LCHO

April 17<sup>th</sup> 2020, Annual Ordinary Owners Meeting 10am

April 17<sup>th</sup> 2020, Owners cocktail party 6pm to 8pm

***The board would like to wish all owners and their families  
a Merry Christmas and a Happy New Year!***

**December 4<sup>th</sup> 2019**

**Nils Willy Gulhaugen**

**President of La Canaria Community**