

**ENGLISH TRANSLATION**

**IN CASE OF CONTROVERSY,**

**THE NOTARIZED SPANISH TEXT PREVAILS**

**RECORD OF THE CELEBRATION OF THE ASSEMBLY.** - In MARBELLA, my residence, on the first July of two thousand and twenty-two. I extend it, JOSÉ ANDÚJAR HURTADO, Notary authorizing the deed number SEVEN HUNDRED AND EIGHTY-EIGHT of my ordinary protocol, dated twenty-eighth of June of two thousand and twenty-two, to state that attending in person on the day and hours indicated, I proceeded to witness the Assembly, and from the notes taken the following record results:

The third call begins punctually as there has not been a sufficient quorum in the two previous calls.

**Mr. Manuel Muñoz Navarro** chairs the meeting in his capacity as President of the Real Club de Golf Guadalmina. Pedro Ángel Alonso, member of the Board, acts as Accidental Secretary appointed by the President in accordance with article 33 of the Statutes. He is accompanied by Mr. Juan Ignacio Egaña Vice President and Mr. Carlos Costantini Treasurer.

The presidential table considers the Board validly constituted, since in the third call it can be held with any quorum and proceeds with the agenda.

Regarding the final data of attendance in person or by representation, it is informed that they would be made public during the development of the assembly, once counted, and reviewed.

(Trough the development of the assembly I was informed, as well as other attending members, that the number of computable votes was 1369, of which:

1. Present were 38 (2.78%)
2. and represented, 333 (24.32%).

This made a total of 371 votes (27.10%), of the total members with the right to vote.

The percentages have been calculated by the administration staff.

**The Assembly begins at 12:00 p.m.**, in accordance with the agenda that has been informed in the call:

## "AGENDA

- 1.-Report of the president.
- 2.-Proposal for approval of the 2021 Financial Year Report, settlement of the Budget, Closing Balance Sheet and its accounts.
- 3.-Report on the execution of the budget for the year 2022 to the month of April.
- 4.-Estimation of the Budget of Income and Expenses for Fiscal Year 2023.
- 5.-Appointment of Auditors.
- 6.-Pleas and questions."

### **FIRST POINT. President Report.**

The President takes the floor and takes a tour of what has been done in the club, as well as future prospects, such as proposals from members on the approaches initially announced by the Board of Directors in its first stages

Courses: apologizes for the issue of collars on the south course, indicating that it was solved as soon as we had knowledge of the problem of the turf.

Efforts are being made to improve security in the courses. In particular, on the door opened by the adjoining urbanization on the 16th hole of the north course, it is indicated that steel poles will be placed to prevent the uncontrolled pathway of people.

On the North Course, it was reported that the irrigation system is being renewed integrally - because there are continuous water losses, and breakages of pieces that cannot be replaced given their age, etc ...-. the budget is estimated at 1.2 or 1.3 million euros, it is what it may cost to renew it, according to more realistic budgets and it should be completed in about 3 years, since it is an enormous task.

In a first phase, an amount of 360,000 will serve to start the infrastructure of the pumping station for the new irrigation system. In a second phase will be the renewal of the first nine holes, to start in 2023, probably in January.

The greens of the north course will also be renewed with a single type of grass, so that they are more homogeneous.

He expresses the willingness of the Board of Directors to always listen to suggestions from the members in this regard.

Competition Committee: The President informs that a very valuable job has been done, since new play schedules have been created for members, given the difficulties encountered by the Board of Directors regarding inefficiencies in the possibility of getting play slots.

He informs that it has been solved totally thanks to the measures adopted: the sanctions for those who do not appear despite having booked, the control on tee times, informing the hotels and TT. OO. on the suspension of trade agreements,... etc.

Reservation system: the new system implemented works very well, in his opinion, including the reservation system for groups. They have virtually received no complaints from members, unlike what was found when the Board of Directors took possession.

Control of the use of club facilities: the indiscriminate use by non-members of the club facilities has already been controlled.

Club School: it has been the intention of the Board of Directors to promote it as much as possible.

Members: There are currently 2014 members. They intend to maintain around 2000 members to avoid both overcrowding and a drastic reduction in this number.

They cannot prevent the influx of members, nor that non-member relatives cannot enter the club.

New entry fee for members have increased to € 10,000 and spouse € 5000. This has limited massive or disproportionate new registrations.

