



LUXURY
VILLAS & CHALETS
Club Med 

PROPERTY

Preliminary descriptive notice

of the Rental Programme
for the Club Med Chalet-Apartments of Valmorel



**PRELIMINARY DESCRIPTIVE NOTICE
OF THE RENTAL PROGRAMME
FOR THE CLUB MED CHALET-APARTMENTS
OF VALMOREL**

This information note sums up the general mode of operation of the rental management programme for owners of Club Med Chalet-Apartments of Valmorel.

This is a preliminary descriptive notice, drawn up pending the finalisation of the detailed legal documents, which will be provided to the owners involved prior to the signature of the deed of sale.

THE RESORT:

The Club Med Valmorel Resort, a Club Med Resort with a rating of 4 Tridents, offers its *Gentils Membres (GM)* an upmarket experience in terms of accommodation, catering and services. The Club Med Chalet-Apartments of Valmorel complement this upmarket offering.

THE CHALET-APARTMENTS:

The 80 Chalet-Apartments are part of a complex of 19 chalets in the Avanchers-Valmorel resort in the heart of the French Alps (Savoie).

At least 70% of the complex will be managed by Club Méditerranée SA as a graded holiday residence.

The Valmorel resort can be accessed by plane (Chambéry-Aix les Bains / Lyon-St Exupéry / Genève-Cointrin) and by train. There is a high-speed (TGV) train link that stops at Moutiers-Salins-Brides-Les Bains.

MARKETING OF HOLIDAYS:

Holidays at Club Med Chalet-Apartments of Valmorel will be marketed through the Club Méditerranée network and will benefit from the advertising campaigns, the communication media and the international reputation of the Club Med brand.

The prices of holidays at the Chalet-Apartments will be set in accordance with the sales policy of Club Méditerranée. Club Méditerranée will be entitled to perform its activity in whichever way it sees fit and will alone have the power to decide such matters as the dates and the duration of the season during which the Chalet-Apartment are rented out, as well as to grant gratuities and discounts as part of this same sales policy.

THE OWNERS' RIGHT TO HOLIDAY IN THEIR CHALET-APARTMENTS:

Owners will have full use of their Chalet-Apartments for three weeks per year including one week in high season, one week in mid season, one week in low season and two potential additional weeks in any season, except during the French Christmas, spring half term and summer school holidays.

Granting of the additional weeks will depend on the Average Annual Variable Rent before tax paid during the Lessee's previous financial year, as follows:

- a 4th week will be granted if the Average Annual Variable Rent before tax is equal to or below sixteen thousand Euros (16,000) before tax.
- A 5th week will be granted if the Average Annual Variable Rent before tax is equal to or below thirteen thousand Euros (13,000) before tax.

The owners' Holiday Rights will begin on the delivery date of the Chalet-Apartment in the case of a Sale of a Property in a Future Stage of Completion or upon signature of the final deed of sale in the case of a sale of an already constructed Chalet-Apartment, provided that the operation of the Chalet-Apartments has begun.

The calendar of the periods (*high, mid and low seasons*) will be notified to the owners in accordance with the terms of the lease.

In order to have a first choice over the dates on which they can holiday in their Chalet-Apartments, owners of Chalet-Apartments will benefit from a priority booking right – except for the two additional weeks that may be booked three (3) months before the first day of the stay, at the earliest - subject to informing Club Méditerranée of the dates of their chosen holiday weeks eleven (11) months prior to the start of the season (*1 May for the summer season and 1 November for the winter season*) and up to the date on which the Resort starts accepting bookings, which will be notified to them by Club Méditerranée twice a year.

As of the date on which the Resort starts accepting bookings, it will no longer be possible to guarantee to owners the availability of their own Chalet-Apartment on their chosen dates; however, Club Méditerranée will do everything in its power to enable owners to stay in their Chalet-Apartments provided that not all the Chalet-Apartments of this category shall have been rented out (*in which case Club Méditerranée will not cancel a rental in order to meet the requirements of the owner*). The periods during which owners are excluded from taking their two additional weeks (French Christmas, spring half term and summer holiday periods) will be lifted twenty (20) days before the first day of the stay at the earliest, but owners will not be guaranteed the right to stay in their own Chalet-Apartment or in an equivalent Chalet-Apartment.

