

## **PROGRAMME OF ADMINISTRATION AND MAINTENANCE**

### **T.R. (Timeshare Rights)**

#### **"CLUBE ALBUFEIRA"**

**2022**

In compliance with article 33 of Decree-Law nr 275/93, of 5 August, updated by Decree-Law nr 180/99, of 22 May, Decree-Law nr 22/2002, of 31 January and Decree-Law nr 37/2011, of 10 March, "Clube Albufeira - Gestão Imobiliária e Turística, Lda.", Management Company of the T.R. "**Clube Albufeira**" hereby presents the "Programme of Administration and Maintenance" for the year 2022. The programme reflects the effort that has been made to optimize the financial, fiscal and human resources management in line with the amounts of T.R. "**Clube Albufeira**" "Maintenance Fees" established for the year.

The implementation of this programme foresees a decrease in income for 2022 of around 2,2%, in line with reduction in expenditure of around 3,3% compared to last year's programme.

We forecast a lower revenue when compared with 2021 budget and with actual results for 2020, as the maintenance fees in debt from previous years are considered to be of very difficult collection. This income decrease is also a result of the collection efforts implemented in 2020 and 2021 that very positively boosted the invoicing levels. We also believe that 2022 will see an increase in the use of T.R. weeks, and therefore we are not able to use 2020 costs as reference.

We aligned the cost structure to the resort reality and what is to be expected for 2022, post-pandemic recovery year.

The maturity of the resort implies that conservation and maintenance costs have an upward trend. The Management Company endeavours its best efforts to balance revenue and investment needed to maintain the required quality.

The excellent result in 2020 will enable refurbishment and other improvements in a wider scale. Highlights are: improvement on the wi-fi signal both inside and outside the apartments, contracting of a specialized architecture landscaping company to initiate garden improvement projects; safety railings on more balconies; contracting of extra staffing resources to support and liaise with timeshare owners.

Analysing in detail the "Programme of Administration and Maintenance" for the year 2022, we will have:

#### **1 - Estimate of Revenue**

- 1.1 The "Maintenance Fees" to receive in 2022 amount to €1.865.778,52.
- 1.2 It is estimated that, from the total "Maintenance Fees" in arrears, the amount of € 100.000,00 may be collected during the year.
- 1.3 It is estimated that, from the total Maintenance Fees in arrears, the amount of €410.471,27 (22%) may not be collectable.

- 1.4 We plan to refurbish all apartments in Bloco T - including furniture, maintenance work in bathrooms and kitchens, to install safety railings in Blocos U, W and V, to continue the wi-fi signal improvement project, to install new CCTV cameras (security cameras), to initiate the project of improvement of exterior lighting and signage, using a total of the Reserve Fund of €250.000,00 (two hundred and fifty thousand euros). Some of these projects, such as safety railings and internet are planned to be ongoing projects for the next few years.

Accordingly, the estimated total revenues under this programme will be € 1.805.307,25 (one million, eight hundred and five thousand, three hundred and seven euros and twenty-five cents).

## 2 Estimate of Expenses

- 2.1 It is estimated that the electricity consumption might attain €85.000,00 for the year.
- 2.2 A total expenditure for water of €30.000,00 is expected.
- 2.3 For 2022 the expenses with maintenance and repairs are expected to be about € 170.000.00. Included are materials and services for the maintenance of housing units, such as costs for assistance and replacement of deteriorated equipment, the purchase and application of paint for ordinary interventions in the interior and exterior painting of some units, as well as all interventions of a continuous nature designed to maintain the housing units to the conditions existing at the time of construction.
- 2.4 The annual insurance premium, maintaining the same degree of risk coverage, is estimated at € 8.000,00
- 2.5 Expenses associated with daily and weekly pool maintenance programmes, including disinfectants, decaling agents, component and other multi-action products, water filtration, algae prevention and cleaning, as well as the replacement of skimmers and other parts are estimated at € 30,000,00.
- 2.6 The value foreseen for the maintenance of the gardens is € 40.000,00. This item includes the purchase of small hand tools, fertilizers for soil improvement, soil correctors, pest control products, irrigation repair components, irrigation taps substitution, and replacement of garden machine parts (sideboards, hedge trimmers, high pressure cleaning) when needed and contracting of an architecture landscaping services company.
- 2.7 The expenditure on hygiene, cleaning and comfort articles and associated cleaning equipment, is estimated at €150.000,00.
- 2.8 It is estimated that the outsourced security costs will be around €50.000,00. This service was outsourced in the beginning of 2020.

