



HdT UK Settlement Agreement Meetings Report 13th – 18th April 2010

HdT organised several meetings throughout a week, commencing on Tuesday 13th April in Southampton, followed by Dublin, Manchester, Birmingham & finally London. A member of SARC attended all of the meetings in the UK to observe the meetings & to hear the questions asked by purchasers and monitor the answers from HdT. There were on average about 45 – 50 attendees per day.

All of the meetings started with an introduction of the 2 HdT speakers: Almudena, the Sales Director and Antonio, the Finance Director. An explanation of why the problem that we are all in occurred, what they had done to try to solve the problem, why going into administration had been necessary, explained the settlement agreement, the options that purchasers will have if HdT comes out of administration and what it would mean if HdT is liquidated.

Why the problem occurred:

Loss of confidence of financial institutions in construction and an unwillingness to invest, resulting in HdT's line of credit to build being removed by the CAM bank.

What have they done to try to solve it?

HdT sought finance from many different sources and considered any options that were put to them by interested parties.

Administration:

HdT had its books, purchase contracts, business plan etc scrutinised by the court and it had been concluded that the project of SADM is viable and profitable. If the agreement is accepted by us, as purchasers'/creditors, HdT will come out of this phase of the administration process but will be under court supervision for a further 5 years. During this time HdT have to provide the court with 6 monthly reports, which the court will verify, to ensure compliance with the settlement agreement and HdT's business plan. If they are found to be failing to perform as expected they will be liquidated.

It was also stated that an organised purchaser group (SARC) will be keeping a close eye on SADM and the activities of HdT.

Settlement Agreement:

Purchasers only have to sign up to the agreement not which option preferred.

Money back:

The reason for 65% repayment was explained and figures were shown & the purchasers were taken through them and the way funds would be generated to repay deposits. The time scale for the repayments was explained and that it may be possible to repay purchasers earlier but not later.

Property:

Phase 1 to include:

- 9 Hole golf course
- Club House
- Hotel first phase to the build
- Commercial units/zone
- Roads, lights, sewage, water and power etc
- Pools
- Green areas

HdT plan to build the whole of SADM. It will be after phase 1 and in stages. It has been planned so that the building is going away from the completed properties. The time scale of the build explained and that delivery of properties could be earlier but not later than in the agreement. It was explained that HdT had factored into the plan for delays, high costs anything that could impact upon the delivery of the settlement agreement and that they had been pessimistic with their time scales.

Options available to purchasers if the settlement agreement is accepted:

HdT stated the following:

- Contracts transferable, they will help resell properties and a purchaser can also seek a buyer. The new purchaser pays the deposit money to the selling purchaser and takes over the contract. Thus, the purchaser would recoup all of their money and earlier.
- Purchasers have until the completion of their property to decide if they wish to take the 65% refund or to complete on their purchase.
- Compensation for those who continue or resume with a purchase. This would be done individually but could be around the value of 10% of the property price. This is in addition of the compensation that purchasers have already been given by HdT prior to going into administration.

- If and when SJ comes out of administration later in the year it will then be possible to move purchasers between to 2 separate companies and the compensation would still be given on the property purchased. Thus, some purchasers could have a finished property if they so wished.
- Purchasers can change their property & if they are purchasing more than 1 property, the deposits can be combined and used on just 1 property if they want to.
- Those who have cancelled their contracts can resume with a purchase and have the same option as mentioned above.
- Those whose properties are not in the sections to be built will have a choice of vacant locations on the sections being built. The specifications and options will be the same.

If HdT is liquidated:

All purchase contracts cancelled and the administrators try to find a buyer for HdT assets for a period of a year .If no buyer is found then the assets are sold by auction and are bid for. The court primarily seeks to repay the privileged and debts against assets. This is why only the ordinary creditors have a vote on the agreement as it is that group (us purchasers) who are not protected from total loss of their money. Currently in Spain many companies are being liquidated and the assets are going very cheaply.

Purchaser & HdT interaction:

Almudena & Antonio stood at the front and took the comments and questions from the attending purchasers, who were all naturally upset at what had occurred and that they were at risk of losing their money. It was common to hear purchasers saying that they were angry with HdT but wanted to protect their money and did not want it to be liquidated.

At all of the meetings the purchasers asked some very pointed questions after the presentation and occasionally during it, The questions were nearly all the same and there was consistency with the answers at the different meetings.

Will I get a Bank Guarantee?

It was explained that the financial institutions are ready to invest in SADM if the agreement is accepted. They are waiting to ensure that the debts are dealt with and that the company is out of administration, so as not to lose money in the event of HdT being liquidated. As part of those negotiations HdT are negotiating BG lines for the current purchasers. They want to be able to give every purchaser who continues with their purchase a BG and ALL will be treated equally, so if they can not cover all of the money they will cover the same proportion of the deposit for all.

Why will getting finance be easier?

It was explained that as HdT has been scrutinised by the court and all of the figures etc have been verified and validated, the financial institutions now have increased confidence in the project and its viability.

Is there enough water?

It was explained that this is not an issue and the relevant documentation has been presented to the court.

Will you get the building licences?

It was explained that Jumilla Town council supports SADM and is in the process of producing the final build licence. This has been made possible as phase 1 and all of its infrastructure can be built without having to expropriate the shepherd' land.

Do you have new completion dates?

New completion dates for each build have been set and HdT are not allowed to deliver the properties later than those dates but they can do so earlier.

How do I know you are going to do as you say?

If the agreement is accepted the court supervises HdT for a further 5 years & HdT have to give 6 monthly reports to the court. These reports are checked to ensure accuracy and HdT has to do as it said it would or the court will liquidate them.

The SARC observer sat at the back of the meetings and found it interesting to note that at the start of the meetings the purchasers were all and quite rightly so, annoyed but they behaved in a polite and dignified manner. They asked the questions and were at times assertive in their request for an answer but they listened and considered what was said.

Upon the conclusion of the Q&A the purchasers signed up to the agreement utilising the notaries who were present at the meetings and talked amongst themselves. Some asked Almudena & Antonio questions about phase 1 etc and the atmosphere was much more relaxed.

The vast majority of the attendees queued and signed on the day, a few were having their solicitor do it for them and a hand full delayed signing.

Travel issues:

The meetings were relatively well attended but more purchasers could have been there if there had not been issues with transportation and location. The flight restrictions in Europe & Easter holidays meant that some purchasers could not get back to attend the meetings and some are still stranded abroad. In London the tube net work was down and access to the Excel centre was restricted to mainly travel by car.

Comment/Opinion

This was a great opportunity for purchasers to find out for themselves what had been going on and to be face to face with the senior management of HdT. There were those who wanted their money back and those who wanted their properties standing together, chatting and signing up, agreeing that it was the only way to protect their money even though they may want different outcomes.

Some who had cancelled their contracts were now wondering if they should recommence their purchase and it appeared that those present appreciated that there were options and choices to make. A lot complained about their solicitors, the lack of communication and the advice or lack of it and that the internet forums were not much help to them when seeking information.

Some SARC members introduced themselves and it was nice that members could interact, have a friendly chat and discuss various issues.

Many thanks to all who attended the meetings, let us hope that this can be an example to other purchasers and more will follow your lead and sign up to the agreement. It is ourselves and our money that we are saving and that is something that we should all remember.

Admin 18th April 2010