



HFA

Information brochure „Hapimag today“

Hapimag - Holiday with Friends!



**The Hapimag Idea
„Investing together,
and use it together!“
is the optimal alternative
to your own holiday
apartment.**

The Hapimag AG today

A look

through the glasses of the HFA -
Hapimag holiday club for shareholders

www.hapimag-ferienclub.info



Winter bei Hapimag (Foto privat)

*Through the glasses of the HFA -
Hapimag holiday club for shareholders*

The company Hapimag AG ACTUAL STATE:

Hapimag AG is a time-sharing company founded in 1963 and based in Steinhausen in the Swiss canton of Zug. It manages about 60 holiday-resorts, mainly in Europe.

On 31 December 2017, the AG had 107,815 shareholders, currently 238,000 issued shares, as well as approximately 20,724 other users with point products, which the company designates as 128,539 members.

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Hapimag in the view of HFA

The Hapimag Idea

**„Investing together, and use it together!“
is the optimal alternative to your own holiday apartment.**



St. Augustin, Foto privat

Hapimag has a lot to do to restore confidence to build!

Conclusion:

Entry into the Hapimag holiday world is and must be the purchase of at least one share!

Conclusion:

Hapimag shrinks! The pressure to return shares is growing without new buyers for shares and partners being found in sufficient numbers for the residential right contracts.

We see these goals as the basis for Hapimag AG's successful business policy:

Page 12 >Objective: Better integration of shareholders' families!

Page 13 >Goal: If you want to leave the company as a long-standing shareholder, you must be able to do so.

Page 14 >Goal: The number of shareholders has decreased, so the number of apartments must also be reduced appropriately.



Alter Werbeprospekt von Hapimag

Page 14 >Goal: Prevent decline of point value!

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The under the laws of Switzerland founded and in Switzerland based Aktiengesellschaft HAPIMAG AG currently builds and operates time-sharing holiday residences at over 55 locations. The residential right contract associated with the shares grants a credit of 60 points per year (residential entitlements) per contract, which is required for booking holiday weeks in the Hapimag's own holiday residences. Points can be accumulated over a period of five years.

The residential right agreement concluded at the same time as the (share) purchase obliges the shareholder to make an annual contribution to the company, which is determined by the management. In addition, if the chosen holiday accommodation is used, local contributions (formerly ancillary costs) are to be made to cover the costs of operating the holiday facilities on site.



Marbella

The shares are hereditary: According to the General Terms and Conditions of Business of the A- share no time limit for the right of residence and thus no time limit for the payment obligation of the annual contribution.

As Hapimag AG announced on request at the beginning of 2018, as at 31.12.2017 there were still 154,307 shares with the general Terms and Conditions (AGB's) of the A-share, of a total of 238,000 shares.



Wohin steuert Hapimag? (Hausboot, Foto privat)

By 2014, the Company had issued 273,250 shares.

Even at the turn of the millennium, the objective necessity to create a circulation of take-back and renewed to initiate the sale of these shares. Instead of the management of which issued new shares and pumped them into the market at great expense.

Shareholders who for various reasons wanted to return their shares and trusted Hapimag AG to take them back turned away disappointed from the company when a buyback was refused. Instead, the company kept redemption waiting lists of more than 25,000 shares. Although the shareholders were initially ingenious Hapimag idea and were convinced, their willingness to do so declined, to advertise Hapimag.

Even the shareholder, who over the years Hapimag on vacation, dissociates himself

from the company, if it is not possible for him in a personally problematic situation to come to meet me. Shareholders felt like they were in a contract trap!

The Hapimag image was severely damaged!

Since the Hapimag idea basically contains only cost-covering financing, the annual fees and the local cost contributions (incidental costs) for the shareholders in an inexplicable and inexplicable manner above and beyond the understandable cost increases in the inflation rate. In addition, the company management became more and more alienated from the interests of the Shareholders who, according to the idea, are also the only customers. For example, a letting to a third party with the transfer of occupancy contingents to travel companies were introduced to compensate for the alleged inadequate occupancy of housing by shareholders.



Albufeira, Foto privat

The previously inexpensive use of the „own real estate for time“ lost more and more compared to competing offers.

Hapimag plants were supported by the external rental open for everyone, which meant that the exclusivity that had existed until then was lost!

The first discharge took place in 2015 with the cancellation of 35,250 shares. This step the HFA had suggested, as a way to remove dissatisfaction from the system. So the company succeeded in creating a of the return requests at that time.



