

Minutes of the AGM – Time Share Owners and Vacation Club (2021)

The Annual General Meeting for the Vacation Club of the Pestana Palm Gardens resort was held at the Pestana Palm Gardens in Carvoeiro on 20th September 2021 at 10:30 a.m. The meeting was duly convened in order to discuss the following agenda items:

1. Elect Chairperson for the meeting.
2. Approval of Management Accounts for 2019/2020 and budget 2021
3. Analysis of administration and maintenance program regarding the Timeshare Rights (DRHP)
4. Election of Auditors
5. 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 John Gooding representing PGRO, S.A. with Sonia Medeiros acting as Secretary. Also present were Mr Peter Booth, President of the Board of the Management Company. The Chairman opened the meeting giving the floor to Mr Filipe Grade, Member of the Board and Director of the Management Company, Pássaro Amarelo Realizações Turísticas, S.A., and asked Mr Filipe Grade, to explain the Management accounts.

Approval of Management Accounts for 2019/2020 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 2021 was 35,2% based on timeshare occupancy forecast.

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

Mr Filipe Grade then informed those present that the GOP (Gross Operating Profit) for DHRP in 2020 was a loss of 13.783€ compared to positive 68.232€ in 2019 and that this loss in 2020 was due to pandemic Covid 19. There were changes in the maintenance fees revenue accounting system, which now are recorded upon the accommodation use, unlike what happened in the past when the maintenance fees were recorded as revenues upon invoicing.

Mr Filipe Grade also explained that the Gross Revenue on Rooms was 600.149€ in 2020 and this year (2021) we expect an increase but always depending on the pandemic situation. Other profit centers are condominium fees related to freehold and quartershare ownership will follow the same principal. DHRP is showing a budgeted profit of 3.331€ for 2021. Annual maintenance fees for 2021 have been invoiced showing a weekly fee of 490,28€ 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 2019/20, and the Budget for 2021 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 Peter Booth asked Unit Supervisor Sergio da Borralha to briefly inform those present on what has been done at the resort.

Mr Sergio da Borralha informed those present that during this time, including when the resort was closed, there were many maintenance interventions performed; a) Apartments and public areas paintings were complete; b) there were works done in order to prevent leaks at the chimneys of the houses; c) cleaning and removing old seagulls nests; d) waterproofing on the terraces next to the chimneys to prevent water from entering the houses; e) resort upgrade with electronic locks for added security and energy reduction; f) all the front doors of the houses were repaired and painted; g) repairs to a water pipe that burst h) in the gardens, trees were cut alongside the main road of the resort as well as next to the Hotel Baia Cristal and palm trees trimmed around the swimming pool area; i) all gas installations in the resort were revised and tested; j) purchase of one water pump and one swimming pool pump, both for the pool area; l) replacement of electrical panels in the pool and m) replacement of plastic grids for the pool area.

Mr. Filipe Grade further informed that it is planned for 2021 analyze several proposals with a view to changing the energy consumption systems throughout the resort, by use of photovoltaic or solar panels and other systems to make the resort more sustainable and eco-friendly;

The programme was put to a vote and approved unanimously by those present and/or represented.

Put to a vote, the assembly approved the Management and Maintenance Programme.

Election of Auditors

Regarding Auditors election, the company Moore Stephens & Asociados, SROC, S.A., 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:

Lately there has been a concern to the increasing 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 Mr John Gooding if there were any other matters to be discussed and Mr John Gooding informed that all the owners have been very positive with their feedback.

Finally, Mr Filipe Grade of the Management Company informed on the status of the Defaulter Weeks for 2020 as follows:

Defaulter Week 2020
264 Weeks active in January
1 Upgraded/Reloaded
8 Weeks repossessed
3 Weeks relinquished
6 Weeks repurchased
246 Weeks currently active
3 Weeks with outstanding 2018 2019 2020 + maintenance+levies
8 Weeks with outstanding 2019 2020 maintenance+levies
12 Weeks with outstanding 2020 maintenance+levies
223 Weeks clear

and that he would be writing to the owners in default asking for the maintenance fees to be paid.

There being no other business, the Meeting was closed at 11.15 a.m. and the respective minutes will be signed by the person that acted as Chairman, Secretary and Director of the Management.