The owners' stays in their Chalet-Apartment as part of their Holiday Weeks must last for at least 7 nights.

However, owners will have the possibility to book stays lasting less than 7 nights by booking 20 days prior to the first day of the stay at the earliest.

The owners' Holiday Rights to their Chalet-Apartments cover a number of people equivalent to the recognised capacity of each Chalet-Apartment, namely:

- Chalet-Apartment with 2 bedrooms → up to 4 persons
- Chalet-Apartment with "Large" 2 bedrooms → up to 5 persons
- Chalet-Apartment with 3 bedrooms → up to 6 persons
- Chalet-Apartment with "Large" 3 bedrooms → up to 7 persons
- Chalet-Apartment with 4 bedrooms → up to 8 persons

The owners may, if they wish, grant Holiday Rights over their Chalet-Apartments to persons in their entourage, provided that this does not involve a commercial let and that the persons involved behave with due care and attention during their stays in the owner's Chalet-Apartment.

Three (3) to five (5) weeks' Holiday Rights are granted to the owners of the Chalet-Apartments and to their guests (*to the extent of the capacity of each Chalet-Apartment*) all of whom will then be treated as GMs during their stays. They will enjoy access to the facilities (excluding 5-Trident Luxury Space) and activities of the Club Med Valmorel Resort that are included in the price of normal holidays there, such as restaurants, bars, events, sporting activities, Mini-Club (from 4 to 11 years old) and Passworld (from 11 to 18 years old), provided that the Resort is not closed for maintenance, works, or booked exclusively by one customer or for any other legitimate cause relating to the operation of the Resort.

They may also benefit from the special activities on offer in return for a financial contribution at the rates that are normally applicable in the Resort such as: Children's clubs at extra cost, such as Baby Club Med (from 4 months to under 2) and Petit Club Med (from 2 to under 4), rental of ski gear, Spa, boutique, sporting activities at extra cost and excursions.

Owners may not take their pets with them when staying in their Chalet-Apartments; the only animals allowed are guide dogs for the visually impaired.

The booking dates will become firm and final two (2) months before the start of the stay. Once this deadline has elapsed, in case of cancellation, any Holiday Weeks will be deemed to have been used by the owners, and any transportation costs, should the owners have booked transportation with Club Méditerranée, will be borne by the owners.

In case of cancellation, Club Méditerranée's General terms of sale of the country where the booking is done will apply and owners will have to pay the specified cancellation fees for the transportation and any other à-la-carte services chosen.

Any Holiday Weeks not used by their owners will not be carried over to the following trading year.

The Club Med Resort is designed to be used for a certain number of days in winter and in summer. The opening and closure periods are defined each year and will be given to the owners of Chalet-Apartments. During the periods of closure of the Resort, owners will not be able to access their Chalet-Apartments, except when using their Occupancy Rights, the dates for which will be communicated each year by the Club Med Villas & Chalets team; these

dates will always exclude the week preceding the re-opening of the Resort. Club Méditerranée is entitled to modify the opening and closure dates of the Resort.

THE OWNERS' RIGHTS TO OCCUPY THEIR CHALET-APARTMENT:

ACCESS:

The Lessee offers the Lessor the right to occupy his Chalet-Apartment outside the periods when the Valmorel Chalets are being managed as a holiday residence.

These Occupancy Rights will begin the day after the closure of the Club Med Resort and will end the week preceding its re-opening.

The Lessor will inform the Club Med Villas & Chalets team of the dates he intends to use his Occupancy Rights at the latest three (3) days before his arrival.

The length of a stay in a Chalet-Apartment as part of the owners' Occupancy Rights will be a minimum of two (2) nights. Arrival is possible on Saturdays, Sundays and public holidays.

