

September 2010

Dear

**PALMER CLAIMANTS' GROUP
SEPTEMBER 2010 - BULLETIN**

Los Olivos

The sale of the timeshare resort at Los Olivos completed in August 2008, with the purchaser paying the consideration in installments. Despite numerous delays caused by the purchaser experiencing problems in securing the necessary funding to make the payments as they fell due, the Joint Trustees have now received the final installment. The Los Olivos sale proceeds have been used to settle the significant debts of John Palmer's Spanish companies.

Tenerife Royal Gardens

The Joint Trustees continue to sell the individual freehold units at Tenerife Royal Gardens, following the dispersal of the timeshare club (as approved at a Special General Meeting of timeshare members on 13 December 2010). As per my previous update, I still expect all units to be sold by the end of October 2010. However, there are significant difficulties in selling some of the apartments due to the lack of paperwork and registration documents.

As previously highlighted, the vast majority of sale proceeds have been used to reduce the very large tax debts and social security debts owing by John Palmer's companies, as well as paying the redundancies for resort staff. Until these debts are fully extinguished, there will not be any funds available for distribution to unsecured creditors in the bankruptcy of John Palmer.

Club La Paz

The Joint Trustees have been taking advice as to the most appropriate method of dealing with the timeshare resort, taking into consideration the complex is losing money on a monthly basis. They are awaiting an appraisal from their agents, which will detail the potential realisations in the event that Club La Paz is sold as a going concern, or if the timeshare club is dispersed and the individual freeholds are sold. However, once a strategy has been defined, the Joint Trustees will send written notification to all timeshare owners at Club La Paz.

There is still uncertainty with respect to the quantum of outstanding debts to the Spanish authorities and the likely proceeds from the sale of the remaining units at Tenerife Royal Gardens and Club La Paz, which will impact upon the level of funds available to pay a dividend to unsecured creditors. Moreover, the timing of such a dividend will likely depend upon the speed at which the Trustees can dispose of the Club La Paz resort.

If timeshare owners have any queries regarding their former timeshare holding at Tenerife Royal Gardens, they should contact Paula Nicol at Crown Resort Corporation SL via email at paula.nicol@growngroup.es.

We shall provide another update in January 2010 but will notify you if there are any important developments before this date.

Yours sincerely



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