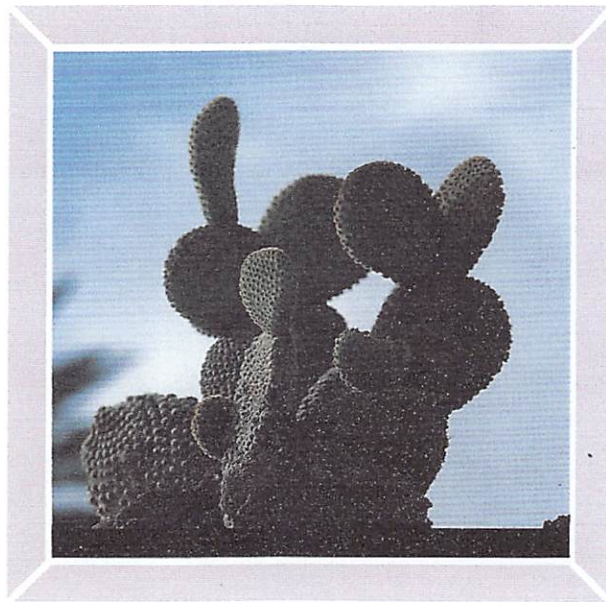
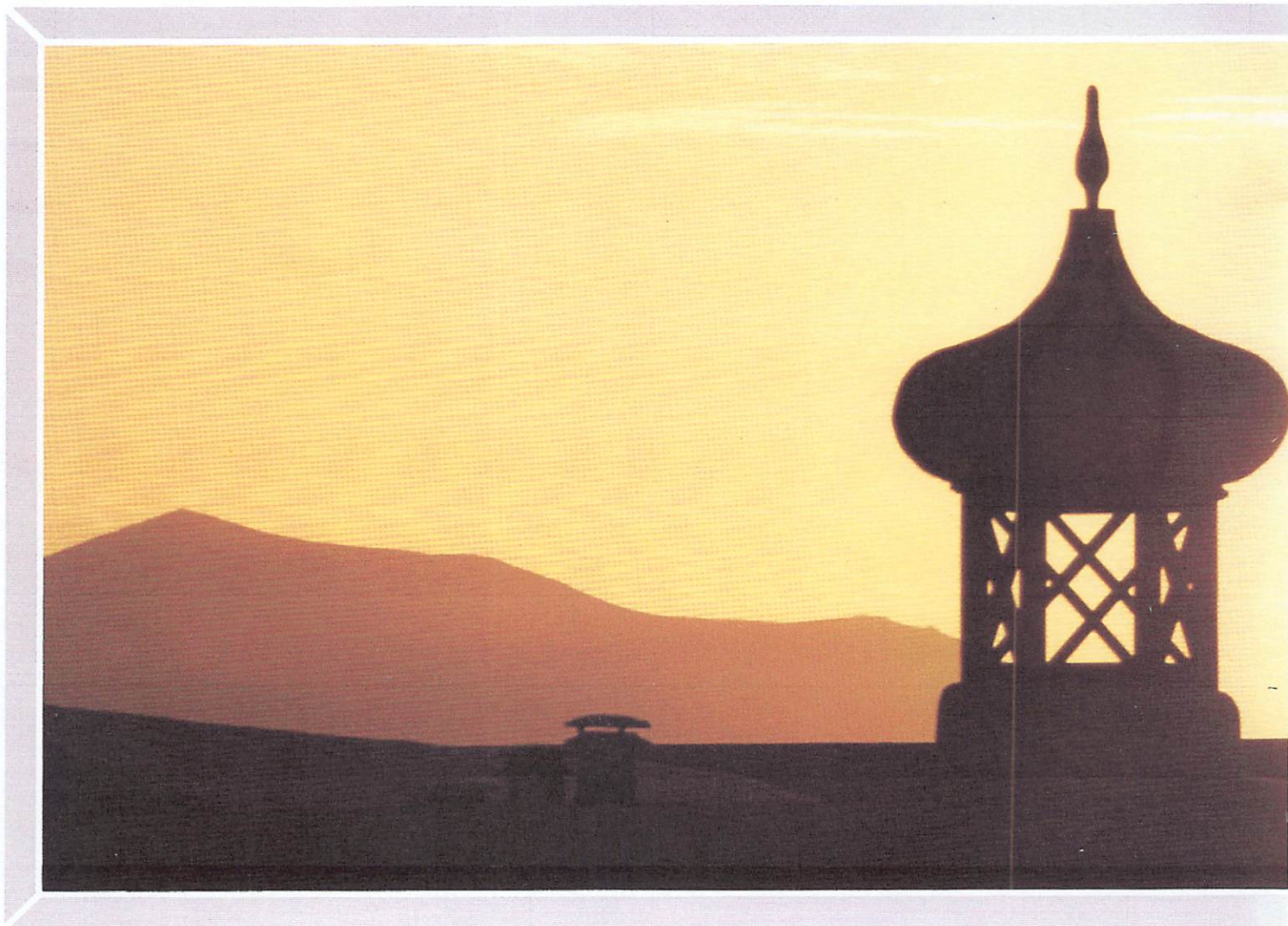


C LUB LANZAROTE, S.A.





CLUB LANZAROTE, S.A.

The company "Club Lanzarote, S.A." is the sole owner of the property called Montaña Roja. The property consists of approximately 11.000.000 square meters (3.000 acres) of land with a coastline of 8 km (5 miles). The company's land was registered in Arrecife on the 10th of September 1973 according to Agrupación No. 1083/73 issued by the Notary Public Julian Marazuela Gonzales, and entered into the land register in Arrecife on the 24th of April 1974. The Chairman of the Board and President of the company is one of Norway's leading land- and building developers, Trygve Brudevold, and the Resident Manager and Company Secretary is the Norwegian civil engineer Tron Jorstad. The company maintains a permanent staff for administrative and project management purposes.

The 6th of July 1979 the company's land received the status of "Centro de Interés Turístico Nacional" which means Tourist center of special national interest. The whole land has an approved master plan.

Club Lanzarote, S.A. is a professional development company. The land owned by the company, however, is of such magnitude that it would be impossible for a sole company

