

# Real Golf de Bendinat, S.A.

## Statutes - Translation



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## CHAPTER I COMPANY FORM AND NAME

### *Article One - Entity and Name*

This company shall be mercantile and with limited liability (Mercantil Anonima). The company shall be named **Real Golf de Bendinat, S.A.** and will be regulated by the present Statutes and by the laws currently in force, and especially by the Royal Decree of 22 December 1989 whereby the consolidated text of the new Companies Act is approved.

### *Article Two - Object of the Company*

The object of the Company is

The maintenance and management of the Golf Course located at Bendinat, Calviá in Mallorca.

The construction and management of golf courses and of buildings and installations related to any type of sports, the commerce and representation of all kinds of sports articles and materials.

The management of all types of business related to sports or tourism.

The activities may be developed by the Company totally or in part, in an indirect way, by means of the ownership of shares or equity in companies with identical or similar objects.

### *Article Three - Domicile*

The Company shall have its registered address at **Calle Campoamor s/n, Bendinat, Calviá 07015, Mallorca.**

The Company shall have the right to set up as many offices, delegations, agencies and representations as its Board of Directors deems convenient, at any address in or outside of Spain.

### *Article Four - Duration*

The duration of the Company will be unlimited. It shall be considered that the Company exists whilst its dissolution has not been inscribed in the Mercantile Register. The Company initiated its activities on the date of the granting of its constitutional deed.

## CHAPTER II SHARE CAPITAL AND SHARES

### *Article five - Share capital*

The Share Capital is **(1,020,000,000 Pesetas) ONE THOUSAND AND TWENTY MILLION PESETAS** and is represented by **ONE THOUSAND TWO HUNDRED** nominative shares of EIGHT HUNDRED AND FIFTY THOUSAND PESETAS (Ptas 850,000) nominal value each, fully subscribed and, of which, **FOUR HUNDRED AND SIXTY FIVE SHARES**, numbered from 001 to 465 are fully paid out, and **SEVEN HUNDRED THIRTY FIVE** shares, numbered from 466 to 1200, are paid out up to 25%.

The unpaid portion of the capital shall be paid out in cash within a time period which ends on 31 December 1997, in one or more payments, as and when is resolved by the Board of Directors.

#### **Article six - Certificates and Register**

Certificates The shares will be physically represented by titles which will be cut from counterfoil books and shall be authorized by the signature of two directors and shall contain all items required by Article 53 of the Law on "Sociedades Anonimas".

The possession of one or more shares presupposes, exception made for those cases foreseen in the Law, that the owners accepts the present statutes and agrees to the bylaws and decisions taken by the governing bodies (acuerdos sociales).

Register The Company shall keep a register of the nominal shares in which shall figure the successive transfers of the shares and the constitution of any real rights and other such encumbrances.

The Company shall only recognize as Shareholders those who are actually inscribed in the Shareholder register.

Provisional certificate Whilst the share certificates are being printed and until the nominative titles are handed over, the Company shall issue nominative provisional vouchers, which shall contain all items required by Article 53 of the Law on "Sociedades Anonimas".

#### **Article seven - Rights and obligations**

The ownership of a share gives to its legitimate holder the status of Shareholder with the following rights and obligations:

Rights The right to participate in the distribution of the Company's profit and in the distribution of its equity in case of liquidation.

Preferential rights in the subscription to the issue of new shares or of convertible obligations.

To assist to and vote in the General Shareholders Meetings, and to oppose the resolutions taken.

The right to information.

Any other right that the Laws and these statutes grants them.

Obligations The ownership of one or more shares presupposes legally the obligation to submit to these statutes and the decisions taken by the General Meeting and by the Board of Directors, within their respective attributions. These obligations are without prejudice to the rights of opposition established by the Law.

Indivisibility The shares are indivisible and the Company shall only recognize one proprietor for each share. If there were joint owners of one share, they shall name amongst themselves one person to be their representative who will exercise the rights corresponding to the share, even though they will jointly and severally be responsible to the Company in such obligations as are derived from their status as shareholders. The rights of use of the Company's facilities in the case of joint ownership or in the case of ownership by an entity are defined in the Internal Regulations.

