

## **Minutes of the AGM – Time Share Owners and Vacation Club (2023)**

The Annual General Meeting for the Vacation Club of the Pestana Palm Gardens resort was held at the Pestana Alvor Park in Alvor on 29<sup>th</sup> March 2024 at 11:00 a.m. The meeting was duly convened to discuss the following agenda items:

1. Elect Chairperson for the meeting.
2. Approval of Management Accounts for 2023 and budget 2024
3. Analysis of administration and maintenance program regarding the Timeshare Rights (DRHP)
4. Reinforcement of Sinking Fund
5. Election of Auditors
6. Any other business

Present at the meeting, or duly represented by proxy, were the vacation club members of the resort Pestana Palm Gardens registered on the attendance list, which was duly signed prior to the start of the meeting. This list is attached to and forms part of these Minutes.

### **Elect Chairperson for the meeting**

The General Meeting was chaired by Mr. Filipe Grade Member of the Board and Director of the Management Company, Pássaro Amarelo Realizações Turísticas, S.A., with Sonia Medeiros acting as Secretary. Mr. Filipe Grade opened the explaining the Management accounts.

### **Approval of Management Accounts for 2023 Actual**

Mr. Filipe Grade explained that the percentages of the split of the costs between the hotel and timeshare are based on the occupancies. The budget split for 2023 was **15,29%** based on timeshare occupancy forecast.

All the resort costs are split through the departments based on these percentages.

Mr. Filipe Grade informed those present that the GOP (Gross Operating Profit) for DHRP in 2023 was a gain of 113.550€ compared to 95.066 € in 2022.

The maintenance fees revenue accounting system have now returned to normality once the Covid period ended, therefore the maintenance fees are recorded as revenues upon invoicing of the stay of each member/guest.

Mr. Filipe Grade also explained that the Gross Revenue on Rooms Division was 2.358.800€ in 2023 and this year (2024) we expect an increase of 1.5%. However this budget depends on the international geopolitical situation which remains unstable.

Other profit centers are condominium fees related to freehold and quarter share ownership fees. DHRP is showing a budgeted profit of 64.395€ for 2024 but this value can have a significant increase depending on how many clients use their banked weeks from 2020/2021.

Annual maintenance fees for 2024 have been invoiced showing a weekly fee of 523,29€ before VAT. The fee increase has been calculated in accordance with inflation in Portugal, based on the consumer price index.

The approval of the Management Accounts for 2023, and the Budget for 2024 was put to a vote and the accounts were unanimously approved by those present and/or represented.

### **Approval of the Management Programme and Maintenance of the development**

Mr. Filipe Grade then requested Mr. Sérgio da Borralha, unit manager on what has been done in the resort for the years 2023.

**Mr Sérgio da Borralha informed that during 2023 there were several jobs done in the resort, as well as works that were carried on forward:**

- a) Repair of broken tiles in the swimming pool area including both swimming pools, replacement of underwater tiles and swimming pool grids replacement;
- b) treatment of all palm trees in order to avoid beetle infestation;
- c) improvement of the garden in front of G-1 to G8 including replacement of the net around the tennis court, replacement of the existing grass by artificial grass and replacement of the different green fences by similar type;
- d) purchase of a new sewage pump for the sewage box;
- e) addition of satellite tv channels with the actual optical fibre supplier;
- f) update of the reception area (painting and decoration);
- g) refurbishments of Pestana Palm Gardens hotel units,
- h) repair of fissures in the house's roof, with the application of silicone;
- i) removal of debris of the roofs house and deep cleaning all the draining system;
- j) repair of pool and house sun lounges;
- l) replacement of several irrigation controllers and damaged garden equipment;
- m) unclogging sewers and cleaning the sewers on the street and back wash of the pools;
- n) acquisition of sun umbrellas for the swimming pool;
- o) reparation of the automatic fire alarm system at the reception;
- p) replacement of the isolation boxes at the different junctions of the Palm Garden concerning the connections for the automatic alarm system;
- q) installation of a water supplier dispenser at the gym;