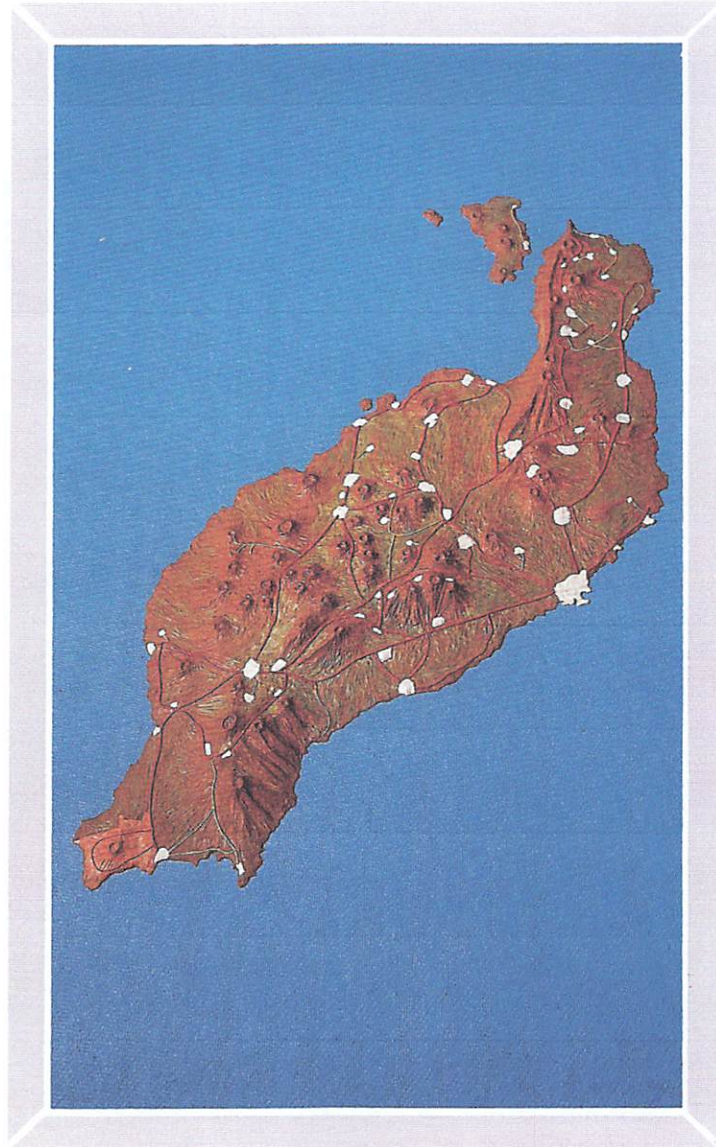


to develop it within a reasonable scope of time. Club Lanzarote, S.A. must, however, build on a minimum of 10% of the land on their own behalf, according to the approved plan, called the "Centro de Interés Turístico Nacional, Montaña Roja". Investors and developers are therefore invited by Club Lanzarote, S.A. to purchase whole enclaves within the area which have been approved for development. The purchaser will subsequently be free to make his own detailed plan for the enclave within the frame of the approved plan. Club Lanzarote, S.A. will make the necessary infrastructure in the whole area, and also according to individual agreements with prospective buyers.

The various enclaves differ in size, volume of construction, type of construction, height of construction and so forth, cfr. pages 20, 21, 22 and 23.

No price list is available for the respective enclaves. This is due to the fact that the price is determined at any given time, subject to trends in the market, size of the area to be purchased, location of the area, volume and type of construction, and on the amount of infrastructure to be supplied by Club Lanzarote, S.A.

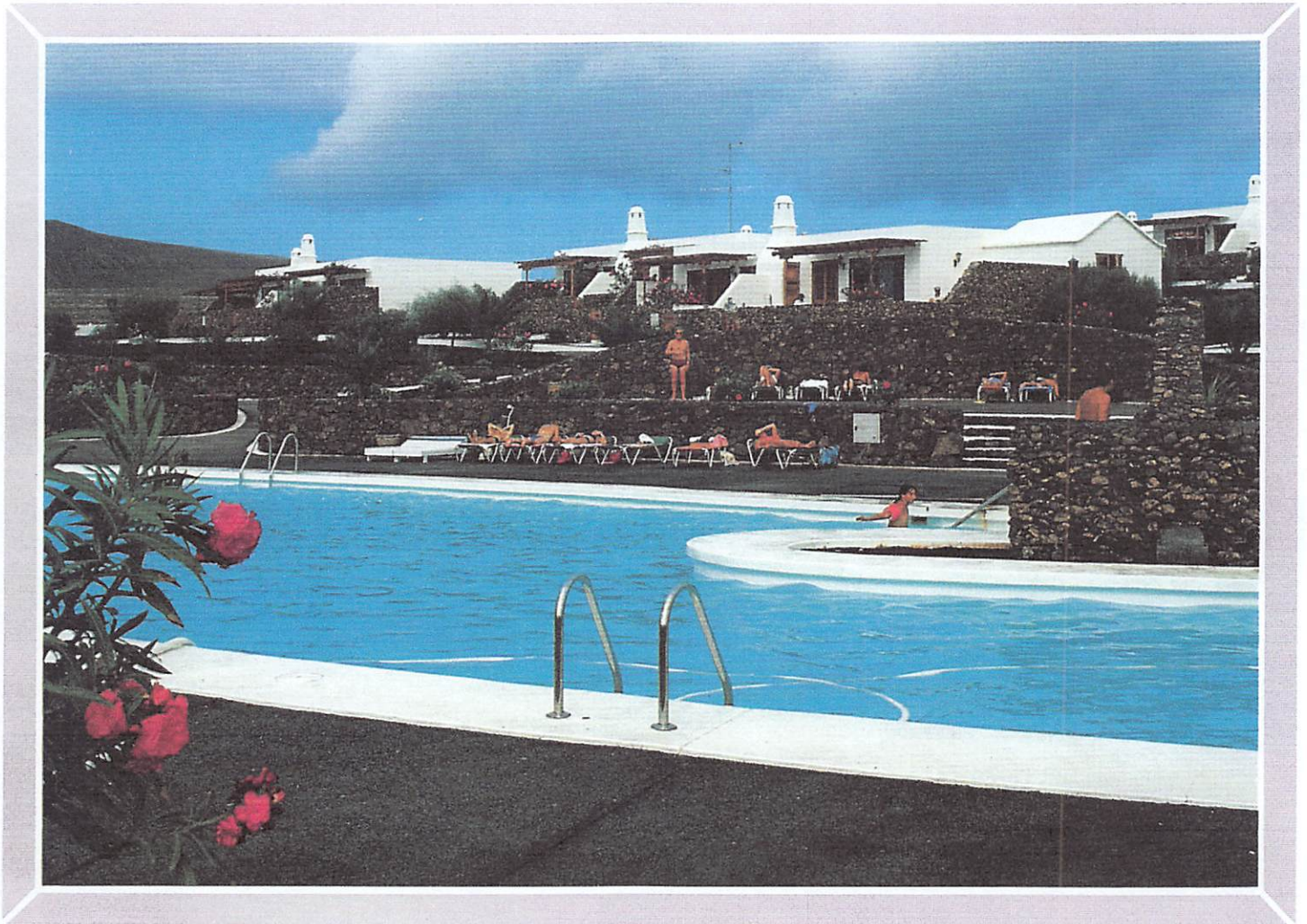
Visit the Company's Offices and ask for an offer.



THE ISLE OF LANZAROTE

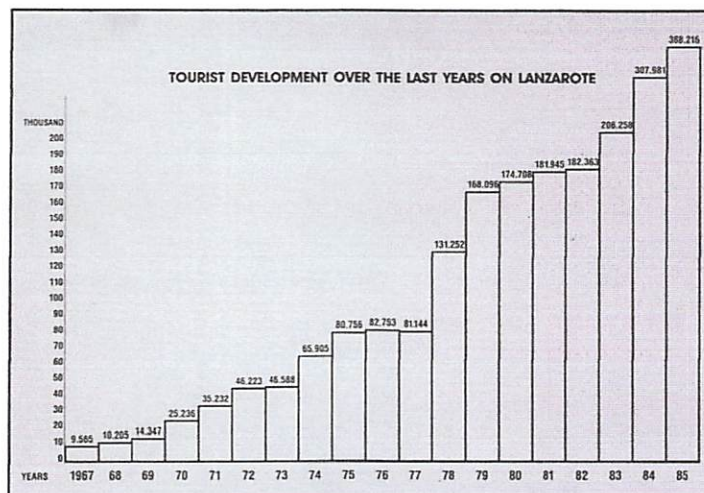
Lanzarote is located on the north-eastern part of the Canary Islands. It is situated near the African coast some 120 km (75 miles) away, and therefore has a stable, dry climate. The island is of volcanic origin, and is undoubtedly

the most interesting of all the islands in the Archipelago. The coastline has many varying features, reefs and cliffs alternating with sandy beaches. The population of the islands is about 60.000, half of which lives in the capital Arrecife.