Shares Pledged In the event that a share has been pledged as security, the rights of the share shall be enjoyed by the owner of the share. The mortgagor shall be obliged to allow the exercise of the rights of the owner by presenting the shares to the Company when this is required for the exercise of those rights.

Usufruct In the case of shares held in usufruct, the status of shareholder shall reside with the bare owner of the share, whereas the rights to the dividends, shall be vested with the usufructuary. The exercise of the remaining rights as shareholder shall be vested with the bare owner of the share, except for the right to the use of the Company's facilities which shall be given to the usufructuary.

#### **Article Eight - Transferability of Shares**

The transfer of shares including to persons who are already shareholders shall have to comply with the following restrictions and limitations:

Notification Except for the promotor, Urbanizadora Calviá, S.A., the Shareholder who intends to sell all or part of his shares shall have to previously notify by registered mail the Board of Directors indicating the price of the transaction, the name and surname, profession and domicile of the purchaser if he is an individual, or the name, domicile and object if the purchaser is an entity or community.

Acceptance If the Board of Directors does not communicate within fifteen days of the receipt of the notification its objection to the transaction, the transfer shall be considered as accepted.

Refusal The Board of Directors may acquire the shares for the Company, subject to the Law and these statutes, or designate with preferential character the person or entity who may exercise the right to buy, within thirty days of notification, having informed the seller within fifteen days of the intention to exercise the right for the price stipulated in the notification.

No or improper notification If the transfer were not notified, or any of the requisites set out in the previous paragraph were omitted, or the actual price of the transfer were inferior to the one mentioned, or the transfer be made to a different person, the Board of Directors shall have a pre-emptive right for itself or for the person it designates. The pre-emptive right must be exercised within sixty days from the date on which the Board has had knowledge of the transfer, for the true value of the share which shall be determined by the Auditor of the Company, or in its defect by an Auditor designated by the Mercantile Register of the Company's domicile.

Mortis causa In the case of transfers "mortis causa", the transfer to spouse and descendants shall be free and not subject to specific requirements, in all other cases the limitations described above for transactions "inter vivos" shall prevail. In other inheritances, if the Board of Directors were to refuse the transfer in the Shareholder Register, it shall have to present to the heir another acquirer or offer him that the Company acquires the shares, in this case the share value shall be determined by the Auditor of the Company, or in its defect by an Auditor designated by the Mercantile Register of the Company's domicile. The periods established in this article will be calculated from the day of the notification in writing by one of the heirs to the Board of Directors of the death of the Shareholder.

Forced sale In the case of forced sale of the shares, be it on the basis of judicial, notarial or administrative proceedings or any other proceedings, and if the Board of Directors were to refuse the transfer, the same procedure shall be applied as in the transfers "mortis causa".

Creditors

Without prejudice to that which is provided for in article 1911 of the civil Code, the creditors of a shareholder shall not, even in the case of bankruptcy of said shareholder, have with respect to the Company any other right than the right of seizure and to receive that which may correspond to them as benefits of liquidation as per the resolutions passed by the appropriate bodies of the Company, but without any possibility of interference in Company matters and resolutions or of inspection of the accounts or any Company documents.

**CHAPTER III  
GOVERNING BODIES AND ADMINISTRATION**

***Article Nine - Management of the Company***

The management of the Company shall be entrusted to:

- . The General Shareholders Meeting
- . The Board of Directors

***Article Ten - The General Shareholders Meeting***

The General Shareholders Meetings may be ordinary or extraordinary and must be convened by the Company's Board of Directors.

Ordinary

The ordinary General Shareholders Meeting shall be convened within the first six months of each exercise to discuss social business matters, approve, if applicable, accounts from the previous exercise and decide the application of the results. Any other meeting which is not as foreseen in the previous sentence shall be considered extraordinary.

