

PROGRAMME OF ADMINISTRATION AND MAINTENANCE

D.R.H.P.

"CLUBE ALBUFEIRA"

2021

In compliance with article 33 of Decree-Law n.º 275/93, of August 5th, updated by Decree-Law n.º 180/99, of May 22nd, Decree-Law n.º 22/2002, of January 31st and Decree-Law n.º 37/2011, of March 10th, "Club Albufeira - Gestão Imobiliária e Turística, Lda.", Management Company of the D.R.H.P. "**Clube Albufeira**" hereby presents the "Programme of Administration and Maintenance" for the year 2021. The programme reflects the effort that has been made to optimize the financial, fiscal and human resources management in line with the amounts of D.R.H.P. "**Clube Albufeira**" "Maintenance Fees" established for the year.

The implementation of this programme foresees a slight increase in expenditure (9,5%) for 2021 in comparison to last years' programme which will be compensated with the forecasted increase in revenue (9,12%). This revenue increase of around 121.315,12 is the result of the effort made on the collection of due fees. We also foresee an increase in expenditure of around €93.750,00. Nevertheless, the increase in some expenditure items are compensated by others that show a reduction on the budget value. The item that registers a higher increase comparing with the previous budget are the ones directly related with cleaning. In fact, the management company made an extra effort to reduce the complaints received by customers and owners relating to this service, and outsourced specialized companies to address this problem. There was also an increase in cleaning costs that was directly related to the refurbishment work carried out that required deep and professional cleaning.

During 2020 the management company was also firmly committed in maintaining the quality of the services and in complying with Health Authorities requirements on minimizing the impact of COVID-19. This had a direct impact on the planned reduction on this item. However, it is visible the effort of the management company in reducing other costs such as electricity, water, staff costs in general, thus allowing the overall result to be positive.

Other items with a significant increase are the Legal fees. As referred above, the management company made an effort to increase the revenue through reinforcing the collection of due fees both internally and by resourcing to a specialized company.

Analyzing in detail the "Programme of Administration and Maintenance" for the year 2021 we have:

1 - Estimate of Income

1.1 The "Maintenance Fees" to receive in the year 2021 are to the amount of €1.865.778,52.

1.2 It is estimated that, from the total "Maintenance Fees" in arrears, the amount of € 100.000,00 may not be collected during the year.

- 1.3 The value of the gross "Financial Income" generated by the bank deposit of the Reserve Fund is estimated at € 600,00.
- 1.4 The project for continuing with the installation of solar panels, renovation of the interior furniture and bathrooms of the housing units affected by the DRHP – bloco X - the installation of safety barriers in all balconies, the upgrade of the internet delivery service and CCTV security cameras, will start now and will be continued in the coming years. The Reserve Fund will apply €80.000 (eighty thousand euros) for these costs in 2020.

Accordingly, the estimated total revenues under this programme will be € 1,670,778.52 (one million, six hundred and seventy thousand, seven hundred and seventy eight euros and fifty two 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 The expenses with maintenance and repairs are expected to be about € 200,000.00. 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 € 40,000,00.
- 2.6 The value foreseen for the maintenance of the gardens is € 35.000,00. 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.
- 2.7 The expenditure on hygiene, cleaning and comfort articles and associated cleaning equipment, is estimated at €160.000,00.
- 2.8 It is estimated that the outsourced security costs will be around €70.000,00. This service was outsourced in the beginning of 2020.

- 2.9 It is estimated that the costs for legal fees, namely for collection of maintenance fees amounts in arrears will amount to €55.000,00. This will however depend on the number of collection executions to be started. This estimate is higher than last year's in €50.000.00 due to extra staffing resources allocated to this task and also the cost involved in sub-contracting these services to a specialized company – Intrum Portugal.
- 2.10 The correspondence and communication expenses with D.R.H.P. 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.
- 2.11 The fees resulting from accounts compilation services and audit services for follow up, examination and reports issue for D.H.R.P. related activities will be € 3.250,00.
- 2.12 For the year 2021, financial expenses with bank transfers and payments by credit card, to settle "Maintenance Fees" by owners, are estimated at €2.500,00.
- 2.13 For the year 2021 the costs associated with bank transfers and credit card payments made by owners for settlement of the maintenance fees are estimated on €5,000.00. The increase in this item is due to the implementation of a new payment method that will facilitate and promote the timely payment of said fees. This is an extra measure to increase the revenue.
- 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 D.R.H.P., and costs with fees and licenses for the year 2019 will be to the amount of €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 X, the start of the project for the installation of safety barriers on the balconies, the upgrade of the internet delivery services and CCTV security cameras as well as continuing with the project of installation of solar panels, it is estimated an investment of €80,000.00 of the Reserve Fund in 2021.
- 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 D.R.H.P. "**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 be inferior to the amounts budgeted in the previous year by € 109.750,00. This is mainly due to reduction in staff costs directly related with cleaning and security which have been outsourced.
- 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 € 318.155,70.

- 2.19 The allocation to the Reserve Fund, established according to article 30 n.º 1 of Decree-Law n.º 275/93, of August 5th, in its present wording, will be calculated based on four percent of the value of the "Maintenance Fees" effectively collected, and amounts to €63.631,14.

Thus, the total estimated expenses considered by this Programme will be €1.663.386,64 (one million six hundred and sixty three thousand three hundred and eighty six euros and sixty four cents)

3 Balance Estimate of "Management Fees" 2021

The estimated surplus for the year is €7.391,68 (seven thousand three hundred and ninety one euros and sixty eight cents).

Amounts in euros

	2021
INCOME	
Maintenance Fees.....	1.865.778,52
Previous years Maintenance Fees collected.....	-375.000,00
Estimate of Maintenance Fees not collected	100.000,00
Other (Reserve Fund Use).....	80.000,00
TOTAL INCOME	1.670.778,52
EXPENSES	
Electricity.....	85.000,00
Water.....	30.000,00
Maintenance and repairs.....	200.000,00
Insurance.....	8.000,00
Pool Maintenance.....	40.000,00
Garden Maintenance.....	35.000,00
Cleaning and Laundry.....	160.000,00
Security Services	70.000,00
Legal fees.....	55.000,00
Communications.....	2.500,00
Audit Fees.....	3.250,00
Financial expenses.....	5.000,00
Municipal Property Tax.....	41.100,00
Other expenses.....	500,00
Reserve Fund use.....	80.000,00
	815.350,00
STAFF EXPENSES	
Cleaning.....	150.000,00
Recepcion.....	150.000,00
Maintenance.....	72.250,00
Gardening.....	25.000,00
Administrative Staff.....	26.000,00
Pool Staff.....	30.000,00
Garbage collection.....	13.000,00
	466.250,00
ADMINISTRATION (20%).....	318.155,70
RESERVE FUNDS (4%).....	63.631,14
TOTAL EXPENSES	1.663.386,84
YEAR SURPLUS	7.391,68

Albufeira 16 November 2020

Clube Albufeira, Gestão Imobiliária e Turística, Lda.

Management