Occupancy Rights apply for a number of people equivalent to the recognised capacity of the Lessor's Chalet-Apartment, as follows:

- Chalet-Apartment with 2 bedrooms → up to 4 persons
- Chalet-Apartment with "Large" 2 bedrooms → up to 5 persons
- Chalet-Apartment with 3 bedrooms → up to 6 persons
- Chalet-Apartment with "Large" 3 bedrooms → up to 7 persons
- Chalet-Apartment with 4 bedrooms → up to 8 persons

If he so wishes, the Lessor may invite friends or relations to benefit from his Occupancy Rights, on condition that it is not a commercial let, and that his guests behave with due care and attention during their stays in the Lessor's Chalet-Apartment.

Should the Lessor's Chalet-Apartment not be available due to exceptional reasons for the Valmorel Chalets being closed or undergoing renovation or maintenance work, decided by the Lessee, the Lessor will not be guaranteed his Occupancy Rights during those periods. The Lessor will be entitled to no compensation or indemnity of any sort as a result of his Chalet-Apartment not being available.

Insofar as the Occupancy Rights fall outside the periods when the Club Med Resort is open, the latter offers a minimum service comprising welcome, cleaning and provision of linen, and some "à la carte" services.

The Concierge Reception and Welcome Lounge and the communal areas of the Resort will be closed.

An employee of the Lessee will ensure the Chalet-Apartment is heated before the guests' arrival and check that everything is in working order (hot and cold water, electricity, fire place,

electrical equipment and wifi) and for stays during the winter season, will ensure the access routes are cleared of snow, including access to the owner's own Chalet-Apartment.

In the case of emergency, the Lessee will ensure the presence of a maintenance team.

Valuation of Occupancy Rights:

Occupancy Rights are evaluated according to the recognised capacity of the Chalet-Apartment, i.e.:

- Chalet-Apartment with 2 bedrooms → up to 4 persons
- Chalet-Apartment with "Large" 2 bedrooms → up to 5 persons
- Chalet-Apartment with 3 bedrooms → up to 6 persons
- Chalet-Apartment with "Large" 3 bedrooms → up to 7 persons
- Chalet-Apartment with 4 bedrooms → up to 8 persons

The monies received corresponding to the Lessor's Occupancy Rights will not be counted as revenues to be paid into the rental pool.

Specific conditions relating to the use of the Chalet-Apartments

On arrival at the Club Med Valmorel Resort, the Lessor must inform the security team of his arrival; a member of the security team will hand over the keys of his Chalet-Apartment to the Lessor.

Temporary parking outside the Chalets will be allowed in order for the Lessor to unload his car (as stated in the condominium regulations). Cars must then be parked in the Club Med car park, to which the security team will provide access.

Beds will be made up and towels in place before the Lessor's arrival. An extra set of sheets and towels will be provided in the Chalet-Apartment, in case of need.

The internal telephone service will be available free of charge, and emergency calls possible 24 hours a day via the Resort security service.

Outside calls may be made from the Chalet-Apartment with prepayment by the Lessor by credit card via the Orange website (<http://boutique.orange.fr>).

The Lessor will dispose of household waste using the plastic waste disposal containers in the kitchen of his Chalet-Apartment, sorting according to the different types of waste.

With regard to guests, the Lessor will inform the security service in advance that he is expecting visitors; the guests must announce their arrival at the Club Med Resort and park in the Resort car park while the security team informs the Lessor of their arrival.

Concerning reception / delivery of goods (large items of furniture may not be delivered or disposed of) ordered by the Lessor, he must inform both the Club Med Villas & Chalets team and the security service. Should the Lessor be absent when the goods are delivered, the security service will take the goods while stating in writing “contents to be checked by addressee”, and sign for them in a dedicated register. It is the Lessor’s responsibility to check that the delivery company agrees to leave the goods with the security service. The Lessee declines all responsibility, particularly in terms of storage (including for perishable goods).

All requests and questions relating to Occupancy Rights must be addressed to the Club Med Villas & Chalets team.

