

APROQUILA's STATUTES

ARTICLES OF ASSOCIATION

Art. 1 Designation

The Association shall be known as APROQUILA - Associação de Proprietários da Quinta do Lago and have its registered office at the development known as Quinta do Lago, in Quinta do Lago, Parish of Almancil, County of Loulé.

Art. 2 Term

The Association shall last for an indefinite period of time.

Art. 3 Objectives

The Association will be a non profit making organisation and its objectives are to protect and promote the quality of environment and careful management of natural resources at the touristic development of Quinta do Lago, and its surrounding areas, as well as to improve the organisation and generally look after the interest of the owners (and/or) residents or other users of the common facilities at the development.

Art. 4 Aims

In order to achieve its objectives the Association is required:

1. To co-operate with the competent authorities in promoting the quality of life of the users and residents of Quinta do Lago.
2. To promote, in collaboration with the competent authorities, the public interest in the management of the development which features low density zoning, and public and tourist facilities of a high international standard.
3. To promote environmental conservation of the surroundings of the development,

working with the Administration and appropriate government bodies in educating the population on ecology, on the need for protection of wildlife and sites or objects of scientific or cultural value.

4. To render, directly or indirectly, by means of a legal public interest concession, any services of common interests to the associates and other users of Quinta do Lago, namely those pertaining to the construction, maintenance and management of water systems for human consumption, greenkeeping, or industrial uses, treatment and disposal of sewage and urban wastes originated by tourist activities.

5. To protect the financial interest of its members by providing directly or by means of contracting with third parties, other services within the development in agreement and coordination with the concerned Authorities as appropriate.

6. To make agreements with the developer and/or other managing entities of the development of " Quinta do Lago " regarding the supply of basic services and the costs of maintenance of the infrastructure.

7. To look after the financial interests of its members by generally guiding and monitoring the direction and conservation of the development and ensuring the constant and sustainable quality of the services and facilities provided, as well as its maintenance, at the lowest possible cost to the members, always maintaining the quality of services as required.

8. To be responsible for the administration of the development in the event that the entities entrusted to fulfil those duties fail to do so, in quality standards compatible with the quality of life of the residents and the touristic prestige of the development.

9. To promote any cultural recreational or sporting activities for the members, following the guidelines to be approved by managing bodies of the Association.

10. Generally to ensure that the development remains a pleasant community and a quality resort, and defend the financial value of the members' investments.

Art. 5 Members

1. Membership to the Association can be applied for by individuals or corporations, Portuguese or foreign, regardless of state, age or of political or ideological persuasions or religious beliefs.

2. There shall be the following categories of members:

- a) Ordinary members;
- b) Co-operative members.

Art. 6 Ordinary Members

1. Those eligible to membership as ordinary members, are the individuals or corporations that own plots in Quinta do Lago approved for the building of independent villas.
2. The owners of plots included into touristic resorts or similar developments, as well as the ones which are part of developments related to Quinta do Lago though not integral to it are not eligible to membership under the precedent clause.
3. The ordinary members are entitled to one voting right per plot owned.

Art. 7 Co-Operative Members

1. Those eligible to membership, are the individuals or corporations that, being excluded from membership under article 6 of these articles of association, are users in their own name of communal interest services provided in Quinta do Lago, namely the managing entities of time share units and the owners of property for tourist letting, hotels or other similar uses.
2. Co-operative members are entitled to voting rights as follows:
 - a) The owners of undeveloped land which does not yet have a building or allotment license shall have one vote per each 4.000 sq. m of the estimated construction area, according to the Master Plan for Quinta do Lago, with the minimum of one vote;
 - b) The owners of golf courses to be built, shall have one vote per each 2 holes or equivalent intended to be built, with the minimum of one vote;
 - c) The owners of golf courses already built and ready to be used shall have two votes per each 1 hole or equivalent;
 - d) The owners of Allotments with allotment license but before the plots are sold, shall have one vote per each 2 plots, with the minimum of one vote;
 - e) The owners of allotments with regard to the plots already sold shall have a minimum of one vote per each plot and one vote per each six beds built in the plot over the 6 beds which are assumed to exist in each one plot;
 - f) The owners of areas approved for equipment, commercial areas, developments and other touristic purposes, before they are built and commercialised, even if only in part, shall have one vote per each 1.000 sq. m of approved area for construction;
 - (g) The owners of commercial areas partially built, shall have one vote per each 100 sq. m

of construction area to be completed, with a minimum of one vote;

h) The owners of shops, shall have one vote per each 50 sq. m of built area per shop; with a minimum of one vote per shop;

i) The owners of developments partially built, shall one vote per each 12 beds to be completed, and one vote per each 6 beds completed and ready to be used, with a minimum of one vote;

j) The owners of ancillary services, shall have one vote per each 100 sq. m of built area, with a minimum of one vote.

Art. 8 Members Admission



1. Those seeking admission to the Association must provide proof of identity and of the rights on which basis, membership is applied for, to allow the Board to decide on their eligibility and on the voting rights to be granted to the new members. The decision to admit a new member will be taken by majority of the members of the Board; admission shall not be unreasonably denied and a refusal will be well founded in respect of the particular application, the reasons to be fully minuted and communicated to the applicant.

