

Meeting with JLCA & As.-Lawyers 4 July 2015

Q: Is this a 'class action'?

A: No, each claim needs to be registered separately. Unfortunately because of the different Anfi resorts having different contract documents and the different methods of payment used by Anfi UK owners, there is not sufficient similarity between the claims to bring a class action.

Q: Will you register the claims at court one by one or in batches?

A: JLCA will prepare all the claims over the summer with a view to registering a large batch of claims in September 2015. This is likely to be more effective in bringing Anfi to the negotiation table than registering the claims one by one.

You need to make a decision as soon as possible and instruct JLCA to represent you, if you want your claim to be included in the first batch registered. JLCA will continue to prepare claims and registered them in batches during late 2015 and 2016 if necessary, but the risks of Anfi becoming insolvent and not meeting its obligations must increase as time goes by. It is in your interest to act now rather than what and see what Anfi does in response to the claims.

Q: How is the value of my claim calculated?

A: You can claim for:

- Twice the value of any payments made during the period of 3 months from signing the contract
 - All other payments made after the three month period, including both the balance of the purchase price and all maintenance payments (but NOT AVC annual membership)
 - Legal interest at 4% from, as a minimum, the date your claim is registered at the Court until payment. However, JLCA will ask the Judge to award you interest from the date of purchase until payment. It is the Judge's decision whether to award legal interest for any period starting before the claim is registered at the Court.
 - Your legal fees (excluding the legal costs of £300 and the notarial fees relating to the Power of Attorney).
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Q: Will you try and negotiate a settlement without going to Court?

A: In Spain pre-action negotiation and settlement of claims is much less common than it is in the UK. It is unlikely that Anfi will be willing to negotiate a settlement until the claim is registered at Court.

This is a cultural difference between Spain and the UK. In contrast to the position in Spain, the UK Courts insist that the parties try to negotiate a settlement before proceedings are brought formally.

Q: What are the timescales?

A: The first batch of claims will be registered at Court in September 2015. Anfi will be notified of the claims by the Court within 6-8 weeks. They will respond in the New Year 2016 and JLCA estimate there will be a pre-trial hearing (lawyers only) in the Spring of 2016 and the case will be heard and decided at first instance in the Summer or early Autumn of 2016. So we are looking at approximately 12 months until the first instance decision. However this depends on the volume of business that the Gran Canarian Courts have to deal with and it could take longer.

Anfi will have 20 working days to make payment of the sum owed, after which JLCA will seek your instructions to start execution proceedings to force Anfi to pay you. At this time JLCA can charge Anfi's assets on your behalf as security for payment.

Q: When am I likely to receive the sum claimed?

A: If your claim is successful, the money will be paid into your account after the first instance decision and execution of the decision (if necessary). This is so even if Anfi appeals the first instance decision to the High Court and the Supreme Court.

Even if Anfi ultimately won the appeal, it is unlikely they would pursue you to recover the payment made to you after the first instance decision if you have moved the money to the UK, UNLESS you have significant assets in Spain, such as a property or money in a bank account.

Q: If we lost would we be ordered to pay Anfi's legal fees?

A: In the unlikely event that you lost your case, the Judge would probably order you to pay Anfi's costs, but Anfi would have to pursue you in the UK for these, UNLESS you have significant assets in Spain, such as a property or money in a bank account.

Q: In that event, what is the risk of Anfi pursuing us for legal fees in the UK?

A: It is JLCA's view that Anfi are unlikely to pursue you in the UK for legal fees because it would be very expensive for them to do so.

IF you have significant assets in Spain, such as a property or money in a bank account, there is a much greater risk that Anfi could come after those assets.

Q: If I lost my case and an order for costs was made against me, would I still be able to travel to Spain or would I be prevented from entering the country?

A: No - the judgement against you is a civil matter and only criminal convictions are relevant for the purposes of entering Spain. You could still visit Anfi and use your timeshare.

Q: Will we have to attend the Court hearing in Gran Canaria?

A: It is very unlikely because these claims are based on the statements written in the contracts, not on witness evidence.

In the unlikely event that you were required to appear, JLCA would prepare you for the hearing so you understood the procedure and and you would be provided with a translator to help you respond to the questions you were asked.

Q; Is it likely that Anfi will become insolvent as a result of the claims made against them?

A: JLCA has researched Anfi's current financial position in as much detail as possible at this time.

The respondent company in all the claims will be Anfi Sales SL. It has a share capital of €23.59m.