The particular conditions relating to Occupancy Rights mean that the General Conditions of Sale given in the Club Med Trident brochure do not apply, nor does the EUROP Assistance insurance, which applies to Holiday Rights only.

Owners may not take their pets with them to their Chalet-Apartment, the only animals allowed in the Chalet-Apartments being guide dogs for the visually impaired.

“A la Carte” services

“A la carte” services will be proposed to the Lessor subject to availability. These services may be reserved through the Club Med Villas & Chalets team at the latest three (3) working days before the Lessor’s arrival.

For services requiring specific intervention, which have not been reserved in advance, the Club Med Villas & Chalets team must be given a minimum of twenty four (24) hours’ notice and an appointment will be made at the Lessor’s convenience and subject to availability of the service provider.

“A la carte” services are at the expense of the Lessor and will be invoiced separately.

Prices are available on request from the Club Med Villas & Chalets team.

The above-mentioned conditions may be specified or completed in the document entitled « Conditions du Droit d’Occupation et des Prestations Semaines Blanches des Appartements-Chalets de Valmorel », giving prices, dates and terms of cancellation relating to Occupancy Rights and Services “Semaines Blanches”. These conditions will be given on request and at the start of the calendar year by the Club Med Villas & Chalets team.

DURATION OF THE LEASE CONTRACT:

The Chalet-Apartments will be entrusted to the Club Méditerranée Group through a commercial lease. The lease will enter into force from the day of the delivery of each Chalet-Apartment to its owner for a period longer than 9 years.

The lease will be renewable jointly by the parties for a further period of 9 years, in accordance with the terms of the Lease. Owners can refuse to renew the Lease drawn up and signed with the operator of the holiday residence. However, they must, in that case, save in respect of the exceptions stipulated in articles L. 145-17 et seq. of France’s *Code de Commerce*

(commercial and company laws), pay to the operator compensation for eviction amounting to the damage or loss caused by the non-renewal. The methods used to calculate this compensation are set out in the second section of article L. 145-14 of France's *Code de Commerce*.

If during the rental period of the Chalet-Apartment or during the period of renewal, an owner decides to sell his Chalet-Apartment, he may only do so provided that the new owner pledges to comply with the current Lease and to leave the Chalet-Apartment in the rental programme until the end of said Lease.

RENT:

With the exception of the weeks corresponding to the owners' Holiday Rights, Club Méditerranée will offer the Chalet-Apartments for rent as part of the holidays which it proposes to its clients. Out of the turnover achieved in renting out all of the Chalet-Apartments which have been affiliated to the rental management programme (excluding transportation and à-la-carte services), Club Méditerranée will deduct all the costs incurred in selling the stays in the Chalet-Apartments (*agency fees, marketing and advertising costs, credit card commissions, distribution costs, etc.*), so as to end up with the net turnover. 25% of this net turnover will then be shared out among all of the owners of Chalet-Apartments. The breakdown of these moneys among the owners will be weighted according to the initial sale price before tax of each Chalet-Apartment and the total number of nights during which the Chalet-Apartment was available for rental over the period under consideration (excluding nights during the owners' Holiday Rights to their Chalet-Apartments). The rental income will be paid out half-yearly in May and in November.

MAINTENANCE AND REFURBISHMENT OF THE CLUB MED VALMOREL RESORT:

During the period of operation of the rental management programme, Club Med Valmorel Resort may be closed for building work and refurbishment in order to ensure that it continues to meet the upmarket accommodation standards sought by the brand. During these periods of closure, which will be managed in the best possible way (*dates and duration*) in everyone's interest, the Chalet-Apartments will not be used and no compensation will be paid to their owners. Owners will not be able to use their Holiday rights during these periods.

DAILY MAINTENANCE AND CLEANING OF THE PRIVATE AREAS OF THE CHALET-APARTMENT:

As part of the rental management programme, Club Med Valmorel Resort will be in charge of the daily maintenance and cleaning of the Chalet-Apartments, a task that it will perform free of charge. The daily maintenance and cleaning will include: cleaning, plumbing, electrical consumables (*light bulbs, etc.*), etc.