Art. 9 Member's Rights



1. The members of the Association have the following rights:

a) To attend and vote at the general assemblies of the Association;

b) To be elected to the Association's bodies pursuant to the conditions established in these Articles and other rules of the Association;

c) Generally to participate in each and every undertaking of the Association;

d) To benefit from the facilities and services rendered, directly or indirectly, in exclusivity or in privileged conditions, by APROQUILA, according to the internal rules of the Association.

2. In the event of delay in making or failure to male payment of the annual subscription,

all rights of the member concerned will automatically be suspended until payment is made in full.

Art. 10 Members Duties



1. The duties of the members of the Association are:

- a) To contribute towards achieving the aims of the Association insofar as they are able to do so.
- b) To contribute to the expenses of the Association by paying every year a subscription, as shall be decided by the General Assembly, on proposition of the Board.
- c) To pay on time the amounts due to the Association for the services rendered.
- d) To carry out the duties that may be assigned to them by the Association bodies.
- e) To carry out their duties when serving on the bodies of the Association to which they may have been elected.

Art. 11 Association Bodies



1. The bodies of the Association are the General Assembly, the Board of Directors and the Fiscal Board.
2. No one member can be elected to more than one of the Association bodies during the same period.

Art. 12 General Assembly



1. The General Assembly consists of all ordinary and co-operative members of the Association and will ordinarily be convened once a year, with notice being served by its committee.
2. An extraordinary meeting of the General Assembly shall be convened by the president of its committee, whenever demanded according to the law or the internal rules.
3. The General Assembly shall work in full session, for consulting and other purposes and

shall work in separate session of the ordinary and co-operative members to decide on the following matters:

a) to elect respective representatives, by voting the lists of candidates to the various Association bodies and to decide the dismissal of any members elected;

b) to approve the financial reports and accounts of the Association; decide the appeal presented by a member against any decision of the Board of directors that may affect its membership or the corresponding rights, to decide on the alteration of these statutes or the dissolution of the Association;

c) to approve the budget; to approve any capital investments; to approve the tariffs for any goods or services to be provided under the Association's control; to include a new service or exclude any service already provided under the Association's control; to decide on any matter considered by the Board to be of capital importance for the Association.

4. Any matter submitted to the decision of the two separate sessions of the members according to the two previous paragraphs, can only be considered approved if neither of the groups reaches a decision against it.

5. The General Assembly, has a quorum on first count if the members attending correspond to or represent a minimum of 50% of the possible votes and in case there are not enough members present it has a quorum on second count taken thirty minutes after the first, with any number of attending members.

6. When a special majority is required by law or these statutes for a decision to be made, that majority is required on each two sessions of the General Assembly.

7. The General Assembly has a committee consisting of one member elected by the ordinary members, and another elected by the co-operative members and one more member, Who shall normally act as President of the Committee to be elected by the two elected members, whose mandates will last for a three year period.

Art. 13 Boards of Directors



1. The Board of Directors (or simply "The Board") consists five members, to be elected for a period of three years.

a) Two members of the Board shall be elected by the ordinary members and another two members shall be elected by the co-operative; all the elected members shall elect someone Who may or may not be a member of the Association, to be the fifth member of the Board.

b) The five members of the Board shall appoint one of them who is member of the Association to be the President of the Board and of Aproquila.

2. The duties of the Board of Directors are:

a) to direct the Association according to its Articles and internal rules;
b) apply sanctions and suspend for a certain period, the social rights of the members Who may have seriously or repeatedly failed to fulfil their obligations towards the Association or the other members;

c) To implement the resolutions taken by the General Assembly and to represent the Association in and out of court.

3. The Association is bound by the signature of any two members of the Board of Directors, provided one is of a member elected by the ordinary members and the other of a member elected by the co-operative members.

4. The rules of the Association or a decision of the Board may provide for more demanding or special requirements for the operation of the Association's bank accounts or the approval of certain expenditures.

Art. 14 Fiscal Board



1. The Fiscal Board consists of three members, elected for a three year period.
2. The members of the Fiscal Board are to be elected one by the ordinary members; one by the co-operative members and the last one Who may not be a member of the Association, by the two previously elected.
3. The Fiscal Board shall monitor/audit the administration and finances of the association and report to the membership on the audited accounts of the association, prior to the AGM.

Art. 15 Decisions of the Association Bodies



1. All decisions and resolutions of the Association's bodies will be made by a majority of votes cast except if otherwise stipulated by Portuguese law, by these Articles, or by the internal rules of the Association.
2. A resolution to amend these Articles requires a majority of three quarters of the votes cast in each session of the General Assembly convened for that purpose.

3. The president of each body has a casting vote.

Art. 16 Internal Rules / By Laws



Without prejudice to these articles, internal rules can provide for the rights and duties of the members of the Association, conditions of admission, dismissal and exclusion of members, and penalties or sanctions for breach of any law, statute, or rule applicable and in force.

Art. 17 Civil Responsibility



The Association is legally liable for the acts and omissions of its bodies or representatives when acting on its behalf.

Art. 18 Dissolution



In the event of the dissolution of the Association the General Assembly will decide on the distribution of any remaining funds.