He Encourages members to behave civically during the game, to avoid problems that should not arise. And, in case of any irregularity, he urges to call the Caddy Master so that they can take care of finding a solution immediately.

Etiquette: He encourages and congratulates the members who take their sandbag to repair their divots, especially those on the greens.

Improvements have been made to the restaurant and cafeteria: acoustic panels, awnings,... the Board of Directors also manifest their intention to improve the terrace above: perhaps with a permanent enclosure of it, or perhaps adapt it as if it were a bioclimatic terrace with a retractable roof.

Any solution would be submitted to the members, if the Board of Directors itself do not have it specially decided.

Regarding the parking, they inform about the new parking facilities, indicating that there are members who want shade in it, but there are certain difficulties due to the use of the land. They are working on this matter.

Energy cost: there is a project to install solar panels, due to the enormous cost of the current energy needed by the Club.

Social life: the Chinese virus has changed the usual customs of the Club. The Board of Directors intends to recover them. They refer to the event of the Spring Festival, and the intention to promote this type of social events.

Finances: the first quarter of 2022 is being good, despite having given up hotels and tour operators. The board manifests the uncertainty until the end of the year due to the existing circumstances: increase in fuel, war in Ukraine, etc ... and the attention that the Board of Directors is paying in this regard.

Quotas: it was decided not to raise them in 2022, and it is also the intention not to raise them in 2023.

Staff: they are advancing in their training; the Board acknowledges an improvement in the employee-member treatment. they understand that this must be done in a professional way and friendship with the employee must be abandoned.

As for members of Staff, the first intention was to reduce the workforce. But the reality has forced the club to increase their number to give a good service, going from 52 people in 2021, to 61 people in 2022. The salaries of the staff hired are at market value.

Likewise, they emphasise the prioritization of female hiring, and reports that an order was given to hire women, since that was the instructions from the Board of Directors. 5 more women have finally been hired among the new employees.

Personnel costs: when they joined the Board of Directors it was almost among the highest in Spain. It has now become approximately 44-45% of the total costs, a percentage that is considered adequate and reasonable.

He ends by saying that there are two people who have complained that their opinions on some matters sent to the suggestion box have not been published.

After contrasting this with the computer technician, the president explains that it turned out that they did not finish the process of sending the form, so the suggestion was never received. He informs that the Suggestion Box is being very interesting and helpful for the management of the club.

At twelve hours and fifty minutes and before Carlos Costantini -Treasurer- takes the floor to move to the second point of the agenda, Don Guillermo Hombrabella member 1630 as he informs, inform that an office, of which he does not say the name despite being required for it by a member of the Board, have replied about a query he made to them about the matter and that they answered, and politely apologizes before expressing the response he received, "that it is inappropriate and unethical to use the database of the members to request the vote"

**SECOND.- Proposal for approval of the 2021 Financial Year' Report, settlement of the Budget, Year-end Balance Sheet and its accounts.**

At twelve hours and fifty-seven minutes, Mr. Costantini takes the floor. He thanks the administration staff for their help and continuous information. He explains the relations between Guadalmina Golf SA and the Real Club de Golf Guadalmina.

In short, the Golf Club is a sports entity registered in the Junta de Andalucía, in the Register of Sports Associations and leases the facilities to Guadalmina Golf SA, being the economic management and sports activity responsibility of the Club, including maintenance and personnel and the Club pays the Company a rent € 677,000 per year, VAT included.

In this way, the loan of Banco Santander, of 3.5 million amortizable in 7 years, can be paid by Guadalmina Golf SA.

Guadalmina Golf S.A. also maintains the operation of the shop and assumes the salary of the sole employee of the store. It also receives the lease of the cafeteria (about € 6003 / month VAT included) and the restaurant is billed for all gas and electricity consumption linked to the Restaurant.

Regarding the accounts, he informs on the matter that the Club anticipated expenses that were really linked to Guadalmina Golf SA, approximately € 228,000, corresponding to the payment of staff salaries.

And that Guadalmina Golf S.A. has signed a recognition of private debt with the Club, which will be paid when the bank debt has been completely paid and cancelled.

He explains some account details. I incorporate to this Minutes the information made available to the members.

He states that the Club's intention is not to have a surplus, among other things to minimize corporate tax as much as possible. And that last year, after paying taxes, profits of about € 60,000 were obtained that have gone to reserves.