Anfi Sales SL is also the holding company of four subsidiary companies within the Anfi Group: these are set out below with their respective share capitals:

- Anfi Vacation Club - €190,000
- Anfi Tauro SA €77.9m
- Anfi del Mar SL €49.4m
- Anfi real Estate SL €8.3m

Unfortunately the most recent accounts of Anfi Sales SL filed at the company registry relate to 2010 and 2011. The most likely reason that more recent accounts have not been filed is the ongoing dispute between Anfi shareholders, Santana Cazorla and the Lyng family. Because of this dispute the recent accounts have not been approved by the shareholders in general meeting and so cannot be filed at the company registry.

JLCA have already commissioned an analysis of the financial economic situation of Anfi Sales, S.L. by an Independent Economist/Auditor, Mr.Jorge Alventosa who concluded that the company is "*in an optimum situation of solvency, by providing sufficient financial resources to meet its short term current liabilities*" and that its liquidity ratios and debts were normal for a company with its turnover in 2011.

Given that over €135.2m of its assets in 2011 were represented by buildings, which are unlikely to have diminished in value, it is JLCA's view that Anfi Sales SL is NOT likely to declare itself insolvent as a result of the claims, at least not in the near future.

However it is impossible to predict what might happen in the longer term, and so it is important that Anfi UK members who wish to make claims do so as soon as possible.

Q: Anfi say they are going to challenge the Supreme Court decision - how could they do that?

A: Who knows what Anfi think they can do here? The Supreme Court is the highest Court in Spain for the resolution of matters relating to contracts and commercial disputes - there

is no appeal from the Supreme Court to any other Court. Only constitutional matters can be heard by the Constitutional Court and the ECHR only hears matters relating to the infringement of human rights.

It is inconceivable that another Supreme Court would make a new decision overturning the Grimsbo case.

The timeshare law in Spain cannot be changed because it must comply with the EU Timeshare Directive and, in any event, any changes in the law are unlikely to apply retrospectively to these claims relating to contracts made between 1999 and 2012.

Q: What happens to the contracts if we do nothing?

A: Nothing happens - they are only 'potentially' null and void - the Court has to declare that they are null and void before they fall away and you are entitled to claim your money back. The contracts continue as before - you pay your maintenance and use your timeshare.

Q: Would a Court order Anfi to change all the contracts to 50 years and to fixed week(s)?

A: No, the Court cannot order a universal change in the terms of the contracts, neither can the Court order Anfi to offer amended contracts to all owners affected.

The contracts we have reviewed do not allow Anfi to make unilateral changes to the terms of the contracts at all - all changes must be agreed by both parties.

Therefore, even if Anfi offered to change your contract to make it legal and valid, you would not have to accept those changes (though perhaps many owners would accept them if they wanted to keep their timeshare) - you could still say "No thanks, I want my money back."

Q: Can Anfi stop me using my timeshare once they find out I am making a claim against them?

A: No - you are entitled to use your timeshare until the Court declares your contract to be null and void and Anfi settles your claim. Indeed it would be inconsistent of Anfi to insist that your contract is legal and valid and then try and prevent you from exercising your contractual rights and using your timeshare.

If you have fixed week(s), making a claim is very unlikely to affect you using your timeshare during the period that the claim is going through the Court system.

However, the use of floating weeks and points has always been 'subject to availability'. It is possible that Anfi will tell everyone who has made a claim that the week they want to book using the floating system is 'unavailable'. Therefore you may wish to book your 2016 week(s) as soon as you can under the terms of your contract and preferably before Anfi is notified of your claim, eg by the end of October 2015 at the latest. Or book your week(s)

and bank them with RCI to use in 2016, as Anfi Vacation Club are unlikely to want to mess RCI around.

It is very important that you continue to make your finance payments and pay your maintenance in 2016 after you have brought your claim, as you do not want to give Anfi any excuse/chance to cancel your contract(s) once they have been sued.

Also do make sure you keep JLCA informed of the amount of any maintenance you pay so that they can add it to your claim. You cannot claim for AVC annual membership.

Q: Could Anfi apply to have all the affected contracts declared null and void and leave everyone with nothing?

A: In theory Anfi could apply for declarations of nullity on all affected contracts, but they would have to pay everyone back their money.

This could increase the risk of Anfi becoming insolvent sooner than would be the case with owners making their individual claims.

This action would not be in Anfi's commercial interests, assuming they want to keep their business going. It is highly unlikely that Anfi would do this.