- r) acquisition of a new boiler for the hot water in the gym area;
- s) elaboration of the project to request to the local authority the license for the electric car charging station;
- t) removal of infested palm trees on the main road of the resort;
- u) mending the broken water pipe in front of G.74 with wall isolation

**Mr Sérgio da Borralha further inform that for 2024 the plans are;**

- a) cutting of the eucalyptus tree on the back of G.20/G.21 and G.22;
- b) cutting of the tree in the yard of G.9 alongside with the trimming of the existing cactus;
- c) replacement of the existing grass by artificial grass on the patio of houses G.38 to G.41;
- d) removal of debris of the roofs house and cleaning all the draining system;
- e) repair of cracks in the house's roof, with the application of silicone;
- f) insulation of skylights and respective drains;
- g) treatment of palm trees with chemical products;
- h) replacement of several irrigation controllers and damaged garden equipment in order to reduce water consumption;
- i) purchase of two swimming pool taps and removal of sand from the water tanks by the pool;
- j) acquisition of two new machines for the gym;
- l) installation of one electric car recharge station for two cars;
- m) trimming of the trees in front of G.1 to G8.;
- n) application for the green key international sustainability certificate;
- o) reduction of water consumption by 15% at the resort

Put to a vote, the assembly was proposed and approved unanimously by those present and/or represented.

### **Reinforcement of sinking fund**

As per communication sent by Mr. Peter Booth president of the board of the management company, Pássaro Amarelo S.A in July 2023, the resort refurbishment was concluded by the end of March, 2023.

The financial investment for this refurbishment was €604,920 of which 73,827€ is the amount specifically allocated to the timeshare inventory. Monies held in a sinking fund for timeshare members amount to 27.347€ for the year ending 2023 leaving only a small balance for future capital expenditure. Put to a vote the assembly was proposed and approved unanimously by those present and/or represented a special levy of 100€ per week to boost the sinking fund.

The fantastic positive feedback we have received from our members and valued guests encourage us immensely. This enthusiastic response serves as important recognition of our dedicated management team for the time and effort and meticulous planning needed for this project. Despite the challenges posed by the pandemic over the past two years, we remained resolute in our commitment to enhancing the quality and comfort of our apartments.

### **Election of Auditors**

Regarding Auditors election, Daniel Jorge Gonçalves Vicente, ROC, was proposed and approved unanimously by those present and/or represented and will be the company in charge to examine the Management report.

### **Any other business of general interest**

Although nothing was requested to be deliberated, Mr Filipe Grade of the Management Company informed those present regarding the following:

As per previous years there has been a concern to the cumulative number of timeshare reservations that do not confirm to our reservations the use or non-

use of their week. This means that the room is blocked for the member and that room prevented from being occupied by other members or hotel guests.

Members must contact Reservations Department at least 60 days before the occupancy date to confirm the occupancy of their own week, or to bank the week internally for a future use. Otherwise, the member forfeits their week for that year.

Mr Filipe Grade then asked if there were any other matters to be discussed and was informed that all the owners have been very positive with their feedback.

A concern debated was the construction works of the hotel *Baia Cristal* that are undergoing. Based on the information provided by the management of Baia Cristal, works will carry on for the next year, and that they are concentrating all works undergoing on the side of Pestana Palm Gardens so that there is less noise in the summer months. There is no evidence that they are increasing the building height, based on their construction licence. However, we will check with the local authorities the final plans approved.

Another important issue discussed was the water situation for the Lagoa Municipality. The instructions for water use imply a reduction of 15% comparing with previous homologous years. The new instruction refer that we cannot water the gardens, wash terraces and swimming pool areas. These measures are being refuted with the local authorities and we are waiting for a reply from the municipality.

There being no other business to discuss, the Meeting was closed at 12.12 p.m. and the respective minutes will be signed by the person who acted as Chairman and Secretary.