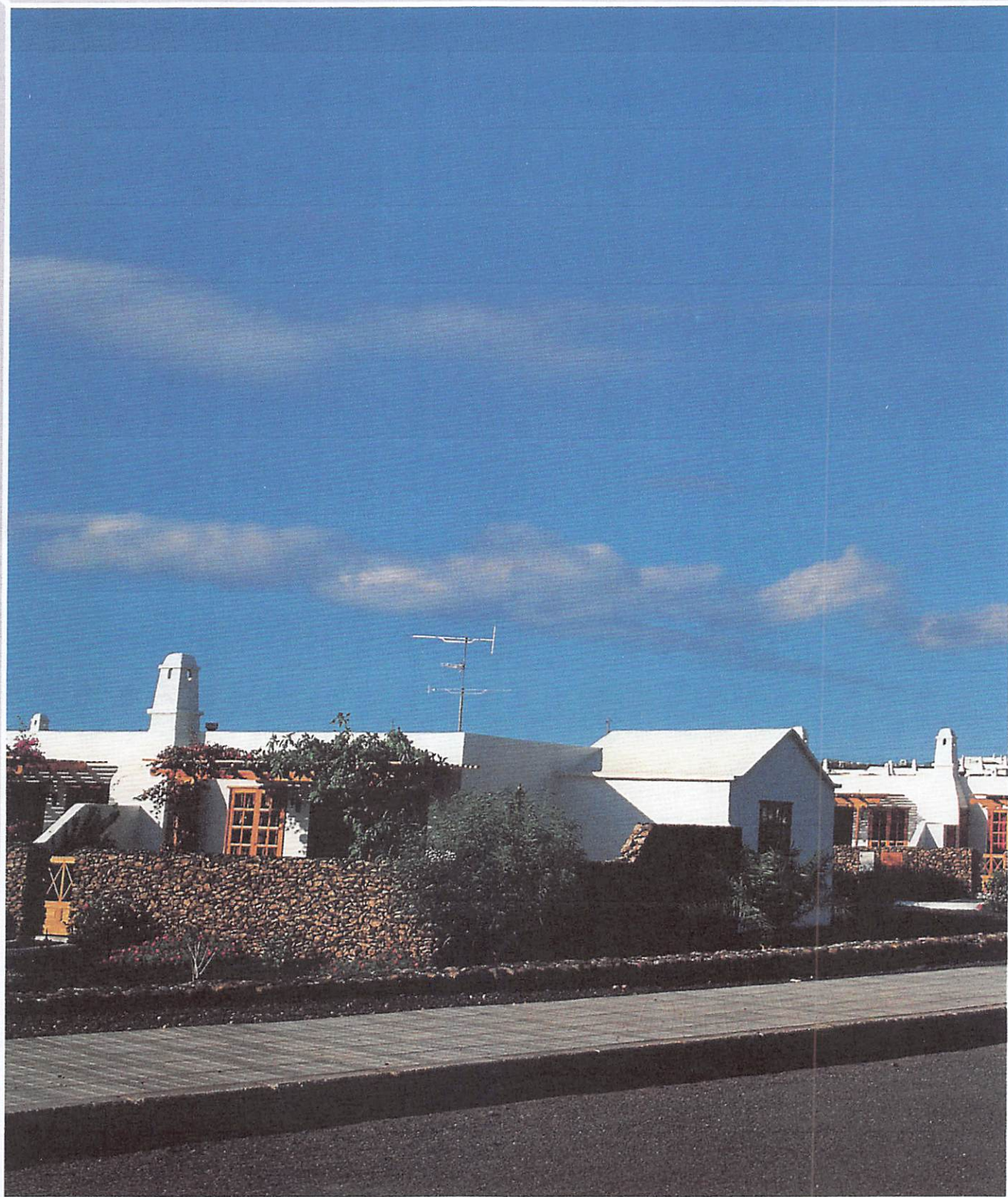


P RESENT TOURIST DEVELOPMENT

Tourism is rapidly developing on Lanzarote. There are at present comparatively few resort areas on the island. One of the reasons for this may be that the Spanish authorities, fully aware of previous mistakes with uncontrolled tourist development that have taken place on the Spanish mainland and some of the other Canary Islands,



have subjected Lanzarote to very strict building- and development regulations. Lanzarote is rapidly gaining in popularity as a resort area and has had a steady increase. For this reason there is a shortage of medium priced room capacity on the island. The visitors are predominatly of English, German, Scandinavian, Spanish and Dutch origin.



LOCATION OF THE MONTAÑA ROJA ESTATE, ITS SIZE, TOPOGRAPHY, FLORA AND FAUNA

The company's estate is in the municipality of Yaiza at the southern end of the island of Lanzarote; its situation is one of the finest in an area which the authorities have specially designated for tourist purposes.

In common with the islands of Gran Canaria, Tenerife and Fuerteventura, the best and most stable weather is to be found in the southern areas, the climate is drier and there are more sunny days than in the northern parts of the islands.

The distance from Lanzarote's capital Arrecife to the company's estate is 23 miles. The distance from the international airport is 21 miles.

Good roads connect the area with the capital and the airport. The main road network of Lanzarote consists of good asphalt roads.

