

**MANAGEMENT REPORT**  
**D.R.H.P. (Timeshare Property Right)**  
**"CLUBE ALBUFEIRA"**  
**2019**

Dear Sirs,

In compliance with the law and regulations, we have the pleasure to present the accounts and the management report for the year 2019 and the Programme of Administration and Maintenance for the year 2021 of the Timeshare Property Right (D.R.H.P.) with the denomination "**Clube Albufeira**", of which we are the management company.

**1. The Timeshare Property Right "Clube Albufeira"**

The management company, complying with the programme of administration and maintenance for the year 2019, proceeded with the conservation and repair plan of which the expenses are common to all accommodation units; that includes painting, the renewal of furniture, home appliances, mattresses, curtains, equipment and electrical maintenance.

In 2019, as foreseen by the Administration and Conservation Programme, the renovation works on Bloco W were finalized and the following works were carried out in Bloco A and Bloco 123 – replacement of wooden doors, shutters and windows by aluminum ones, installation of solar panels, renovation of bathrooms and replacement of furniture.

**2. "Maintenance Fees" accounts for the year 2019**

As management company we have billed and collected the "Maintenance Fees" for 2019.

We remunerated the management of the D.R.H.P. according to the law, on the percentage of 20% of the value of the "Maintenance Fees".

The accounts presented are based on "Maintenance Fees" effectively received, as this represents a more appropriate image of the financial position of the D.R.H.P..

As for the Maintenance Fees receivable in 2019, amounting to €1.752.872,89 that corresponds to €1.858.045,26 (VAT included), at the end of 2019 the following amount was still to be received €420.334.09 that corresponds to €445.554.13 (VAT included).

It was possible to recuperate Maintenance fees relating to 2015 amounting to €10.082,74 that corresponds to €10.687,70 (VAT included), Maintenance fees relating to 2016 amounting to €12.643,61 that corresponds to €13.402,33 (VAT included), Maintenance fees relating to 2017 amounting to €23.473,24 that corresponds to €24.881,63 (VAT included), Maintenance fees relating to 2018 amounting to 71.263,50 that corresponds to 75.539,31 (VAT included),

generating an increase in the deposits to the "Reserve Fund" to the amount of € 4.698,52 and an increase to the "Remuneration of the Management Entity" to the amount of € 23.492,62. All amounts are detailed on the specific accounts of 2019.

The management company continues its efforts as to the effective collection of the Maintenance Fee amounts in arrears and reinforced in 2019, in line with what was done in 2018, the payment notices and arranged for collection processes to be handled by an enforcement agent. During 2020, and in line with the risk management approach for collection of due management fees, more resources were channeled on this task and a specialized collection of debts company was also contracted. This new approach is proving to be successful enabling the collection of large sums that were considered as irrecoverable.

In compliance with article 30 n.º 1 of Decree-Law n.º 275/93 in its current wording, the "Reserve Fund" was reinforced with the amount of €57.999,88 (fifty seven thousand nine hundred and ninety nine euros and eighty eight cents), corresponding to four percent of the "Maintenance Fees", net of VAT, collected during the year in the recovery of fees for the years 2015, 2016, 2017 and 2018.

Under the terms of "D.R.H.P." legislation we submit to your examination and approval the accounts of the use of the "Maintenance Fees" for the year ended on December 31 2019, showing a positive balance of €13.780,34 (thirteen thousand seven hundred and eighty euros and thirty four cents), and propose the transfer of this amount to the "Reserve Fund" in accordance with article 30 n.º 2 of Decree-Law No. 180/99, of May 22nd, in its current wording, after Account Approval at the General Owners Meeting.

From the analysis of the differences between the total amount of planned income and expenditure comprised in the budget for 2019 and the same totals shown in the accounts of the year, considering all amounts net of VAT, it shows that the detected differences are positive by approximately 3,91% for the income (+ € 54,616,60) and that expenses exceed the budget by € 42.312,22 (+ 3.04%). The items budgeted for in 2019 that registered a greater positive variation were expenditure with cleaning (includes staffing and outsourcing costs) on €89.589,00 and conservation and repair exceeding the budget by €37.961,00. The items that show a greater negative variation are related to the reception with less €38.007,00 and pool maintenance with less € 53.240,00. The reason why the item relating to cleaning is significantly higher than usual is related to the recurrent complaints received by the owners and clients on the poor quality of the service provided, and the need to outsource specialized services to address the problem.

We present herewith, annexed to this document, the accounts of the use of the "Periodic Pecuniary Benefits or Maintenance Fees" for the year ended December 31, 2019 and we put all supporting accounting data at the disposal of the title holders, at the Management Company's office in the Algarve.

### **3. Programme of Administration and Maintenance for the year 2021**

The maintenance fees function as a counterpart to the costs of the management and as compensation for the expenses to which the management company is subject. The management company decided to maintain for 2021 the value of the maintenance fees as agreed for 2020.

Therefore, we propose that the values of the Periodic Pecuniary Fees for 2021 are set as follows:

	2021		
	Low season	Mid season	High season
Studio - T-0	222,21 €	232,07 €	245,20 €
Apartament T-1 / V-1	278,26 €	290,60 €	307,05 €
Apartament T-2 / V-2	333,17 €	347,95 €	367,64 €
Apartament T-2 D	354,85 €	370,59 €	391,56 €

**Clube Albufeira, Gestão Imobiliária e Turística, Lda.**

Management



**ANNUAL ACCOUNTS OF THE USE OF  
THE MAINTENANCE FEES PAID BY THE D.R.H.P. TITLE HOLDERS OF  
"CLUBE ALBUFEIRA"  
2019**

amounts in euros

**INCOME**

Maintenance fees .....	1.752.867,89
Previous years maintenance not collected .....	-420.334,09
Previous years maintenance fees collected .....	117.463,09
Bank interests .....	56,50
Other (Reserve fund use) .....	136.790,42
<b>TOTAL INCOME</b>	<b>1.586.843,81</b>

Electricity .....	95.127,34
Water .....	35.128,33
Conservation and Repairs .....	177.230,40
Insurance .....	7.475,85
Swimming Pool Maintenance .....	26.089,88
Garden Maintenance .....	29.868,38
Cleaning and Laundry .....	176.806,66
Security .....	2.302,27
Reception .....	20.353,10
Communications .....	1.582,29
Audit Fees .....	2.600,00
Financial Expenses .....	892,13
Municipal Property Tax and Additional Prop. Tax .....	40.006,51
Other Expenses .....	390
Reserve Fund Use .....	136.790,42
	<b>752.643,56</b>

Cleaning .....	143.281,88
Reception .....	105.639,87
Maintenance .....	82.730,30
Security .....	56.264,88
Gardeners .....	21.504,61
Administrative Staff .....	24.406,90
Swimming Pool .....	31.170,37
Garbage Collection .....	7.421,84
	<b>472.420,65</b>

289.999,38  
57.999,88

**TOTAL EXPENSES** **1.573.063,46**

**BALANCE** **13.780,34**

D.R.H.P. "Clube Albufeira" Reserve Fund movements in the Year 2019			
Designation	Debit	Credit	Balance
Balance at 31.12.2018			198.597,26
Use as deliberated by the owners at 21.11.2019	136.790,42		61.806,84
Increase to the fund for the year 2019		57.999,88	119.806,72
Positive result of the accounts 2019		13.780,34	133.587,06
Reserve Fund balance at 31.12.2019			133.587,06

Albufeira, 16 November 2020

**Clube Albufeira, Gestão Imobiliária e Turística, Lda.**  
Management

