

ADMINISTRATION AND MAINTENANCE PROGRAMME

T.R. (Timeshare Rights)

"CLUBE ALBUFEIRA"

2023

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 "Administration and Maintenance Programme" 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 2023 of around 16.16%, in line with reduction in expenditure of around 14.87% compared to last year's programme.

We forecast lower revenue when we compare the budget for 2023 with actual results for 2021, as the maintenance fees in debt from previous years are considered to be of very difficult collection. We believe that the efforts undertaken in 2022 impacted positively in DRHP result for 2022.

We have adjusted the cost structure to the reality of the resort and what we expect 2023 to be, taking into account the recovery year of the financial impact of the Global Pandemic and the negative effects of the war in Ukraine.

We are also aware of the resort's maturity and that conservation and maintenance costs have a tendency to increase. The Management Company endeavours its best efforts to keep a balance between revenue obtained and the necessary investment to maintain the required quality levels.

The excellent result obtained in 2021 will allow that in 2023 we will be able to invest in extensive refurbishment and improvement works. We highlight the refurbishment of 23 apartments, removal of balcony masonry stools for safety, waterproofing and insulation of galleries and external stairways of Blocks T, X, W, Q, R, S.

Analysing in detail the "Administration and Maintenance Programme" for the year 2023, we will have:

1 - Estimate of Revenue

- 1.1 The "Maintenance Fees" to receive in 2023 amount to € 1.013.959,00
- 1.2 We estimate that, from the total "Maintenance Fees" in debt from previous years, the amount of € 250.000,00 may be collected during the year.
- 1.3 We estimate to use € 315.000,00 of the Reserve Fund in the renovation and refurbishment, including furniture, new decoration, and replacement of the existing windows with higher energy performance PVC windows as well as carry out maintenance work in kitchens and bathrooms in Blocs U, W and V, and removal of balcony masonry stools for safety reasons, and carry out waterproofing work on galleries and balconies, in Blocks T, X, W, R, S,. Accordingly, the estimated total revenues under this programme

will be € 1.578.959,01 (one million, five hundred and seventy-eight thousand, nine hundred and fifty-nine euros and one cent).

2 Estimate of Expenses

- 2.1 It is estimated that the electricity consumption might attain €150.000,00 for the year.
- 2.2 A total expenditure for water of €32.500,00 is expected.
- 2.3 For 2023, the expenses with maintenance and repairs are expected to be about €129,750.00. Included in this cost 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 of some units, as well as all interventions of a continuous nature designed to maintain the housing units in the same the conditions as at the time of construction.
- 2.4 The annual insurance premium, maintaining the same degree of risk coverage, is estimated at € 6.000,00
- 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 € 17,500,00.
- 2.6 The value forecasted for the maintenance of the gardens is € 25.200,00. 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 value foreseen for expenditure on hygiene, cleaning and comfort articles and associated cleaning equipment, is estimated at €123.750,00. In the 2022 budget, this item represented around 17% of the actual costs. It was decided to apply a reduction of around 44% in 2023 budget and the weight is now around 11% of the total costs. This will be the result of the new measure to be implemented in 2023 with the reduction in the number of cleaning days to three times a week.
- 2.8 It is estimated that the outsourced security costs will be around €20.000,00. This service was 100% outsourced in the beginning of 2020.
- 2.9 It is estimated that costs with reception namely, sub-contracting of entertainment, uniforms, vehicle use, electricity and water consumption costs and external conservation will be around €11.250,00.
- 2.10 It is estimated that the costs for legal fees, namely for collection of maintenance fees amounts in arrears will amount to €75.000,00. However, this will 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 of T.R. owners, including the expenses with wifi, printing, and the correspondence for fee payments in arrears, are estimated at €17.500,00.
- 2.12 The fees resulting from audit services for assistance, examination and issuing of audit reports for T.R. related activities will be € 2.600,00.
- 2.13 For the year 2023, financial expenses with bank transfers and payments by credit card, to settle "Maintenance Fees" by owners, are estimated at €1.000,00.
- 2.14 For the year 2023, we predict that the costs related with common expenditure (swimming pools, gardens, roads, and other costs) will amount to €39.000,00.
- 2.15 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 2023 will amount to €28.770,00.
- 2.16 For the interior refurbishment and redecoration including furniture, new decoration, bathroom and kitchen maintenance works for DRHP units, including window replacement with higher energy performance efficiency ones in Blocks U, E, L and M, removal of masonry stools in balconies for safety reasons in Blocks T, X, W, Q, R, S, we estimate to invest a total of Reserve Fund values amounting to €315.000,00.
- 2.17 The estimate on staff costs includes the services to be provided by the management company that are indispensable to the normal functioning of the T.R. "**Clube Albufeira**", of which we highlight the following items: cleaning, reception, maintenance, gardening services, administrative services and pool support services. We foresee a decrease in staff costs of €238.830,00. This decrease is a result of cost adjustment to actual DRHP activity that has been undergoing a significant reduction in the last three years.
- 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 € 252.791,80.
- 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 4% of the value of the "Maintenance Fees" effectively collected, and amounts to €50.558,36.

Thus, the total estimated expenses considered by this Programme will be €1.575.770,16 (one million, five hundred and seventy-five thousand seven hundred and seventy euros and sixteen cents).

3 Balance Estimate of "Management Fees" 2023

The estimated surplus for the year is €3.188,85 (three million one hundred and eighty-eight thousand euros and eighty-five cents), as shown below:

Amounts in euros

REVENUE	2023
Maintenance fees.....	1 013 959,01
Estimate of collection of Maintenance fees from previous years	250 000,00
Reserve Fund use.....	315 000,00
TOTAL REVENUE	1 578 959,01
EXPENDITURE	
Electricity.....	150 000,00
Water	32 500,00
Conservation and Repair	129 750,00
Insurance.....	6 000,00
Swimming pools maintenance	17 500,00
Garden maintenance	25 200,00
Cleaning and Hygiene costs	123 750,00
Security	20 000,00
Reception costs	11 250,00
Legal fees	75 000,00
Communications	17 500,00
Fees	2 600,00
Financial expenditure	1 000,00
Common expenditure.....	39 000,00
Tax (IMI, AIMI).....	28 770,00
Reserve fund use	315 000,00
	994 820,00
STAFF COSTS	
Cleaning	50 000,00
Reception.....	65 000,00
Entertainment	5 000,00
Maintenance.....	53 000,00
Gardens	23 000,00
Administrative.....	60 500,00
Swimming pools	19 000,00
Garbage and rubbish collection and disposal	2 100,00
	277 600,00
ADMINISTRATION (20%).....	252 791,80
RESERVE FUND (4%).....	50 558,36
TOTAL EXPENDITURE	1 575 770,16
	ANNUAL RESULT
	3 188,85

Albufeira 21 October 2021

Clube Albufeira, Gestão Imobiliária e Turística, Lda.
Management