- 2.9 It is estimated that costs with reception (sub-contracting of entertainment, uniforms, vehicle use, electricity and water consumption costs and external conservation will be around €20.000,00.
- 2.10 It is estimated that the costs for legal fees, namely for collection of maintenance fees amounts in arrears will amount to €25.000,00. This will however depend on the number of collection executions to be started and other costs.
- 2.11 The correspondence and communication expenses with T.R. owners, especially the forwarding of the notices convening the General Meeting, including the expenses with the printing, and the correspondence for fee payments in arrears, are estimated at €2.500,00.
- 2.12 The fees resulting from accounts compilation services and audit services for follow up, examination and reports issue for T.R. related activities will be € 3.250,00.
- 2.13 For the year 2022, financial expenses with bank transfers and payments by credit card, to settle "Maintenance Fees" by owners, are estimated at €5.000,00. The increase in budget is due to the implementation of a new payment system to facilitate timely payment of maintenance fees. There were plans to implement this system in 2021 but as we were not able to identify a partner company that fully addressed all our needs, this project was postponed to 2022.
- 2.14 It is anticipated that the I.M.I. – Municipal Property Tax and the A.I.M.I. – Additional Municipal Property Tax, related to the T.R., and costs with fees and licenses for the year 2022 will amount €41.100,00.
- 2.15 For "other" expenses not mentioned elsewhere a total cost of €500,00 is foreseen.
- 2.16 For the interior refurbishment project in Bloco T, including furniture, maintenance works on bathrooms and kitchens, the installation of safety railings in Blocos U, W and V, the upgrade of the internet delivery services and CCTV security cameras, to initiate the project of improvement of exterior lighting and signage, swimming pool, we estimate an investment of €250,000.00 of the Reserve Fund for 2022.
- 2.17 Cost estimate with staff - This estimate includes the services to be provided by the management company indispensable to the normal functioning of the T.R. "**Clube Albufeira**", of which we highlight the following items: cleaning, reception, maintenance, security and surveillance services, gardening services, administrative services and pool support services. Expenditures on staff are expected to increase in €50.180,00 due to the additional staffing needs and admission of new member to support and liaise with timeshare owners as well as extra support to maintenance department.
- 2.18 The remuneration of the management company will continue to be based on the percentage of 20% on the value of "Maintenance Fees" effectively collected, resulting in the estimated value of € 311.061,45.
- 2.19 The allocation to the Reserve Fund, established according to article 30 nr 1 of Decree-Law nr 275/93, of 5 August, in its present wording, will be

calculated based on four percent of the value of the "Maintenance Fees" effectively collected, and amounts to €62.212,30.

Thus, the total estimated expenses considered by this Programme will be €1.800.053,75 (one million, eight hundred thousand, fifty-three euros and seventy-five cents)

### 3 Balance Estimate of "Management Fees" 2022

The estimated surplus for the year is €5.235,50 (five thousand two hundred and thirty-five euros and fifty cents) as shown below.

Amounts in euros

<b>REVENUE</b>	<b>2022</b>
Maintenance fees .....	1 865 778,52
Estimate of collection of Maintenance fees from previous years .....	100 000,00
Estimate of non collection of Maintenance fees.....	-410 471,27
Reserve Fund - use	250 000,00
<b>TOTAL REVENUE</b>	<b>1 805 307,25</b>
<b>EXPENDITURE</b>	
Electricity.....	85 000,00
Water.....	30 000,00
Conservation and Repair .....	170 000,00
Insurance .....	8 000,00
Swimming Pool maintenance.....	30 000,00
Garden maintenance.....	40 000,00
Cleaning and Hygiene.....	150 000,00
Security.....	50 000,00
Reception.....	20 000,00
Legal fees.....	25 000,00
Communications.....	2 500,00
Fees.....	3 250,00
Financial expenditure.....	5 000,00
Tax (IMI, AIMI).....	41 100,00
Other expenditure.....	500,00
Reserve fund - use.....	250 000,00
	<b>910 350,00</b>
<b>STAFF COSTS</b>	
Cleaning .....	160 000,00
Reception.....	150 000,00
Maintenance.....	100 000,00
Gardens.....	25 000,00
Administrative.....	46 430,00
Swimming pools.....	25 000,00
Rubbish collection and disposal.....	10 000,00
	<b>516 430,00</b>
ADMINISTRATION (20%).....	311 061,45
RESERVE FUND (4%).....	62 212,30
<b>TOTAL EXPENDITURE</b>	<b>1 800 053,75</b>
	<b>ANNUAL RESULT</b>
	<b>5 253,50</b>

Albufeira 15 October 2021

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

Management