Owners who decide to join the rental management programme must pledge not to modify the facilities, the decoration and the furniture of their Chalet-Apartments throughout the duration of the rental period.

INSURANCE COVER FOR THE CHALET-APARTMENTS (*PRIVATE AREAS*):

Club Méditerranée Group pledges to insure, on behalf of their owners, those Chalet-Apartments that are entrusted to it for rental, as follows :

- The Chalet-Apartment itself (building, fixtures and fittings and private facilities),
- The facilities, equipment and any goods,
- Claims by neighbours and third parties,
- Liability of the owner of the building,

against such risks as fire, explosions, lightning strikes, damage caused by water ingress, riots, popular uprisings, natural events (avalanches, earthquakes, volcanic eruptions), provided that such cover is reasonably available on the insurance market.

RESERVE FUND:

The owners of Chalet-Apartments that are affiliated to the rental management programme will contribute to a reserve fund designed to pay for the cost of replacing furniture and facilities at a frequency to be decided on depending on the rate of wear and tear, in order to enable the rented property to always meet the standards of an upmarket holiday product.

The payments to be made into the Reserve Fund will be fixed according to the Annual Average Variable Rent before tax paid during the Leasee's previous financial year, in the following conditions:

- If the Annual Average Variable Rent paid before tax is lower than or equal to sixteen thousand (16,000) Euros, Y's contribution to the reserve fund will be twenty (20) Euros before tax, plus VAT, par square metre of Y's property and per year.
- If the Annual Average Variable Rent paid before tax is higher than sixteen thousand (16,000) Euros, Y's contribution to the reserve fund will be forty (40) Euros before tax, plus VAT, par square metre of Y's property and per year.