Hapimag Marakesch

The system came into difficulties because the reduced number of shareholders paying annual contributions was now offset by far too large a volume of holiday apartments, which had to be maintained by annual contributions and local cost contributions (ancillary cost payments). Hapimag did not take the necessary second step towards a healthy shrinkage: an „appropriate reduction in holiday apartments“.

Instead, the company management has - clearly regarded the external leasing as a supposed rescue in this difficult situation and thus abandoned an important unique selling proposition of the Hapimag idea: exclusivity. Conclusion: Entry into the Hapimag holiday world is and must be the purchase of at least one share!

The shareholders of the founding years wanted and want to return some of their shares, as a transfer within the family is rejected.

The reasons for this are cited by the relatives:

- the high costs and
- difficulties in booking,
- other holiday habits,
- a time frame that has changed in the meantime to plan holidays,



Hapimag Cannero

- one considerably affected by the working world increased flexibility in the life of the in the work process generations and
- other holiday destinations.

This leads to the terrifying special feature that the following generation reject the take-over of shares and Hapimag has even more repurchase wishes of the shares and to repurchase them again in large numbers.

As a result, shareholders who are unable to leave Hapimag will certainly not be advertising this company in future.

The number of dissatisfied shareholders is also growing again due to further problems.

In addition to the displeasure at a worrying increase in the number of points for booked holidays, questions arose about questions, even if the reserves and shareholders' equity



Hapimag Anlage Sylt Westerland

were viewed favourably and critically. Critical shareholders did not receive comprehensive or plausible answers to questions initially posed internally.

In order to avoid a feared system crash, many channels, including public ones, were used by our shareholder community to to awaken the shareholders from an alleged rigidity of acquiescence.

Voting results from the 2018 Annual General Meeting confirm correctness of this procedure.

In addition, current social upheavals, e.g. in Germany (Hapimag's former main market), mean that there is practically no additional demand for this type of holiday. In addition, there is a change in the market situation in the holiday and travel market.

Hapimag currently sells almost no shares, although the purchase price of a Hapimag share was reduced from the fantasy price of CHF 9,100 to initially almost realistic CHF 3,430 for the first share, with a discount for the second and each additional share.

Conclusion: Hapimag shrinks! The pressure to return shares is growing without new buyers being found for shares and partners for the residential right contracts in sufficient numbers.



Hapimag - Flims (CH)

What would this negative cycle be like to break?

It's going to be hard to break the mistrust in order to compensate for the loss of confidence in the company and to create new ones as well to build trust.

(In organizational theory, trust is a mechanism that reduces control costs and other transaction costs. This also saves cognitive effort and frees resources. Among other things, trust simplifies the exchange of information and decision making, facilitates open communication and creates value.)

Shares connected with the right of residence secure the number of annual contributors. The system generates the necessary local cost contributions by using the residential points (housing entitlements), points decline therefore damages.

Hapimag shareholders have to take their holidays in the knowledge that they are part of the Systems and must avoid point deterioration because they

- a) harm themselves with it and because they
- (b) thereby harm the Community!

But does Hapimag want to do anything at all about it?

When they were in the general's assemblies years ago still arguing about it whether points would have to be lost for the company represents a loss?



Hapimag Cefalu, Sizilien

Goal: The number of shareholders should not shrink any further!

Our HFA suggestions:

To this end, a program is first set up so that the next generation can take over the shares at fair and manageable conditions.

Understandable and well-balanced general terms and conditions, a time frame for a manageable period with termination options for the right of residence (e.g. Hapimag Classic?) and a secured redemption of the shares round off this programme.



Hapimag Braunlage

Goal: If you want to leave the company as a long-standing shareholder, you must be able to do so.

Hapimag shareholders' redemption requests must be accommodated flexibly.

Our HFA proposal: Here the Offer with a change to the AGB's from Hapimag Classic with a termination option after a seven-year term of the residential right contract as the first step towards the right direction can be seen. The termination then causes the termination of the payments for the annual contributions, existing housing entitlements are still to be used.

Solutions still need to be found for the share without residential rights, which will remain with the shareholder until further notice.

Goal: The number of shareholders has decreased, so the number of apartments must also be reduced appropriately.

Our HFA proposal: „Health shrinking“ must be „on two legs“. In this context, it is important to look at holiday resorts whose booking demand by shareholders is so poor that they are only operated with subsidies, i.e. they are not self-sustaining in the Hapimag system.



Hapimag Lissabon

Goal: Prevent points from expiring!

Our HFA suggestion: The company does not issue any further points over the annual points for products currently sold.

The originally unrestricted sale of points and the acquisition of points between shareholders must be permitted again, just as the general terms and conditions of the A-share provide for it.