Location

Ordinary and Extraordinary General Shareholders Meetings shall be held in the offices of the Company.

Legal Prescriptions

All legal prescriptions referring to notice, constitution and celebration of ordinary, extraordinary General Shareholders Meetings and General Meetings, as well as those relating to the form of deliberation and adoption of agreements, drawing up of and approval of minutes and any other material referring to same, shall be considered an integral part of these Statutes

Chairmanship

The Chairman of the Meeting shall be that person who holds the same position on the Board of Directors, and in his absence the shareholder chosen, in each instance, by the shareholders attending the meeting. The Chairman shall be assisted by a Secretary who, likewise, shall hold the same post on the Board or, in his absence, the youngest shareholder present at the meeting.

The Meetings shall discuss and resolve those items listed in the Agenda, without prejudice to those special cases anticipated by law.

Agreements

All agreements shall be adopted by a simple majority vote, except in those cases where law requires express majority or special requisites.

Right of Attendance

The titleholders of shares registered in the shareholders register five days prior to the date of the Meeting shall have Right of attendance to the General Shareholders Meetings. Each attendant shall have the right to one vote for each share held or represented.

Representation Any shareholder who holds the right of attendance may appoint a representative to attend the General Shareholders Meetings being it another shareholder or spouse, parent or descendant of the person represented, or a member of the Board of Directors.

The representation shall be conferred in writing and specifically for each Meeting, without prejudice to the stipulations of article 108 of the Company Act currently in force.

#### **Article Eleven - Board of Directors**

The Company shall be administrated and managed by a Board of Directors, who shall represent the same legally, and otherwise, in all matters pertaining to the line of business of the Company.

Composition The Board shall consists of a maximum of twelve members and a minimum of three, elected by the General Shareholders Meeting. The status of shareholder is not a requisite for said election. The board may also have a secretary with voice but without vote.

Mandates The designation of Members of the Board shall be for a period of five years. Members may be re-elected one or more times for periods of the same maximum duration.

The appointments within the Board of Directors shall be made by the Board itself if the designations have not been made by the Shareholders meeting.

Meetings The Board of Directors shall meet when so convened by the Chairman, on their own initiative or at the request of a Board Member.

The meeting shall be deemed validly constituted when fifty percent plus one of its components are present or represented at said meeting. Any Board Member may be represented on the Board by a fellow Board Member, to which effect he should communicate in writing to the Chairman, the impossibility of his assistance and the name of the member designated to represent him.

Decisions All decisions shall be adopted by majority vote by the Board members present or represented in the meeting. In the event of a draw the Chairman, or in his absence his representative, shall have the casting vote.

Powers of Attorney The Board of Directors shall represent the Company, being granted sufficient powers to carry out all types of acts and operations in its name, with no other limitations other than those expressly established by law or in these Statutes.

These powers shall include:

a) The administration of the Company's assets, the management of Company business, granting to that effect all types of proceedings, operations, contracts and documents in connection with the same, being able in consequence to buy, sell, exchange, transfer, contribute, mortgage and encumber, or by any other means acquire, cede or encumber moveable assets or real estate as well as rights without exclusion, and in definite carry out all types of transactions, including the granting or constitution of rights of way or encumbrances of any type, all that for the price, amount, agreements and conditions that they may freely establish; to practice segregations, groupings, aggregations, divisions and descriptions of the remainder; accept and cancel mortgages and other guarantees, including pledges; to grant declarations of new works; submit to the rules of horizontal property, and in general, in relation to the Company's real estate, carry out those proceedings which may cause registral inscriptions; to negotiate leases and sub-leases of any class of movables, real estate, industries or businesses; to formalise as the lessee party, rental contracts or leasing for movables or real

estate, under determined conditions; to contract services, supplies, including works and projects; and grant and obtain money on loan, under the conditions deemed convenient.

