



April 20, 2020

Dear Fellow Owners

Firstly, I would like to introduce myself as your new Acting Chairman. I was appointed to this role by my fellow Committee members following the resignation due to personal reasons of the previous Chairman, Nick Bury, at our Committee meeting prior to Christmas. My appointment will be subject to confirmation at the next AGM but, in the meantime, I would like to express our gratitude to Nick, on behalf of the Committee and all owners, for his hard work and dedication to Monte Carvoeiro Resort over the past few years.

It is my unfortunate duty to be writing to you in the midst of some of the most exceptional circumstances through which most of us have ever lived. At the time of writing this letter, the Resort is currently closed and we do not have a clear view of when it may re-open. Our most optimistic assessment is that it may be possible to re-open towards the end of May, but we have to be prepared for that date to be pushed back into June or maybe even later. One of the difficulties in writing to you, is the speed and frequency of developments in the last few weeks make it very difficult to predict what might happen in the next few weeks, into June and beyond.

Your Committee, and the management team at Resort Solutions, began preparations for the impact of the coronavirus back in early March and these stepped up significantly following the change in circumstances which led to a State of Emergency being declared in Portugal on March 18. Our approach has been first and foremost to protect the health and safety of our on-site guests and the Resort staff, which I am pleased to say we achieved. The Resort effectively closed to new arrivals with effect from March 21, 2020 with guests safely back at home before the end of that month.

Our secondary objective has been to preserve the financial stability and viability of the Resort, particularly as we have no certainty as to how long the current situation might last. It is an unfortunate coincidence that since the Resort's financial year end was moved to May 31 many years ago, we are now in the position of having to write to our owners and ask for your maintenance fees to cover the period June 1, 2020 to May 31, 2021, whilst having to deal with the unprecedented challenges posed by the coronavirus outbreak.

However, it is perhaps a good time to remind ourselves that **our Resort is collectively owned by us all as owners**. The maintenance fees on the weeks owned are the Resort's primary source of income and, in a situation such as this, it is to our owners that we must look, once again, for support.

It is also a good time to look back at all that we have achieved collectively as a group of owners and as a Committee over the years. Back in 2009, the Resort was in real danger of closing after



many years of under-investment and poor management. Some difficult decisions were required following the appointment of Resort Solutions but with their help and with the support of our owner group, we navigated a tricky path through those lean years of 2009 to 2013. Thanks to the decisions taken during those years, the Resort has experienced an extraordinary process of rejuvenation over the last 7 years and we have all reaped the benefits, with our Resort now looking better than it ever has.

Your Committee are under no illusions as to the scale of the challenge which we now face but we are determined that the tragedy of the coronavirus outbreak should not undo all that we have achieved. This means that whilst we are having to deliver some difficult messages to owners and guests, we are fully sympathetic to all those owners who have not been able to make use of their weeks so far and those in the coming weeks who may also be affected.

Obviously, we are taking whatever actions we can to minimise the on-site costs until the current situation is resolved but the Resort has a number of fixed costs, including Resort staff, which will continue whether the Resort is occupied or not. Unfortunately, our Resort staff do not qualify for the scheme designed by the Portuguese government to support staff costs during the coronavirus outbreak.

We are eliminating all non-essential discretionary expenditure at the Resort. This probably means that we will not now be able to proceed with the replacement of the interior décor and furniture in the original 14 apartments which we refurbished. We had hoped to carry this out over the winter of 2020/2021. We now hope to carry this work out in 2021/2022.

Whilst expenditure is being reduced during the closure, the Resort is being maintained and will be ready to welcome owners back in prime condition when travel restrictions are lifted.

At our most recent Committee meeting, your Committee unanimously agreed that whatever cost savings were made in the running of the Resort would be used to partially reduce maintenance fees for those owners who have not been able to use their own weeks due to the Resort being closed. It is not possible at this moment to quantify the precise extent of the amount to be credited to each owner affected. However, owners should not expect the reduction to be more than a minor part of the maintenance fees they have paid, as costs savings will only be possible in areas of variable cost and not where our cost base is relatively fixed. The following general rules will apply to any offer of partially reduced maintenance fees:

- i) The amount of any reduction will only apply to weeks when the Resort was actually closed (i.e. from March 21, 2020 until the Resort re-opens);
- ii) The reduction will be given in the form of a credit against owners' maintenance fee liabilities in respect of the next maintenance fee year (i.e. the year June 2020 to May 2021). No cash refund will be paid.
- iii) The reduction will not be due to owners who have exchanged their weeks with either a third-party exchange organisation or via internal exchange.



We are to some extent fortunate in that our financial year end runs to May 31, 2020 and so we will be in a position to quantify the extent of any savings made in the current financial year, as soon as the accounts for the year to May 31, 2020 are finalised. We therefore expect to be able to write to owners with weeks from March 21, 2020 until the end of May who have been affected by the closure of the Resort by early August.

If the closure of the Resort due to the coronavirus continues into the next financial year (June and beyond), the Committee intend to apply the same principles for a partial reduction in maintenance fees to owners affected as set out above. However, we are not able to set a date by which we will be able to quantify the extent of any partial reduction in maintenance fees for owners whose weeks fall from June onwards as it will depend upon how long the Resort closure persists.