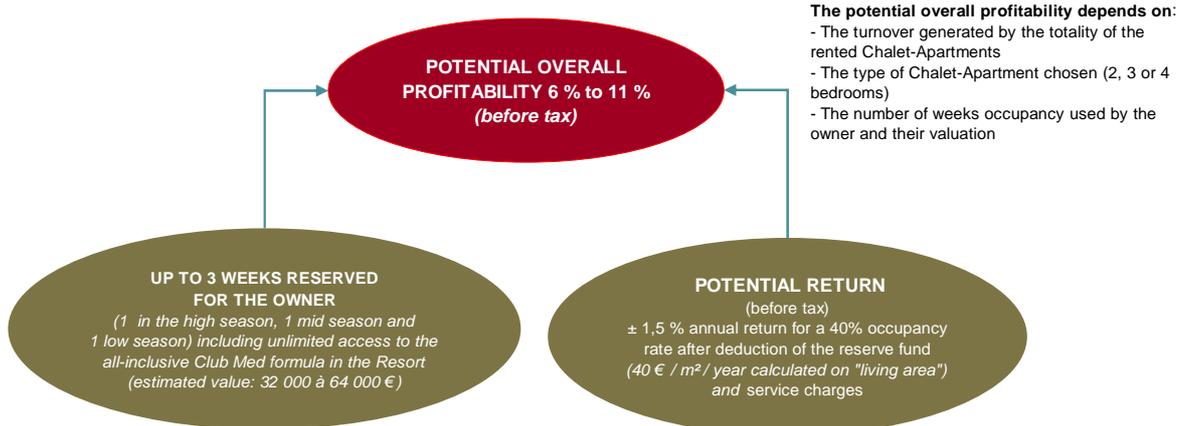
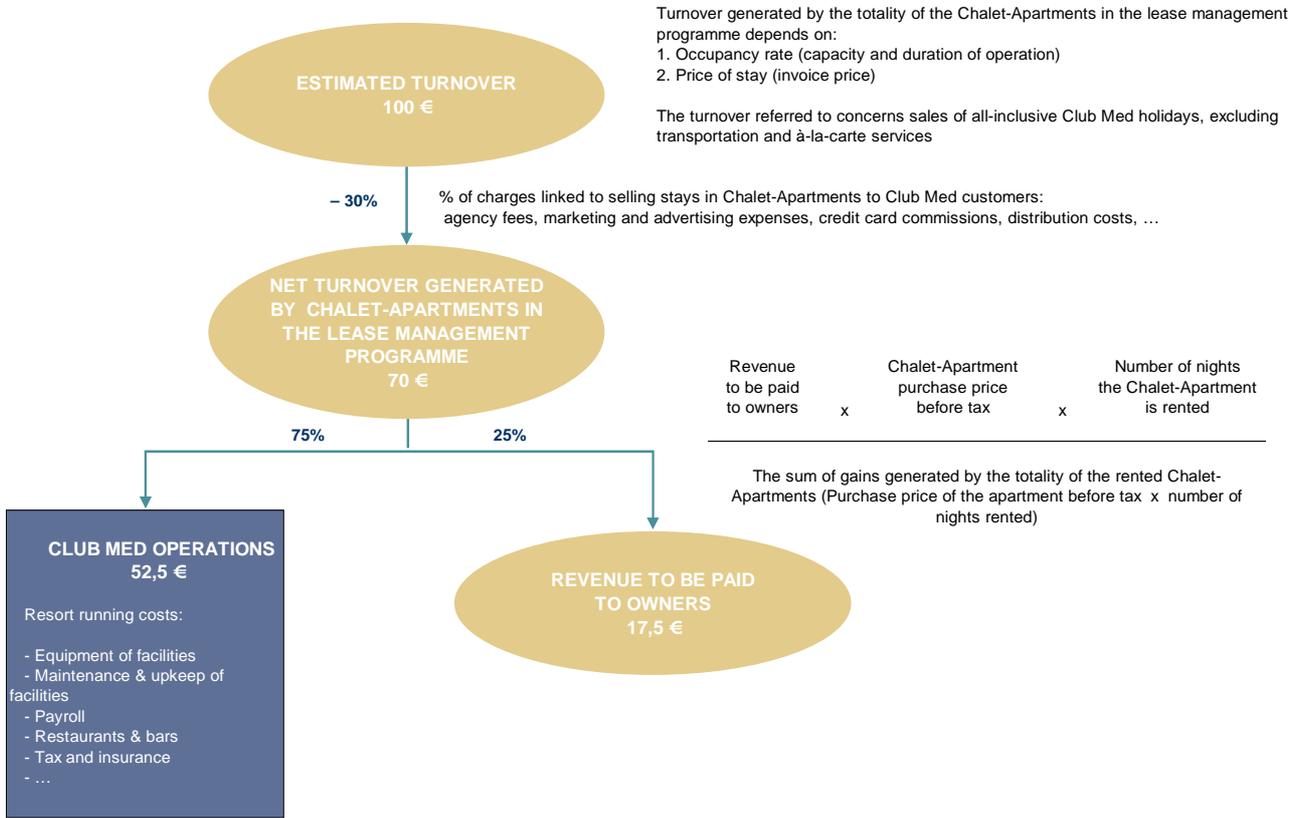
The owner will be required to pay his monies into the reserve fund twice a year, in May and November.

SERVICE CHARGES AND RESERVE FUND (*COMMUNAL AREAS*):

A property management company will be appointed to enforce compliance with the condominium rules and to manage the condominium.

The service charges and the contribution to the reserve fund will be paid by the joint owners.

EXAMPLE OF A CLUB MED CHALET-APARTMENT OF VALMOREL LETTING MANAGEMENT *



The Real Estate Developer exercised all due diligence, but does not guarantee that the information set forth herewith is exhaustive. The terms and conditions set forth in this Document do not constitute a contractual commitment. The Real Estate Developer shall not be held liable should information in this Document be insufficient, incomplete or inaccurate. This Document, as well as any other documents which will be given to you at a later stage, contains information which might be subject to modifications or updating according to future evolutions. This scenario doesn't take into account the fiscal situation of the owners and the taxation given the fiscal situation of the owners.

updated on 12/09/12

* Example based on a scenario with an Annual Average Variable Rent paid before tax above sixteen thousand (16 000) Euros.