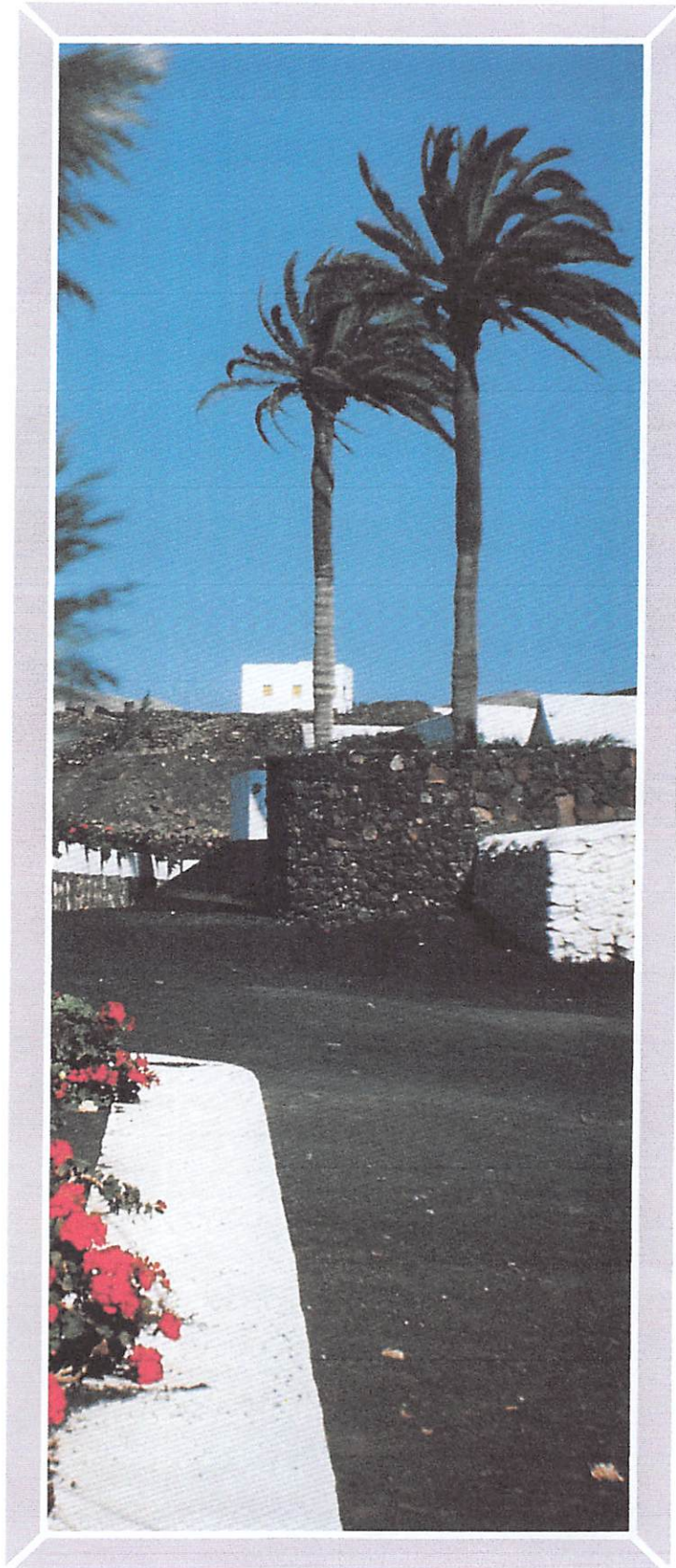
The estate is bound by the main road between Yaiza and the fishing village of Playa Blanca. (It is almost rectangular in shape, about 1,9 x 2,5 miles). The coastline is about 5 miles. The property consist of approxi-

mately 3.000 acres. The charming coastline varies from sandy beaches bordering calm seas in the south to lava rocks further westward. This stretch of coast invites to a varied and attractive development to provide good facilities for bathing, fishing, aquatic sports etc. The reddish-brown volcano of Montaña Roja forms the geographical centre of the estate and the crags of its crater reach an altitude of 590 feet.

There are very good development sites on the lower slopes, with views of the islands of Lobos and Fuerteventura.

The flora is typical of an arid climate. The estate has rich deposits of beautiful volcanic stone, typical of Lanzarote, which is used to a great extent as a decorative building material on the island. Vegetation is naturally sparse due to the low precipitation, but the soil is fertile. Thus, when these areas are irrigated and cultivated, growth is rapid and luxuriant, as has been established on innumerable occasions.





COMPANY OBJECTIVES

Individual lots or larger properties will be sold in such a way as to achieve the greatest possible profit. In order to achieve maximum profit the company considers it desirable to engage itself, to such extent as may seem reasonable, in the infrastructure work (basic investments), i.e. to prepare the estate for construction by building main roads, electricity and telephone systems, refuse disposal plant and partial development of beach areas etc. The company has its own waterwork. Club Lanzarote, S.A. will build the following infrastructure which is included in the price for the respective enclaves unless otherwise stated below:

1. Main roads and public parking lots according to the approved plan.
2. The laying of high voltage cables to transformers situated within or nearby each enclave.

(Low-voltage cables from the transformers to the respective enclaves to be installed by the purchaser at his expense).

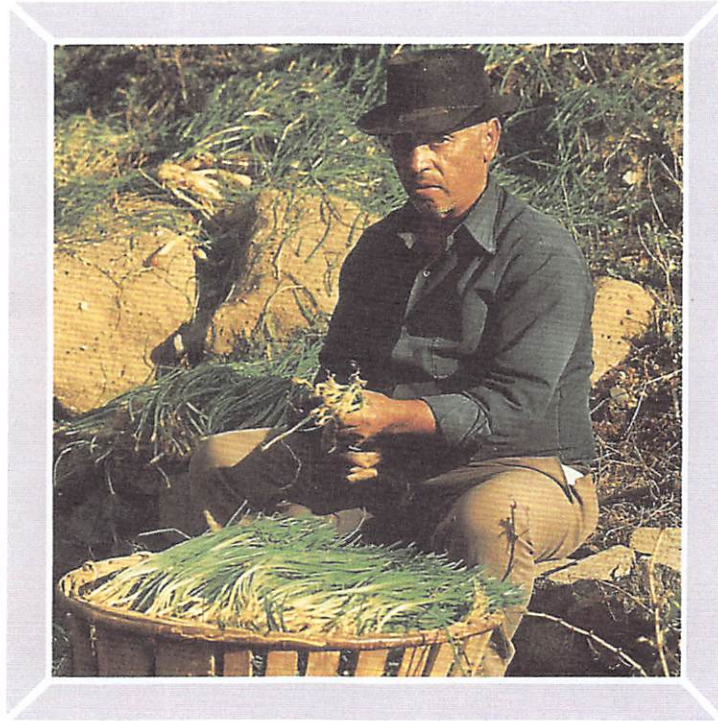
3. Street lighting along main roads. The buyer, however, pays the running costs of their proportional part.
4. The laying of subterranean pipes for telephone lines, the actual cables to be laid by the telephone company.
5. Possible laying of waterpipes from waterplant, belonging to the company, or arrangement with car transport. The buyer pays the expenses for connection to the water-mains, as well as the distribution net within the purchased area. The buyer makes the detailed planning for the urbanization (the enclave) builds depuration plant and tanks for drinking water as well as purified water.

COMMUNICATION ✎

Lanzarote has an international airport 34 km (21 miles) from the site, which handles a large number of charterflights to the mainland of Europe, as well as scheduled flights. It is a short flight to Gran Canary — with its excellent international connections. Ships from major Euro-

pean ports make regular calls at the island. The telephone-, telex-, telefax and telegraph network is well developed with direct international connections. The road network, water, electricity and gas supplies are adequate to support a large scale development.

✎



THE ECONOMY

The island's economy is by tradition based on agriculture (onions, grapes, potatoes, tomatoes) and fisheries. This ensures a steady fresh supply of basic food for the increasing number of visitors. Lanzarote is a free port, an added attraction for tourist and business men alike. In the past few years tour-

ism has become an important source of revenue for the islanders. The population has succeeded in maintaining their traditions in spite of this slowly changing source of income. Lanzarote's urban areas are well served with banks, shopping centers and speciality stores of all types.

PRESENT AND PLANNED DEVELOPMENT OF THE PROPERTY

On the Montaña Roja Estate, Club Lanzarote, S.A. and others, both Spanish and foreign developers have con-



structed or are constructing several urban developments consisting of a total of approximately 1250 units.

For example, a major English company, Wimpey, International, has completed an urban development project consisting of 48 bungalows (apartments), etc., and is about to complete another urban development project consisting of 150 apartments, etc. A harbour, approximately 400 meters long, has been completed. The harbour is used for fishing boats and pleasure craft, as well as a car ferry to serve the neighbouring island of Fuerteventura. It is equipped to provide full marina service.

