

MANAGEMENT REPORT
T.R. (Timeshare Rights)
"CLUBE ALBUFEIRA"
2020

Dear Sirs,

In compliance with the law and regulations, we have the pleasure to present the accounts and the management report for the year 2020 and the Programme of Administration and Maintenance for the year 2022 of Timeshare Rights (T.R) with the denomination "**Clube Albufeira**", of which we are the management company.

1. The Timeshare Rights of "Clube Albufeira"

The management company, complying with the programme of administration and maintenance for the year 2020, 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 2020, as foreseen by the Administration and Conservation Programme, the renovation works in Blocos A and 123 were completed.

2. "Maintenance Fees" accounts for the year 2020

As management company we have billed and collected the "Maintenance Fees" for 2020.

We remunerated the management of the T.R. 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 T.R.

As for the Maintenance Fees receivable in 2020, amounting to 1.865.778,22 that corresponds to € 1.977.724,92 (VAT included), at the end of 2020 the following amount of € 310.445,38 was still to be received that corresponds to €329.072,10 (VAT included).

It was possible to recover Maintenance fees relating to previous years amounting to € 284.956,84 that corresponds to € 302.054,25 (VAT included). This represents a significant increase compared to previous years. In 2019 the total recovered was of €117.463,09). The table below represents the values recovered annually.

	2020		2019		
	Excluding VAT	Including VAT	Excluding VAT	Including VAT	
Total Maintenance Fees 2020	1.760.168,42	1.865.778,52	1.752.872,89	1.858.045,26	
Total Received Maintenance Fees 2020	1.449.723,04	1.536.706,42	1.332.538,80	1.412.491,13	
% Management Fees received	82,36%		76,02%		
Management Fees previous years					
	2015	35.837,22	37.987,45	10.082,74	10.687,70
	2016	43.011,28	45.591,96	12.643,61	13.402,23
	2017	45.288,38	48.005,68	23.473,24	24.881,63
	2018	55.945,30	59.302,02	71.263,50	75.539,31
	2019	104.874,66	111.167,14		
Total Management Fees previous years	284.956,84	302.054,25	117.463,09	124.510,87	

The management company continues its efforts as to the effective collection of the Maintenance Fee amounts in arrears and reinforced payment notices in 2020, in line with what was done in 2019, 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 overdue management fees, more resources were channelled for this task and a specialized collection of debts company was also contracted. This new approach proved to be successful enabling the collection of large sums that were considered to be of extremely difficult collection.

In compliance with article 30 nr 1 of Decree-Law nr 275/93 in its current wording, the "Reserve Fund" was reinforced with the amount of €69.387,21 (sixty-nine thousand three hundred and eighty-seven euros and twenty-one 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, 2018 and 2019.

Under the terms of "T.R." legislation we submit to your examination and approval the accounts on the use of the "Maintenance Fees" for the year ended on December 31 2020, showing a positive balance of €273.502,48 (two hundred and seventy three thousand, five hundred and two euros and forty eight 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 2020 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 22,08% for the income (+ € 342.121,45) and that expenses exceed the budget by € 77.705,15 (+ 5.04%). As the occupancy levels in 2020 were considerably lower, due to the Global Pandemic, there was also a decrease in most other costs, such as electricity, water and swimming pool maintenance. On the other hand, there is positive variation on the collection costs (contracting of a specialized debt collection company and additional staff amounting to €119.533,89. This cost enabled the increase in revenue in 2020 with debt recovery that was considered to be irrecoverable.

We present, annexed to this document, the accounts of the use of the "Periodic Pecuniary Benefits or Maintenance Fees" for the year that ended 31 December 2020. All supporting accounting documents and data can be accessed and consulted by title holders at the Management Company's office in Algarve.

3. Programme of Administration and Maintenance for the year 2022

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 increase the value of the maintenance fees based on the Consumer Price Index established at 31/12/2021

Therefore, we propose that the values of the Periodic Pecuniary Fees – Maintenance fees, for 2022 are as below with the addition of the value of the increase based on CPI at 31/12/2021, as follows:

	2022		
	Low season	Mid-season	High Alta
Studio - T-0	222,21 €	232,07 €	245,20 €
Apartment T-1 / V-1	278,26 €	290,60 €	307,05 €
Apartment T-2 / V-2	333,17 €	347,95 €	367,64 €
Apartment T-2 D	354,85 €	370,59 €	391,56 €

Low season – weeks 1 to 12 and 45 to 52

Mid-season – weeks 13 to 21 and 40 to 44

High season – weeks 22 to 39

Clube Albufeira, Gestão Imobiliária e Turística, Lda.

Management



**ANNUAL ACCOUNTS OF THE USE OF
THE MAINTENANCE FEES PAID BY THE T.R. TITLE HOLDERS OF
"CLUBE ALBUFEIRA"
2020**

REVENUE	2020
Maintenance Fees	1.449.723,04
Recovery of M Fees not collected in previous years.....	284.956,84
Financial gain	43.703,62
Reserve Fund – use.....	<u>113.201,35</u>
TOTAL REVENUE	<u>1.891.584,85</u>

EXPENDITURE	
Electricity.....	71.263,37
Water.....	21.028,94
Maintenance and Conservation.....	155.749,16
Insurance	7.475,86
Swimming Pool Maintenance.....	17.453,40
Garden Maintenance.....	25.289,31
Cleaning and Hygiene	84.981,84
Security	27.261,29
Reception costs	24.044,59
Legal fees	139.533,89
Communications.....	2.464,95
Fees	2.600,00
Financial expenses	692,20
TAX (IMI, AIMI)	39.691,17
Other expenditure	585,24
Reserve Fund – use	<u>113.201,35</u>
	<u>733.316,56</u>

STAFF COSTS	
Cleaning	161.046,52
Reception.....	135.477,04
Maintenance	98.079,54
Security	17.147,45
Gardens	19.937,14
Administrative	23.901,58
Swimming pool.....	8.173,76
Rubbish collection	<u>4.679,60</u>
	<u>468.442,63</u>

ADMINISTRATION (20%).....	346.935,98
RESERVE FUND (4%).....	69.387,21

TOTAL 1.618.082,37

ANNUAL RESULT 273.502,48

Description	Debit	Credit	Balance
Reserve Fund balance at 31.12.2019			133 587,06
Usage, as per deliberation, for 2019	33 201,35		100 385,71
Usage as per deliberation for 2020	80 000,00		20 385,71
Reinforcement from financial year 2019		69 387,21	89 772,92
Positive financial result - 2019 accounts		273 502,48	363 275,40
Reserve Fund balance at 31.12.2020			<u>363 275,40</u>

Albufeira, 15 October 2021

Clube Albufeira, Gestão Imobiliária e Turística, Lda.
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