EFFECT of VAT in the year 2021: the Club, as a non-profit entity does not charge VAT on the vast majority of sports activities related to golf and other sports that are practiced in the Club, with the exception of the rentals of lockers and other minor activities. So that having made the transfer of functions between Guadalmina Golf SA, and the Golf Club, in the year 2021 has meant a better situation of the treatment of VAT, in the balance between supported and charged, for an approximate amount of about € 420,000,

He passes on to refer to the audit report, which I incorporate into the present record. And it manifests the willingness of the club to make this available to the members, the particularized explanation of the expenses in the administration.

Being thirteen hours and fifteen minutes, he gives the floor to representatives of PriceWaterhouseCoopers -auditors- to explain the accounting change of some items motivated by the new regulations, as well as the most relevant aspects in his opinion. He informs that the big item is the treasury, and they have taken care to check the balance of the accounts in banks and the people authorized in them. Another great item, he says, is fixed assets.

As for the liabilities, he indicates that there is no share capital, but € 164,000 as a result of the profits of last year and previous years.

There are € 823,000 of liabilities, to pay suppliers and creditors, that have been audited.

The 244,000 long-term and the 155,000 for the lease refer to the financial lease with Guadalmina Golf SA, but they are separated as the financial lease and operating lease are different for accounting reasons.

The Net Amount of Turnover has risen, because the 12 months of the year are accounted, unlike 2020 when only 6 months were taken into account.

regarding personnel costs (they have controlled agreements, contracts, effective payments, etc ...).

The external services € 1,100,000, which are basically maintenance.

Risk of Fraud: they have verified several accounts and entries and conclude that there has been neither income nor expenses fraud.

Miguel Ortiz, also from the audit firm, takes the floor and explains that income is one of the pillars of the club.

They did 5 tests to understand and verify that the accounting is carried out correctly, and the record of the income.

As well as the correspondence between the income and the collection of the same. He explains that they perform random checks, to verify that the accounting reflects the reality of the activity of the club, and indicates that the result is positive.

In particular the "fee" for both financial and operational leasing.

It is concluded by the first auditor that the result of the audit is favorable.

The floor is given to the members:

member 1630, Mr. Guillermo Hombrabella, takes the floor again, and refers to the management of the accounts.

He understands that the Board of Directors has not executed the budget approved in November 2020, but they have done what they have wanted.

In his opinion they should have convened in April 2021 to inform the members, who in his opinion are the ones who should rule the Club.

The item is put to the vote of members, and everyone votes in favour, with the exception of 132 votes that abstain; it is approved by a majority of 64.42% and 35.58% of abstention.

### **THIRD.- Report on the implementation of the budget for the year 2022 to April**

Being thirteen hours and thirty-seven minutes we move on to the third point. Mr. Costantini, explains the execution as of April 30, of the budget for the year 2022.

He explains that there is a positive deviation on the budget of € 200,000 of income and that expenses have been exceeded by € 4000.

The only way to balance this surplus is to do more improvement work in the courses.

A member intervenes to ask how much and why the club pays for a parking plot. He wants to know which plot it is and how much is paid. They inform that it is the "parking" next to the driving range. Before the owner was compensated with his cleaning and other concepts, but he has decided to rent it to the Club for an amount of € 15,000 per year.

The utility of this plot was discussed, and the Board of Directors considers that it is convenient to rent it because there are quite a few members who go with their car directly to the driving range and need a place to park.

### **FOURTH.- Estimation of the Budget for Income and Expenses for the year 2023**

At thirteen hours and forty-five minutes, the assembly starts with the fourth point of the Agenda. Mr. Costantini indicates that given the economic instability that is being suffered in Spain, it is very difficult to calculate accurately the budget for 2023. He highlights that the numbers that have been estimated should be considered provisional, and that they will almost certainly have to be rectified in the coming months before December.

A member of the club, Mr. Mikel Artaza, took the floor and asked why there were no provisions for depreciation. Mr. Costantini replied that he did not know the answer at the moment, but they would check and report back.

It is put to the vote and by assent is adopted unanimously.



#### **FIFTH.- Appointment of Auditors.-**

The fifth point of the agenda is discussed at fourteen hours and fifty minutes. There is a proposal to appoint PriceWaterhouseCoopers as auditors for a period of two years, It is put to a vote. All partners also vote in favour unanimously.