COMPLETED DEVELOPMENTS

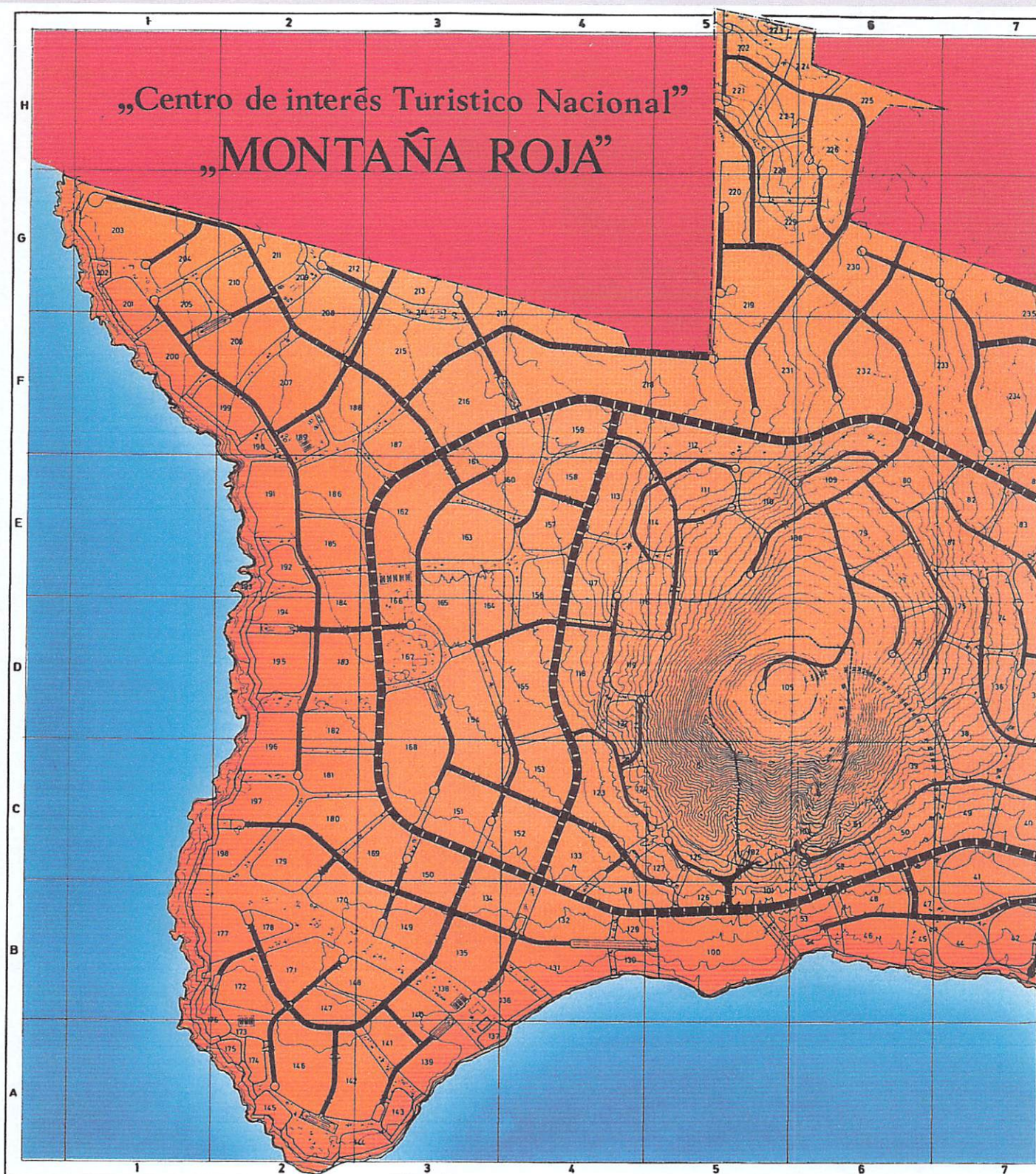
Enclave	Type	Number of units	Developers
38	Villas	19	Club Lanzarote, S.A.
12	Bungalows	128	Club Lanzarote, S.A.
13	Bungalows	54	Club Lanzarote, S.A.
8	Bungalows	48	Others
1	Petrol station	1	Others
20	Shopping centre + bungalows	32	Others

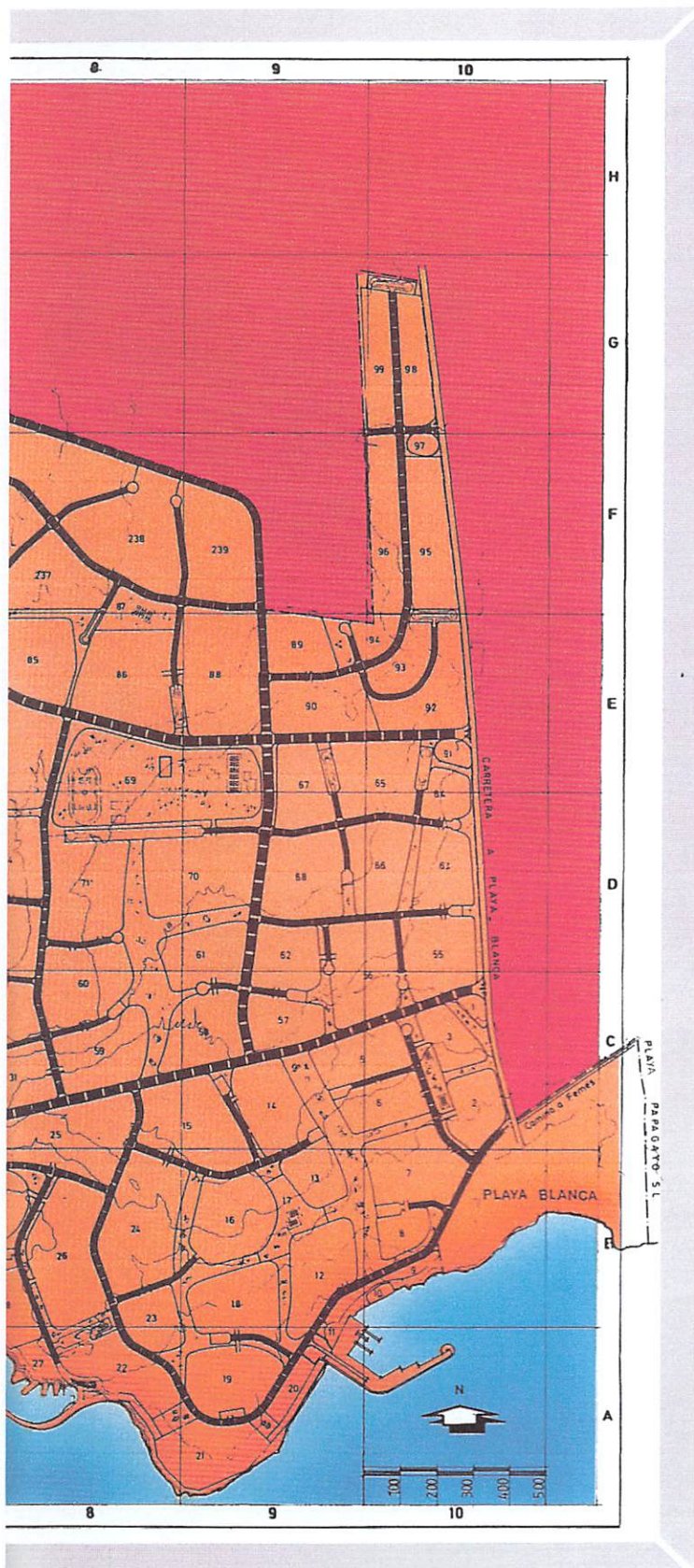
UNDER CONSTRUCTION

57	Bungalows	42	Club Lanzarote, S.A.
3-5-6	Villas	74	Club Lanzarote, S.A. and individuals.
16	Villas	40	Club Lanzarote, S.A. and individuals.
32	Villas	49	Club Lanzarote, S.A. and individuals.
49	Villas	22	Others
19	Villas	70	Others
7	Bungalows	150	Others
22	Apartments + mole	700 beds	Others
21	Hotel	600 beds	Others
234-235-236	Villas	50	Club Lanzarote, S.A. and individuals.

