

Co-ownership at Auchrannie – An Owners Guide

INTRODUCTION

Co-ownership - Background

Auchrannie Resort (Auchrannie Leisure Ltd) was founded in 1988 by Iain and Linda Johnston and Co-ownership lodges were developed to give you a chance to own a little bit of Arran which we know you all love so much. There are now 30 self-catering lodges at the Auchrannie Resort and 25 of these are held in trust for Co-ownership with 51 weeks in each lodge owned either by individuals or by Auchrannie Resort in perpetuity. Apart from these 25 lodges and the ground they sit on, all facilities and assets at Auchrannie, are owned by Auchrannie Resort.

Our Commitment to Owners

Both Auchrannie Resort and the Management Company, Auchrannie Leisure Services Ltd work to the highest standards of service delivering fantastic holiday experiences to you and our other owners and guests. We promise to operate with honesty and integrity in accordance with the values of Auchrannie Resort itself. As an employee owned organisation rooted in the local community our business model is focused on people and community before profit and our objective is to build a sustainable business for current and future generations of guests and owners where team members are valued and able to build fulfilling and meaningful careers.

This Guide

Whether you are “just in the door” or are “part of the furniture” we have prepared this short summary as an introduction to the club for you. The club is governed by its Constitution, which gives the full legal text regarding the running of the club. Hopefully this guide is a bit easier to read and understand.

OWNERS RIGHTS AND RESPONSIBILITIES

Your rights as an owner

Buying a co-ownership week entitles you to occupy that week each year in perpetuity. The start date of your week will change as determined by the Co-ownership Calendar. You can stay in your lodge, lend it to friends, or rent to a third party.

You can sell your co-ownership week at any time, gift it or leave it to someone in your will. You can also bank your week with one of the exchange companies and take a holiday elsewhere. A co-ownership week is a holiday asset which belongs to you legally in perpetuity.

Owners responsibilities

You can only occupy your lodge for the period of time set out in your ownership Certificate. As an Owner you have agreed to follow all the Club’s rules as set out in the constitution. This includes leaving your lodge in the condition you found it, allowing access for maintenance staff to complete repairs and not acting in a way that could invalidate the Club’s insurance policy

Management fees are due for each week you own and they must be paid (or a standing order set up) within one month of the invoice being issued or a late payment surcharge will be added. You have to pay the cost of the electricity used during your stay and are liable to pay for any damage you cause.

The Country Club should be notified of changes in contact details and if you are transferring your ownership certificate to someone else.

For full details of your responsibilities as an owner see pages 4 and 5 of the constitution

Use of Auchrannie Facilities

All facilities, land and property on the resort (except the 25 lodges in trust for Co-ownership) belong to Auchrannie Resort. As an Owner you have no legal right to use facilities and services owned by Auchrannie Resort. The use of these facilities and services is subject to ongoing agreements between Auchrannie Resort and Auchrannie Country Club. Some facilities and services are chargeable, others may be free of charge or included in your management fees.

Management Company

Auchrannie Country Club (the Co-owned lodges) is run by a management company, which unlike most resorts does not make a profit. The Management Company collects management fees, runs the Club and manages the lodges on behalf of the owners. Auchrannie Leisure Services Ltd (the management company), is a sister company of Auchrannie Leisure Ltd (Auchrannie Resort). It has been the Country Club Management Company since 1989 and is currently contracted in this role until 2031.

Managing the Country Club - responsibilities

The Country Club is managed on a day to day basis by the Country Club Manager and Auchrannie's team, overseen by the Resort Director. Whilst some personnel and services are shared between the Resort and the Country Club all services delivered to the Country Club are fully accounted for and controlled by the Owners Committee.

THE OWNERS COMMITTEE

The Owners Committee- overview

The Owners Committee is the "board" responsible for the Country Club and its purpose is to ensure that the club is operated in a way that protects the Owners rights and ensures the ongoing success of the Club. It is fully involved in all decision making with regard to the Club and agrees and monitors both the operational and refurbishment spend to ensure that Owners receive the best possible value for their management fees, while maintaining the high standards to which the Club operates.

The Owners Committee, comprises three elected owner representatives, currently, David Carson, Gordon Callum and Fee Cowan and two Auchrannie Resort representatives, currently, Linda Johnston, Managing Director, Auchrannie Resort and Colin Morrison, Financial Director, Auchrannie Resort. Linda Johnston is the Chairperson of Auchrannie Country Club Owners Committee. Auchrannie representatives are appointed by the Resort and Owner representatives are elected by Owners on a three-year rolling basis at Country Club AGM's.