#### **SIXTH. PLEAS AND QUESTIONS.**

Being thirteen hours and fifty-two minutes, the assembly passes to point 6.

**Nina Digsmed takes the floor, member number 249**, as she said, informing that she belongs to the Guadalmina Golf Club since its creation in 1989 and that she has held the position of President of the Club in the years 1999 and 2002, coinciding with the remodeling project of the South course, perhaps until now the largest improvement work carried out in the Club, since its foundation.

Among other things, she expressly refers, and wants this to be recorded in the minutes, her intention in favor of introducing the rule that the employees of the club can play any day of the week without limitation because in her opinion there would be 2 or 3 employees making use of this allowance, and they have a good level of play.

The Board of Directors has limited this allowance to once a month. She understands that more than a privilege it is a way for employees to know first-hand the shortcomings of the field on the ground.

She expressly refers to the employee, Francisco Hernández Núñez, indicating that the Board of Directors gave him a plaque for 50 years of work in the club. She reproaches that the Board has not duly published on the web or given any publicity to this event. A week later the employee was told that he could not accompany friends to the field to give advice, that he could only play once a month, etc.

She draws the attention of the Board of Directors that from 1973 until his retirement in 2003, having created the golf school, the denomination of Real, etc ... however, he has not received an adequate recognition, and he cannot be given the same treatment as the rest of the employees.

She also indicates that, on behalf of Leona Poelstra, as captain of the Club in 2022, she wants to express her wish that the Annual Meeting is not held on the Club ladies' day..

The President responds to all her suggestions and demands: bridge, face-to-face trophy delivery, use of tournament prizes in the bar, the number of hours -hundreds of tee times- of employees using golf facilities, including retired employees, indicating that this was a disregard for the members who pay their fees.

In particular, he informs that all the decisions adopted have always been bearing in mind interests of members and trying to solve the problems that they had been suffering to play, since the complaints about the impossibility of making reservations were frequent and real, so they had to take the initiative to eliminate tee times of non-members, tournaments, agreements with TTOO etc., which occupied schedules to the detriment of the members, who pay their fees. And up to date this problem is practically solved.

On the comment about the president's obsession to promote the elimination of the national groups, he explains very clearly that in no way does he accept that opinion, he informs that the president and his board of directors are totally in favor of the maintenance of these groups because they are very positive for the club, and that all they want is for them to adapt to the reservation system like any other member.

Again, he offered all kinds of help to familiarize members with the reservations system and informed them that other groups are already operating and getting their schedules with total normality.

Regarding the use of prizes in the restaurant, he indicated that they would analyze this suggestion and try to put it into practice if the relationship between the two companies can be reconciled.

Regarding the delivery of prizes of social tournaments, he explained that with the COVID rules the way of delivering the prizes has changed substantially and that this new system greatly cooled the participation of the partners, expressing his desire that there is some possibility of recovering the previous formula.

With regards to employees, he informed that once the problem of members' overcrowding is definitively solved and there are enough free tee times, the board would return to deal with this matter and decide if it is possible to make this measure more flexible, but that it should be clear that the priority was the members interests.

With regards to Mr. Hernandez, he acknowledged that the case could be considered exceptional. However, at the time the decision was made it was important to convey to employees that there were no exceptions and that they understood the magnitude of the problem.

However, and considering the proposal of Ms. NINA, they will deal with this matter as soon as possible in the board of directors and it would be evaluated to give him some kind of differential or honorary treatment.

Considering the election of the Assembly day, he clarifies that when the day was chosen, they considered the maximum term set by law, June 30, the availability of the members of the board, the notary, the lawyer etc. However, they did not realize that it was a Tuesday and day of the tournament of the ladies. He compromised not to hold others in the future on Tuesdays.

**Mr. Julio Alonso, member 5872**, takes the floor, and complains about the ignorance by the members of the "master plan" of the Board of Directors for the club. In short, the disconnection and lack of information between members and board of directors. He suggests to establish a working group between members and the Board of Directors.

The president explains that he does not agree that there is such disconnection as he refers, there are numerous members who continuously express their concerns to the Board and fully support the efforts made by this board.

That the "master plan" was the "electoral program" or the proposals that the current Board of Directors took to the elections.