UNDER PLANNING

18	Shopping centre + bungalows		Others
28	Apartment hotel		Others
53-46-48-100	Apartments/ Bungalows, incl. mole and yacht harbour	2000 beds	Club Lanzarote, S.A.
58	Apartments	250	Others
60	Apartments/ Bungalows	250	Others
61	Bungalows	60	Others
62	Shopping centre		Others
71	Apartments	approx. 300	Others
35	Bungalows	approx. 70	Others
33	Shopping centre		Others
36	Villas	12	Club Lanzarote, S.A.
39	Villas	25	Club Lanzarote, S.A.
Playa Blanca			Club Lanzarote, S.A.





MAPS

Club Lanzarote, S.A. has excellent maps for the whole area. The maps have been elaborated by the Swedish company "Kjessler och Mannerstråle AB", according to aerial photos (flying height 750 meters), with the following specifications:

- a) Original maps, Coronaffex UC4, scale 1:1000.
- b) Contourlines, each meter (maximum deviation ± 0.25 m).
- c) 45 triangulation points, with coordinates in meters (3 decimals).

Deviation:

Angles 20 cc

Length 2 cm /km

Height 2 cm/km

Because of the high standard of the existing maps, no extra mapping will be needed for future planning.

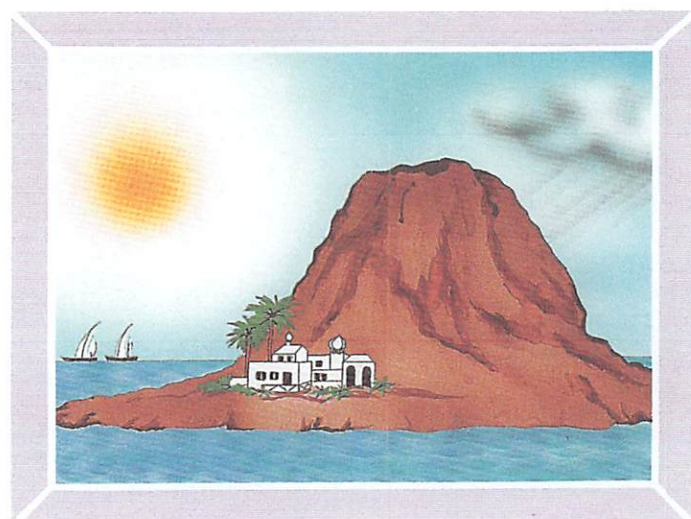
The approved "Plan Centro Turistico" has been made according to the mentioned maps.



CLIMATE

The Gulf-stream and the trade winds ensure a constant climate throughout the year, with almost perpetual sunshine, — particularly on the southern end of the island. Day-time temperatures on the island average between 23° and 29° C (73,5° and 84,3° F).

The average number of hours of sun each month ranges from 190 hours in December to 300 hours in July. The water is clean, and as there is virtually no industry on Lanzarote, the air is unpolluted.



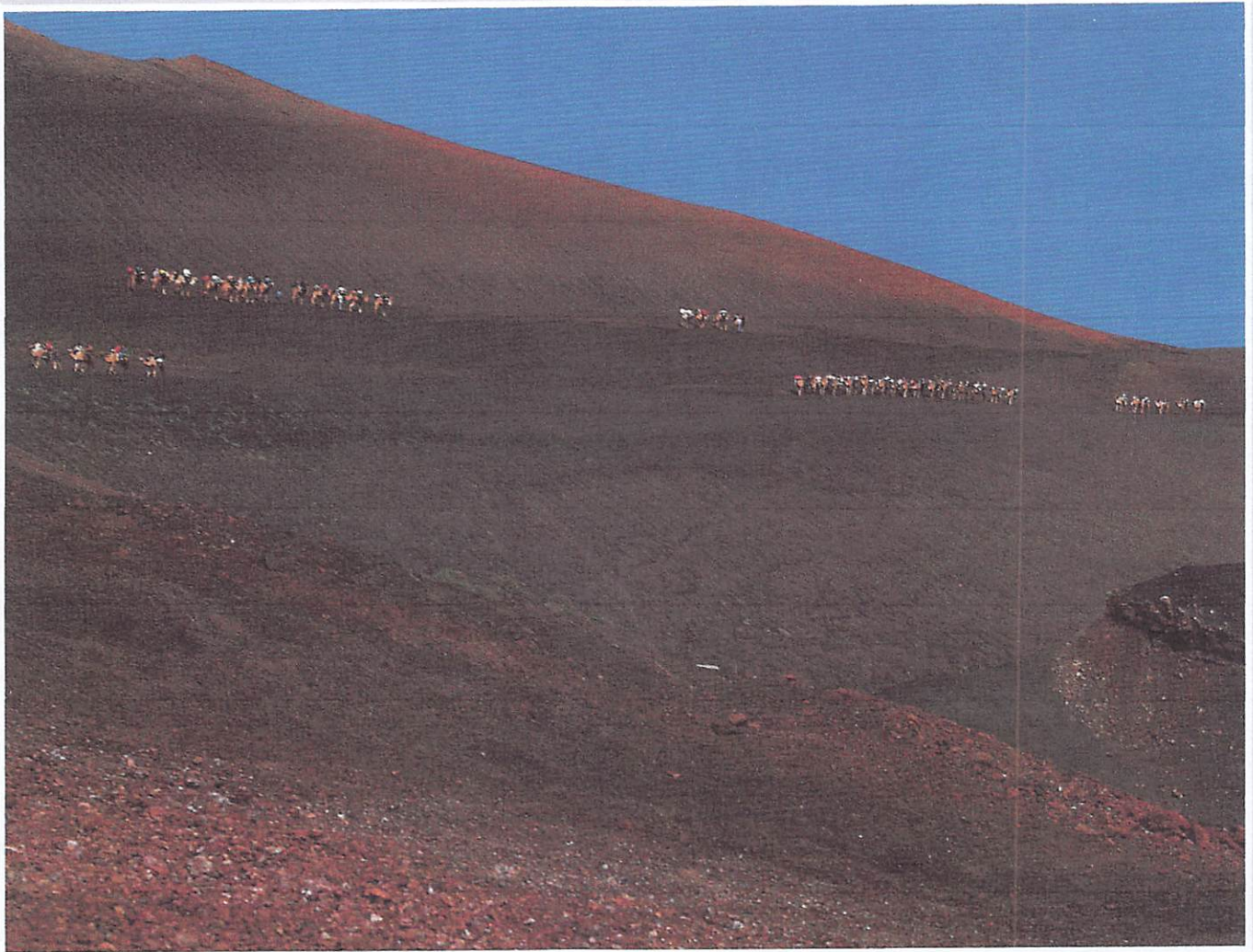


F LORA AND FAUNA

The flora of Lanzarote is both diverse and interesting. Some of the species which became extinct in Europe during the Ice Age found a haven here. Characteristic of the vegetation of the island are the Eucalyptus tree and the indigenous palm with its straight stem and symmetrical crown. There are also cactus plants in profusion.