b) The legal representation of the Company, contractually and extra contractually, in court and for extrajudicial matters and before whatever person, Entities, Authorities, Officials, Bodies, Magistrates, Government Attorneys Offices, Centres, Offices or Dependencies of the State, the Province, the Council or Autonomous Communities, Courts, Appeal and Tribunal Courts, of whatever order, grade and jurisdiction, whether the matters come under Public or Private law, taking all classes of actions, exceptions, claims, denouncements, complaints, accusations, rights and defences and any other pretensions, ratifying the same in any case where personal ratification were necessary, in whatever matter, court case, record or procedures be they civil, criminal, administrative, relating to action under administrative law, social, labour, the Treasury, governmental, of voluntary jurisdiction and of any other class; initiating them, following them through and settling the same by the appropriate procedures, incidents and instances, with all the required powers; request suspension of court cases; sign and present documents and assist at all types of proceedings; to celebrate proceedings for conciliation with or without compromise; to make, receive, request and reply to notifications, citations, injunctions and summons; to recommend accumulations, confiscations, cancellations, executions, evictions, auction assets, assessment and liquidation of court costs; promote questions and incidents of competence; formulate recusations, cancel witnesses, provide and cancel evidence, renounce them and to notification of writs; to furnish securities; make deposits and judicial deposits; agree to favourable resolutions, incorporate, follow and renounce all types of appeals, be they governmental and relating to action under administrative law and those of reposition, reform, petition, appeal, annulment, extraordinary annulment, revision, notary injustice, complaint, nullity, protection, incompetence, and any other legal procedures; to attend as full members any Board meetings called for receivership, bankruptcy and creditor's meetings; approve pacts; approve and oppose credits and their rating; appoint and accept positions of official receivers and administrators; designate members for settlement organizations to settle and desist proceedings; to abide; renounce actions, release positions; engage themselves in arbitration, to resolve divergences or controversies, and to carry out that permitted by procedural law without limitation.

c) For the disposition, investment and management of the Company's funds, they may open, charge, retire, transfer and cancel current and savings accounts, in whatever bank, including the Spanish Mortgage Bank and its branch offices, and any other Entity or Savings or Credit Bank; to draw cheques, promissory notes and any other order or payment writ; request balances and cheque books; to draw, negotiate, endorse, accept, pay, discount, protest, pay and guarantee bills of exchange and any other credit or draft documents; effect the payments that the Company is obliged to make, demanding invoices, receipts, payments in full and settlements; conclude any credit operations deemed necessary for the progress and development of social business (except where bond issue is concerned), with no limit on amount, terms, interests and any other conditions and with those guarantees deemed necessary, subscribing to policies and deeds; to grant guarantees, including those of mutually binding category with waiver of the rights of exclusion, division and order; to collect those amounts owed to the Company, for whatever title or concept, even if the debtor be the Treasury or any other Official Organisation, signing the corresponding receipts and settlements; to rent safety deposits, and in general carry out all types of bank operations for investment, disposition and management of the Company's funds.

d) To employ and dismiss personnel, notifying them of their functions and remuneration.

e) To negotiate insurances of all types, under those conditions that are freely established, and receive, if appropriate, any forthcoming indemnizations; extend or terminate said insurances.

f) To attend all types of auctions and insolvency proceedings, without limitations of powers, completing whatever requirements and formalities are required; to present proposals, improve or withdraw them in the appropriate manner; constitute and withdraw deposits or finances that are required to take part in same; effect or accept auction assignments; and finally carry out whatever is necessary to obtain the final settlement, and subscribing any public, private or administrative documents necessary for obtaining the contract or asset.

g) To participate in other Companies or Civil or Mercantile Societies, recognising their constitution or capital increase, exercising all rights that legally and statutorily correspond to partners.

h) To form Compensation Boards, Temporary Company Unions, Company Groups and other associations, under the terms that are freely established, determine conditions, Statutes, etc. and exercise all rights that as a member are his privilege.

i) And in general not only to perform functions and exercise the attributions granted in the present Statutes, but also all those that are not privileged to the General Shareholders Meeting by law or statutes, since all the aforementioned are enunciative or not limiting to the most extensive powers that, for the management and administration of the Company, correspond to the Administrator, who may delegate all or part of those powers he may legally designate, to third parties, by means of the granting of the appropriate powers of attorney.