As for the idea of creating groups of members that communicate with the board, the answer is that the reason of the suggestion box is exactly for this, and that they were not in favor of creating "parallel boards of directors."

**Mr. Guillermo Hombrabella, member 1630**, takes the floor to sympathize with the previous member and reiterates the little empathy showed towards "the members".

He gives several personal examples of suggestions or meetings from which he has not had the slightest response from the Board of Directors. In short, he would like more communication with members.

And he gives some examples: reservation system, reservation schedule at 7.45, wallet, advance payment of green fees to book, penalties for non-appearance at reservations, buggies without brakes - they should have auto-braking, annual subscriber system that goes against member C, personnel policy with unprepared promotions, club as a nursery for employees, failure to make the most of the club manager.

He also refers to minor activities: in his opinion, our cricket club is the only cricket club that does not make money.

He criticizes that the Club has been the only one that has not been willing to pay more to the association of golf courses. And finally as for the restaurant, he understands that it is necessary to fix the "lack of control" between members area and the non-members area, with people properly dressed to dine mixed together with sweaty players,... he understands that there should be a group of interested members who could be heard in some "institutional" way by the Board of Directors.

The President replies, indicating that he did not agree with the increase in the quotas to the association of golf courses of approximately 33%, because it was not so much about the amount itself, but about the way the association operated.

Regarding the booking schedule, it is a proposal that seems interesting, and they would quickly consider it in the Board and if there is an agreement, they will implement it.

As for the form of payment by guests, he explained that they would study the feasibility of the proposal and see if the suggestion could be implemented.

On the annual subscription, the manager explains all the details that this type of subscription entails and it is reported that so far only two people have taken advantage of this modality since its implementation last year, and that the only thing that is sought is to provide a solution to family of members who do not play golf and who wish to have access to the club's facilities by paying a fee that is annual but without any political rights over the club.

As for the croquet, he understands that this is a golf club with members and that the croquet theme cannot be compared with Villapadierna or other clubs that are implementing lucrative activities because perhaps their business model is another to the strictly sporting golf

That their proposal for more investment in croquet at the moment is not viable, and that they would continue with the normal maintenance.

Regarding the buggies, he said that those chosen were the most suitable even if they did not have the auto-brake system, but that they had other qualities that made them electable by the Board of Directors.

He explains that the intention of the Board of Directors is to listen to all members and that the channel used is the suggestion box... to establish another system can be considered, but with the one implemented at the moment the Board learns of the needs or concerns of the members.

On the staff issue, he explains that he did not agree with their indications that the employees are not prepared to promote themselves in the organization of the Club, the policy of this board of directors is that, for any internal promotion, they will always count with current employees in the first instance and only if they do not have the right person in the staff they will look for it outside.

And regarding the Manager, he indicates that he actively participates in all the meetings of the Board of Directors, with voice but without voting rights.

**Member 4417, Patricia Mansfield**, takes the floor to thank the Board of Directors for their management, but complains that the members are not being heard, and refers to the Bridge.

She is seconded by another member **Daniel Musson** -English- who also complains that there is no Bridge, and that he does not understand what the matter with the Bridge issue is, because in Las Brisas yesterday there were 40 people playing Bridge. They have tried to have meetings with the club, but with no response from the club.

The president replies that rather, the club has tried to have meetings with the head of the bridge, but they do not get a response. The president informs that they should contact the head of the board that deals with this activity and that they have not yet called her, however, he will try to find a solution to this matter. But in any case, it will be necessary to accept the rules approved by the Club committee.

**Member 5031, Marc Muller**, takes the floor, and suggests that more communication and publicity should be given to the successes of the members of the club and the school and in general to better communicate the "master plan" of the golf school.

He understands that the school can be strengthened much more.

Pedro Ángel Alonso, President of the Competition Committee, replies and indicates that whether there are more or less students depends on cycles, but that it is the will of the Board of Directors to always promote the school, in its different facets, and that suggestions made are welcome.

He clarifies that the decrease in the external championships is to give more play to members, since the courses were excessively occupied, taking into account the complaints of the members who could not play.

The club seeks competitions not so elitist, but where the maximum number of members and in general, of players can play.

At fifteen hours and twenty-five minutes, the meeting was adjourned by the President after thanking the attendees for their presence.

Of the content of this record that I, the Notary, write after the deed, I TESTIFY.-