When irrigated the soil is exceptionally fertile and plants and trees grow willingly. There are relatively few wild animals on the island with the exception of the innumerable rabbits.

The hedgehog and small lizard resembling a dinosaur in miniature are also to be found in Lanzarote. There are no snakes or poisonous insects.



T TOURIST ATTRACTIONS

Lanzarote is a unique island with outstanding tourist attractions. First of all the island itself, with its 300 volcanos is quite special. Even when you have lived on the island for several years, there are always new places to be discovered; Small sheltered coves in addition to the famous sandy beaches at Papagayo;

cliffs for the ones who want a lonely place to sunbathe; roads into the lava-fields and a completely different world. The famous caves Jameos del Agua and Las Cuevas Verdes must be seen as well as the spectacular sights at El Mirador del Rio and El Golfo.



ISTORICAL NOTES

Finds from archaeological excavations, ceramics and rock paintings prove that Lanzarote was inhabited as far back as 1000 BC. It is believed that the island has its name from the Genoese mariner Lanceloto Melacello who explored the island in the 14th century. Early in the 15th century the island was conquered by a Norman adventurer, Jean de Bethencourt. As a result of a series of raids by pirates and slave traders the original inhabitants, the Guanchos, were almost completely wiped out.

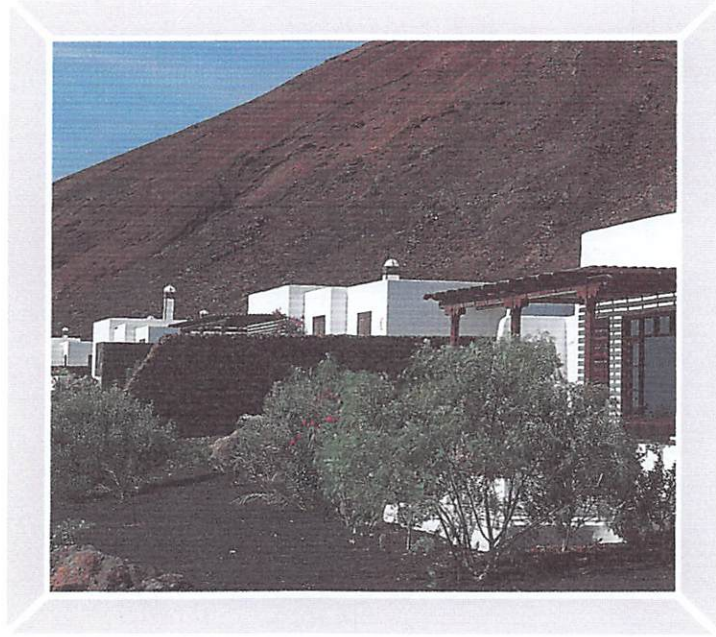
Since the early 1400's Lanzarote has been under the control of Spain, and it was annexed to the Crown of Castile in 1483. In the years that followed there were several attempts to conquer the island, but none were successful. Lanzarote today is a part of the Spanish province of Las Palmas, which comprises the islands of Gran Canaria, Lanzarote and Fuerteventura. The capital of the province is the city of Las Palmas, on the island of Gran Canaria.

OOD

There is a surprising number of excellent restaurants in Lanzarote. International as well as Spanish cooking is well represented. All sorts of high quality meat are imported, while fresh fish is supplied daily by local fishermen. The salads made with the islands excellent onions and

tomatoes are a gourmet's delight.

The local potatoes (papas arrugadas) with garlic sauce (mojo picon) as an "aperitivo" should be tried together with fried fish or grilled meat. The local cheese (queso de cabra) with a glass of wine is highly recommended.



SUMMARY OF ADVANTAGES CONNECTED WITH THE STATUS OF "CENTRO DE INTERÉS TURISTICO NACIONAL"

For areas offering a particular capacity for tourist development the Spanish government may grant the status of "Centro de Interés Turístico Nacional". Only areas which fulfil the most rigid demands as to location and topography, and which provide a sound basis for accommodating the needs of the visiting tourist will be granted such a status. Few locations in Spain have been granted this status, and Montaña Roja is one of the largest in Spain — and the only one on Lanzarote. It received its status on July 6th, 1979 (ref. Royal Decrees 2148/79 and 1975/1979) and it was entered into the Boletín Oficial del Estado (State Gazette) on

September 10th, 1979. Areas which are approved as "Centro de Interés Turístico Nacional" have the complete co-operation of the government in connection with tourist development activities (ref. Royal Decree 689/78, published in St. Gaz April 14th, 1978). Among the many advantages that can be achieved by attaining the status of "Centro de Interés Turístico Nacional" are the following:

1. Formalities connected with building are simplified, thus saving the builders and the local administration both time and money.
2. General permission for activities and building connected with tourism has already been granted.
3. Special tax- and depreciation advantages are obtainable.

4. A permit for foreigners and foreign companies to invest in building projects and other activities connected with tourism is granted.
5. Developers in an area which has been granted the status as "Centro de Interés Turístico Nacional" are given preference on loans in Spanish state banks offering favourable conditions. Up to 70 % of the cost of certain projects can be financed this way.

For the individual purchaser or user of the facilities in the development area, the advantage is that the total project is defined in advance so that no unpleasant surprises such as unplanned roads, high-rise buildings, pollution etc. will occur.

PECIFICATIONS OF THE DIFFERENT ENCLAVE OF MONTAÑA ROJA

Enclave no (Parcel no.)	Size	Degree of utilization	Height of construction	Number of beds	Type of construction
14	40.558	0,13	2	247	Villas
15	56.419	0,13	2	344	Villas
24	79.148	0,13	2	482	Villas
25	67.996	0,13	2	415	Villas
26	68.249	0,13	2	415	Villas
29	30.393	0,50	1		Shopping centre
31	34.522	0,13	2	215	Villas
33	36.274	0,50	1		Shopping centre
34	39.613	0,13	2	241	Villas
37	29.491	0,13	2	180	Villas
39	36.599	0,13	2	223	Villas
40	37.639	0,13	2	376	Bungalows
41	64.504	0,13	2	393	Villas
42	31.727	0,13	2	317	Bungalows
44	23.323	0,13	2	233	Bungalows
46	33.232	0,70	5	466	Hotels
48	22.010	0,13	2	220	Bungalows
50	40.607	0,13	2	406	Bungalows
51	10.407	0,13	2	63	Villas
52	25.187	0,13	2	252	Bungalows
53	18.824	0,13	2	189	Bungalows
56	51.017	0,13	2	510	Bungalows
59	46.280	0,13	2	282	Villas
62	29.042	0,50	1		Shopping centre
64	15.897	0,13	2	97	Villas
65	49.941	0,13	2	304	Villas
66	38.751	0,13	2	236	Villas
67	34.957	0,13	2	213	Villas
68	50.818	0,13	2	310	Villas
70	66.647	0,13	2	406	Villas
72	87.872	0,13	2	536	Villas
73	38.680	0,13	2	236	Villas
74	30.958	0,13	2	188	Villas
75	31.202	0,13	2	195	Villas
76	25.370	0,13	2	155	Villas
77	40.762	0,13	2	248	Villas
79	48.928	0,13	2	298	Villas
80	42.594	0,50	1		Shopping centre
81	49.584	0,13	2	302	Villas
82	29.345	0,13	2	179	Villas
83	36.207	0,13	2	220	Villas
84	14.069	0,13	2	141	Bungalows
85	43.196	0,13	2	432	Bungalows
86	72.434	0,67	2	782	Houses for employees