The Owners Committee meets formally three times a year in June/July, September/October and January (before the AGM). Any urgent issues or owner's concerns are dealt with as and when required outside these formal meetings.

MANAGEMENT FEES

The Management Company is responsible for collecting management fees from all owners (including Auchrannie Resort) annually.

Funds collected from Management Fees are held by Auchrannie Country Club and are used solely for costs relating to the co-owned lodges. Whilst Auchrannie Resort provides services to the Club, it is only reimbursed for costs incurred in running the club. Unlike most resorts the management company does not make a profit from its activities.

Please note that if your fees are not paid or a standing order set up you will not be allowed to use, sell or exchange your week.

Your fees are split into two main components

The management fee **operational element** covers the on-going running costs of the club. Key elements are maintenance, care of the Lodge grounds, administration and contributions to services provided by Auchrannie Resort (e.g. use of the pools and Playbarn) which you can use with the cost covered by your fees.

The **refurbishment element** covers the cost of maintaining the fabric and fittings of the lodges to the very high standard that means the lodges maintain their RCI gold star and Visit Scotland 5 Star ratings. Refurbishment is managed through a ten-year rolling programme which is agreed and controlled by the Owner's committee.

Details of the costs of both operational and refurbishment programmes are made available to you before the Annual General Meeting and are reported on at the meeting.

Management Fees, are increased in line with the retail price index (RPI) every three years subject to AGM approval, and are paid annually for each week owned by both Owners and Auchrannie Resort. The next three yearly review of fees will be in April 2023. Whilst the Management Company and the Owner's Committee makes every effort to ensure the costs of the Club can be covered by these three yearly increases there may be times when an above inflation adjustment is required to ensure the Club is able to meet its financial obligations. If an above inflation rise is deemed necessary by the Owners Committee, they should first justify this with the Clubs Auditors before making a proposal to members for their approval at the annual AGM.

Management fees relate to costs incurred in lodges throughout the year and not just to the week you own. The majority of costs are fixed and apply even when weeks are not occupied.

COUNTRY CLUB AGM

As an owner, you may attend the annual Country Club AGM which is normally held in early January. You will receive notification of the AGM at least 28 days prior to the event but you would normally receive an initial invitation with date, venue and time by 5th September with a reminder and any relevant paperwork along with proxy voting forms by 5th December. The AGM weekend is an

enjoyable and sociable affair which allows owners and team members to meet one another in a relaxed environment.

MEMBER COMMUNICATIONS

Email Updates

To allow us to contact you efficiently and effectively, it is essential that you supply us with an email address. We email owners throughout the year if needed in addition to our scheduled mail outs.

By 5 September – AGM date, time and place notifications

By 5 December – AGM papers, proxy votes etc.

By 1 April annually – Annual Management Fees

Other communications – as needed

Regular mail

If you have not given us an email address we will send AGM paperwork and invoices by regular mail. Be aware that regular mail will always arrive later than email and can be affected by ferry disruption. We cannot send all of our regular updates and communications by regular mail due to postage and admin costs. Therefore, to make sure you receive all relevant updates we strongly recommend you give us an email address.

Owners Website Section

You can access the Owners website on www.auchranniecountryside.co.uk where you will find copies of recent minutes for both AGM and committee meetings, the current calendar, rent for owner form, dates for forthcoming Owners Committee Meetings and the email address for the owners committee.

Owners Facebook Page

The Country Club's facebook page was set up to improve positive communication and interactions between Owners and the Club. In the very rare event of owners feeling dissatisfied, the Owners Committee believe that it is best to address this directly to the Club as discussion on social media can often lead to misunderstanding and conjecture. Auchrannie will remove any posts relating to complaints or which present the resort poorly.

Complaints and questions

You should in the first instance always contact the Country Club Manager with any questions or problems by email on lodges@auchrannie.co.uk or by telephone. If you are dissatisfied with the response from the Country Club Manager, you can contact the Owners Committee by email on ownerscommittee@auchrannie.co.uk. Your complaint will be considered by the committee at the earliest committee meeting.

OPTIONAL SERVICES OFFERED BY AUCHRANNIE RESORT

Auchrannie Resort offers you a range of optional and chargeable services such as renting or selling your week(s) on your behalf and there are also extra cleaning services available. You should contact the Country Club Office for further details.

RESORT DISCOUNTS

Auchrannie Resort offers you certain discounts during the week(s) you own. The current discounts are listed on the back of your charge card. Please note that they are at the discretion of the Auchrannie Resort and can be amended or withdrawn at any time. Further details are available from the Country Club Office.