

Dear

**PALMER CLAIMANTS' GROUP
SEPTEMBER 2012 - BULLETIN**

Club La Paz

As previously advised, the Joint Trustees are in the process of selling the final timeshare resort. This has been a protracted process due to the embargo registered against the properties by the Spanish Court, which prevented the Joint Trustees from selling the timeshare units.

The Joint Trustees paid €500,000 to the Spanish Court to lift the embargo however they reneged the agreement. The Joint Trustee's Spanish solicitor appealed the Court's decision and the embargo was eventually lifted in July 2012.

The Joint Trustees' agent has completed the sale of twenty three units and is continuing to market the remaining units for sale. However, the fact that the properties have been subject to an embargo by the Court has rendered their marketing more difficult.

The Joint Trustee anticipate that the remaining units will be sold over the next six months as the local real estate market is more dynamic during the winter season. There are other embargoes on some of the units relating to Spanish taxes, and substantial redundancy payments need to be made to staff.

In April 2011, the Joint Trustees notified the Club La Paz timeshare owners that the most appropriate method of disposing of the resort was to disband the timeshare club and sell the individual freehold units owned by John Palmer's companies. Owners have been given the option of either transferring their existing timeshare weeks to an alternative resort, or relinquishing their timeshare holding at Club La Paz and submitting a claim in the bankruptcy of John Palmer.

Dividend prospects

Uncertainty still remains with respect to the quantum of outstanding debts to the Spanish authorities, the estimated proceeds from the sale of the Club La Paz apartments and the speed at which they can be sold. This will impact upon the level of funds available to pay a dividend to unsecured creditors, if any.

Queries

If timeshare owners have any queries regarding their former timeshare holding at Tenerife Royal Gardens or their timeshare holding at Club La Paz, they should contact Paula Nicol at Crown Resort Corporation SL via email at paula.nicol@crowngroup.es or Nayra Brito by telephone on +34 922 382 354.

Further updates

We shall provide another update in December 2012 but will notify you if there are any important developments before this date.

Yours sincerely



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For and on Behalf of IRWIN MITCHELL LLP

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