The present description of the attributes of the Board of Directors is merely informative and does not limit, in any way, those powers which make them responsible to govern, direct and administer the business and interests of the Company unless especially retained as the responsibility of the General Shareholders Meeting.

Delegation

The Board, if they so deem convenient, may designate, by means of the vote in favour by two thirds of its members, one or more Delegated Board Members, who shall exercise this privilege with permanent character, solely or jointly, depending on the agreement reached on the appointment, the attributes entrusted to the aforementioned Board of Directors by these Statutes, with the sole exception of those that cannot legally be delegated or those that are specifically reserved by that body.

Management

The Board may also designate one or more Directors, Managers or Representatives, entrusted in each case with faculties they deem opportune by means of the granting of the corresponding powers of attorney.

**CHAPTER IV  
OF THE FINANCIAL STATEMENTS**

***Article twelve - Accounts***

Financial year The financial year shall coincide with the natural year.

Annual Accounts

The Board of Directors shall, within three months of the closing of each year, be obliged to:

Draw up annual accounts, a management report and the proposal of distribution of the years results, as well as, if applicable, accounts and report of any consolidated business.



Audit Prior to the General Shareholders Meeting at which time aforementioned documents shall be presented, these shall be submitted to the approval of the Auditors, who shall be elected and shall carry out their functions in accordance with articles 203 and following of the Law.

The documents and Auditors report mentioned above shall be at the disposition of the shareholders in the offices of the Company from the date of the notice of the General Shareholders Meeting.

Mercantile Register Within one month of the approval of the annual accounts the documentation referred to in art. 218 of the law, shall be deposited in the Mercantile Register.

#### ***Article Thirteen - Distribution of profits***

The net profit from each exercise shall be so determined by the deduction from income or products obtained, general expenses, social charges and taxes for that period, amortisation and, in general, all those ordinary and extraordinary expenses that may originate.

From the net profits specific amounts shall be deducted to provide for, if applicable, legal reserves and any other reserves of an obligatory nature and the remainder shall be distributed and shall be dedicated to operations freely agreed to by the Board for each exercise, including to carry the balance forward to the following exercise.

## **CHAPTER V DISSOLUTION AND LIQUIDATION**

#### ***Article Fourteen - Dissolution and Liquidation***

The Company shall be dissolved for those reasons established in art. 260 of the current law.

Only in the case that the Board shall agree otherwise, the components of the Board of Directors shall automatically assume the character and appropriate functions of the liquidators. If the Board were formed at that time by an even number of components then the last elected or re-elected member would automatically be suspended, and if more than one member was elected on the same date then the youngest member would be suspended.

In the liquidation, division and distribution of the social property the rules set out in the legal regulations shall be observed.

Within the limits permitted by Law, the Board shall freely agree what they deem most convenient, in each case, for the common interests with respect to the liquidation and division of the social property, excluding from the sale any part of the social patrimony they deem opportune and agree its distribution between all or some of the shareholders, always without prejudice to the legitimate rights of all those effected and of the creditors.

During the period of liquidation the dispositions of these Statutes shall be observed, inasmuch as the notice of meetings and the ordinary and extraordinary General Shareholders meetings are concerned, at which time the liquidators shall advise on the progress of the liquidation so that pertinent agreements may be taken in the common interest.

**CHAPTER VI  
FINAL RESOLUTIONS**

***Article Fifteen***

With the exception of the opposition to Social Agreements regulated by the Company Law and any others excluded by law from arbitration, any doubts, questions and disagreements that may arise in the interpretation and application of these statutes, or in any other case, shall be resolved by way of arbitration through the Bar Association of the Balearics, who shall designate the arbiter or arbiters and who shall be responsible for the administration of the procedure, in agreement with the provisions of the Law 36/88 of December 5, accepting the obligation to submit to the decision of the arbiters. The arbitration shall be based on equity.