Enclave no (Parcel no.)	Size	Degree of utilization	Height of construction	Number of beds	Type of construction
88	71.386	0,50	1		Shopping centre
89	28.838	0,67	2	311	Houses for employees
90	40.777	0,67	2	441	Houses for employees
91	4.818	0,65	1		Industrial area
92	29.651	0,65	1		Industrial area
93	22.976	0,65	1		Industrial area
94	13.839	0,65	1		Industrial area
95	48.610	0,07	2	108	Rustic area
96	43.370	0,07	2	95	Rustic area
97	4.849	0,65	1		Industrial area
98	36.547	0,07	2	80	Rustic area
99	31.278	0,07	2	69	Rustic area
100	100.000	0,70	5	1400	Hotels
101	31.725	0,13	2	198	Villas
102	20.787	0,13	2	127	Villas
103	4.556	0,13	2	27	Villas
108	34.180	0,13	2	208	Villas
109	25.952	0,13	2	158	Villas
110	36.129	0,13	2	220	Villas
111	36.505	0,13	2	365	Bungalows
113	47.992	0,67	2	518	Houses for employees
114	24.023	0,13	2	146	Villas
115	66.340	0,13	2	404	Villas
116	41.697	0,13	2	254	Villas
117	45.486	0,67	2	492	Houses for employees
118	53.739	0,13	2	537	Bungalows
119	34.726	0,70	5	486	Hotels
122	19.928	0,13	2	199	Bungalows
123	67.030	0,13	2	670	Bungalows
124	20.203	0,13	2	202	Bungalows
125	19.401	0,13	2	194	Bungalows
126	17.856	0,13	2	109	Villas
127	14.270	0,13	2	87	Villas
128	29.465	0,13	2	294	Bungalows
129	11.909	0,13	2	119	Bungalows
131	44.441	0,70	5	622	Hotels
132	43.212	0,13	2	263	Villas
133	37.678	0,13	2	376	Bungalows
134	38.955	0,13	2	238	Villas
135	45.740	0,13	2	279	Villas
136	19.206	0,13	2	117	Villas
139	30.934	0,70	5	434	Hotels
140	22.527	0,13	2	225	Bungalows
141	19.114	0,13	2	191	Bungalows

Enclave no (Parcel no.)	Size	Degree of utilization	Height of construction	Number of beds	Type of construction
142	46.148	0,13	2	465	Bungalows
143	10.715	0,13	2	107	Bungalows
146	67.378	0,13	2	673	Bungalows
147	25.767	0,50	1		Shopping centre
148	25.046	0,13	2	152	Villas
149	33.344	0,13	2	333	Bungalows
150	38.489	0,50	1		Shopping centre
151	46.280	0,13	2	282	Villas
152	46.011	0,13	2	286	Villas
153	42.536	0,50	1		Shopping centre
154	72.490	0,13	2	724	Bungalows
155	62.356	0,13	2	380	Villas
156	35.789	0,13	2	218	Villas
157	30.932	0,50	1		Shopping centre
158	26.084	0,13	2	159	Villas
159	31.310	0,13	2	191	Villas
160	52.466	0,13	2	524	Bungalows
161	21.586	0,13	2	215	Bungalows
162	62.643	0,13	2	636	Bungalows
163	52.427	0,13	2	524	Bungalows
164	31.529	0,13	2	315	Bungalows
165	38.970	0,67	2	421	Houses for employees
168	83.652	0,13	2	510	Villas
169	33.921	0,13	2	339	Bungalows
170	38.314	0,67	2	414	Houses for employees
171	34.604	0,13	2	211	Villas
172	32.342	0,13	2	323	Bungalows
174	10.686	0,13	2	65	Villas
175	6.280	0,65	1		Industrial area
177	30.964	0,13	2	189	Villas
178	9.529	0,13	2	58	Villas
179	38.375	0,13	2	383	Bungalows
180	36.967	0,13	2	369	Bungalows
181	35.061	0,13	2	213	Villas
182	32.567	0,13	2	199	Villas
183	42.324	0,50	1		Shopping centre
184	33.173	0,13	2	202	Villas
185	36.283	0,13	2	221	Villas
186	50.055	0,13	2	500	Bungalows
187	30.071	0,13	2	182	Villas
188	36.047	0,50	1		Shopping centre
191	41.551	0,70	5	580	Hotels
192	15.338	0,13	2	153	Bungalows
194	22.935	0,13	2	229	Bungalows

Enclave no (Parcel no.)	Size	Degree of utilization	Height of construction	Number of beds	Type of construction
195	39.945	0,13	2	399	Bungalows
196	32.231	0,70	5	454	Hotels
197	29.604	0,13	2	296	Bungalows
198	22.720	0,13	2	228	Bungalows
199	23.090	0,13	2	230	Bungalows
200	28.479	0,70	5	399	Hotels
201	19.813	0,13	2	195	Bungalows
202	4.667	0,65	1		Industrial area
203	57.007	0,67	2	616	Houses for employees
204	35.388	0,13	2	354	Bungalows
205	21.702	0,13	2	217	Bungalows
206	52.658	0,13	2	527	Bungalows
207	61.949	0,13	2	619	Bungalows
208	52.626	0,13	2	323	Villas
210	31.920	0,13	2	319	Bungalows
211	24.195	0,50	2	315	Apartments
212	16.004	0,13	2	98	Villas
213	22.096	0,13	2	135	Villas
215	67.044	0,13	2	406	Villas
216	70.280	0,13	2	703	Bungalows
217	60.025	0,07	2	132	Rustic area
218	171.246	0,07	2	378	Rustic area
219	80.202	0,07	2	177	Rustic area
220	28.258	0,07	2	62	Rustic area
221	26.640	0,67	2	285	Houses for employees
222	18.157	0,67	2	198	Houses for employees
223	4.910	0,65	1		Industrial area
224	19.468	0,67	2	211	Houses for employees
225	27.140	0,07	2	61	Rustic area
226	55.745	0,07	2	122	Rustic area
227	25.913	0,67	2	280	Houses for employees
228	33.519	0,50	1		Shopping centre
229	41.134	0,07	2	90	Rustic area
230	50.926	0,07	2	113	Rustic area
231	130.651	0,07	2	281	Rustic area
232	73.441	0,07	2	161	Rustic area
233	126.178	0,07	2	278	Rustic area
234	70.241	0,07	2	154	Rustic area
235	157.174	0,07	2	347	Rustic area
236	78.491	0,07	2	174	Rustic area
237	46.955	0,07	2	104	Rustic area
238	68.853	0,07	2	152	Rustic area
239	58.505	0,07	2	129	Rustic area



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