It is important that the existing points are used and thus generate local cost contributions. If these points (housing entitlements) are sold at a price below one sixtieth of the annual contribution, the seller subsidises our company.

Is there a conflict of goals?

Unfortunately, in the past, products were created and sold without any connection to the admission ticket. Even shareholders were



Hapimag Pentolina

granted unlimited long-term residential entitlements, the use of which was / is possible within 30 years. External leasing is and may remain - if at all - only a temporary vehicle in order to help to to eliminate the problem of point glut!

Our HFA suggestion: In order to slow down „point glut“ and a point decay, the third-party rental is system-compatible and book-keeping with points underlaid. All points used are charged internally at a price of at least 1.00 Euro, including fictitious expiration points but also points which Hapimag takes over at the points exchange at the respective offer price. The third-party rental company must earn this additional sum.

When the „flood of points“ is over in this or another way, the value of the housing points (housing entitlements) increases. It cannot be ruled out that in the case of the of residential points by shareholders at a price higher than one sixtieth of the price of the annual contribution is achieved.

With a higher value can also be achieved with a constant Hapimag image to grow!

Goal: Restore exclusivity! The admission ticket is called the „Hapimag share“.

Our HFA proposal: Only those who have a ticket to the Hapimag system, may enjoy Hapimag holidays!

The third-party rental with occupancy contingents to tour operators must be discontinued. Existing contracts expire.



Hapimag St. Michael

Goal: Free parking makes the holiday at Hapimag more attractive, as desired!

Our HFA proposal: Just like the elevators, wellness areas and swimming pools are also part of the building fabric financed by all shareholders. They all have to pay for maintenance and operation when they go on holiday at the resort, even if they live on the ground floor and do not use the elevator. Why are additional and considerable fees charged to the users of the parking spaces?

Goal: unbeatable price, because reasonable price!

Our HFA expectation: Annual membership fee and local cost contributions are only available for to calculate cost recovery. Losses are not (as in previous years?) calculated from the equity reserves covered. Reserves and equity will remain stable in the future.



Hapimag Marbella

According to Article 2 of Hapimag's articles of association, the the company's services to its shareholders and partners at the most advantageous possible price conditions to the customer. This means covering costs while avoiding profits and losses. There will always be deviations in the „actual“. According to Article 28 of the Articles of Incorporation (balance sheet profit), any earnings generated will not be distributed, but will remain with the company to achieve its purpose. According to Duden, Die deutsche Rechtschreibung, 26th edition, „possibly“ means possibly, possibly occurring, possibly. Accordingly, Hapimag's net profit is not a target but a random product added to equity. The articles of association say nothing about the balance sheet loss; conversely, a loss reduces equity if it is not carried forward to the following year.

From this point of view, Hapimag has the corporate objective of a non-profit organisation!



Hapimag Albufeira

Goal: Modern, well-equipped and optimally maintained apartments

Our HFA suggestion: The accumulated maintenance and renovation backlog must be worked off as quickly as possible, whereby low-maintenance execution is to be preferred solely for cost reasons. Basic equipment with sufficient WLAN strength, regularly renewed mattresses, modern kitchens, modern bathrooms, renovation of outdoor facilities.

Goal: Easy use of the holiday offer through the use of modern technology.

Our HFA suggestion: The booking options will be simplified, whereby shareholders / customers who are not technically affine due to their age (approx. 12.5 % according to the CEO) will be actively approached and the previous telephone or written registration will be retained.

According to the company in the AGM 2017, shareholders aged under 50 = 11% and between 55 - 64 = 28% are shareholders. Whether the release of the booking period of this still working group of 39% of shareholders for the use of „their own holiday home for a

certain period of time“, must be doubted. At the moment about 61% of the shareholders are 65 years and older, so they are probably no longer employed because they are of retirement age.

Shareholders over the age of 85 = 4 % are not limited in their ability to travel to exclude. At least here individual take-back offers - irrespective of the GTC's present in the individual case - are considered.

In Germany, for example, with a current share of over-60s of 27%, the share is forecast to rise to 38% in 2050, and this will also have an impact on the company's shareholders/customers. For Hapimag to be able to survive in the future, it must also be and become attractive for younger prospective employees.

We consider the described goals as equally important, the order does not contain any evaluation.

Conclusion: If

- reasonably low in price,
- with simplest booking,
- without a gag contract,
- with reasonable termination option for the right of residence and redemption of the share,

a holiday in the Hapimag system is possible, then there will be a certain demand for this type of holiday, even if the market is certainly limited.

It is just a niche product!

HFA - Hapimag Ferienclub für Aktionäre

(eingetragen Wien ZVR 033085072)

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