Notwithstanding this offer to owners who have been or will be affected by the closure of the Resort, I am not able to soften the unavoidable message that maintenance fees on owners' weeks will need to be paid in full, whether those owners are able to occupy those weeks or not. We are all having to make difficult decisions to navigate these uncharted waters and ensure that Monte Carveiro can continue to offer fantastic holidays when we come through this global emergency.

We understand this may be a difficult message for some owners and your Committee are fully cognisant of the challenges which owners are facing, particularly those with holidays planned for the early part of the maintenance fee year (June, July and August) and those who may be suffering a reduction in income as a result of the current situation.

We therefore wanted to set out some of the ways in which we, as a Committee, are trying to help, in addition to the offer of a credit on maintenance fees set out above.



1. For owners with weeks in June onwards

Those owners with weeks in the early part of the maintenance fee year may be wondering whether they will be able to travel or not. We have set out below some of the options available to such owners:

1.1 Bank your weeks with an exchange organisation

If you are unsure whether you will be able to travel or not, our first advice would be to bank those weeks with either Dial an Exchange or RCI. Various costs will or may be payable depending upon which organisation you use and the length of time in advance that you bank your weeks. However, in both cases, it will be possible to take your exchange weeks within two to three years of your banking your weeks (subject to the terms of the respective organisation).

Contact details for the respective exchange organisations are as follows:

Dial an Exchange

Website: www.dialanexchange.com

Telephone: 01756 749966

RCI

Website: www.rci.com

Telephone: 0345 60 86 380

1.2 Request an internal exchange via Resort Solutions for later in the same maintenance fee year

All Monte Carveiro owners are able to request an internal exchange for occupancy later in the same maintenance fee year, subject to the request being made at least 8 weeks in advance of their occupancy date and there being available inventory into which to exchange. The Resort currently has in excess of 340 unowned weeks however, it should be remembered that most of these weeks will be in the off-peak season and some will already have been rented.

It may be possible to combine your internal exchange with the Resort's winter rental promotion, under which you can rent two consecutive weeks for the price of one maintenance fee, to give yourself an extended period of winter sun. All internal exchanges are subject to an arrangement fee of £70, which applies to each block of weeks you are moving. For example, if you own two weeks in August and you would like to take those weeks in March next year, the charge would be £70 for arranging the internal exchange. However, if you wanted to take one



week in November and the other week in April, the charge would be £140, as that would represent two separate bookings.

If you would like to enquire about availability for an internal exchange, please contact Resort Solutions on admin@resort-solutions.co.uk

1.3 Check for cover with your travel insurers

It may be possible for you to claim your maintenance fees as accommodation costs under the terms of your travel insurance. Individual insurers will have their own policies with respect to whether timeshare maintenance fees are covered or not, but in the absence of the above options, it may be worth a try. Please contact admin@resort-solutions.co.uk if you need proof of your accommodation dates.

2. For owners suffering a reduction in income

The Committee recognise that the current situation will be placing additional strain on some household finances, particularly those with jobs in industries that have been particularly hard hit by the coronavirus outbreak, those with small businesses of their own and the self-employed.

The first way we can assist owners is by not increasing maintenance fees at this difficult time. I am therefore pleased to announce that for the second year in a row, there will be no increase in maintenance fees with the fees remaining at £493 and £615 for a one bedroom and two bedroom apartment respectively.

We are keen to ensure that we retain as many of our owners as possible and are therefore delighted to announce that, from this year, we can offer owners the chance to **pay their maintenance fees in 6 monthly instalments by Direct Debit without any additional fee**. By using this method of payment, the maintenance fees will be taken from your bank account over the 6 months from July 2020 to December 2020. This payment method is open to all owners who have a UK bank account.

If there are any owners who are experiencing significant reductions in income for whom even 6 months of credit may not be enough, they should contact Resort Solutions on admin@resort-solutions.co.uk to see what additional arrangements can be made. Every effort will be made to give owners time to pay their fees but we would not expect this facility to be taken up by more than a small number of owners. We would not expect to extend credit terms beyond the normal terms offered under the Direct Debit facility except in proven cases of genuine financial hardship.



In terms of the AGM, our intention is to proceed with the date of Thursday October 8, 2020, but this may be subject to change if restrictions are still in place at that time. I hope to be able to write to you with the AGM notice pack during August.

For those of you who have not had the chance to visit the Resort recently, there have been some significant improvements made over the winter period. All the old remaining windows and patio doors have now been replaced with new, more thermally efficient units and we have also invested in the upgrade of our on-site Wi-Fi with fibre optic cabling to all apartments and new, faster routers installed.

Following a review of the pool area, some additional signage has been installed with regard to pool safety etc. and as we have a duty of care for all owners and guests, child proof gates are being installed at the poolside apartments between the gardens and the pool itself as is a hand rail at the steps leading to the toilets.

These works were already on-going before the coronavirus situation began.

In normal times, much more of this letter would have focused on these and other plans for improvement that we have but I am sure owners will recognise that we are not currently living in normal times.

I would like to take this opportunity to thank you all for your ongoing support of the Resort, and I hope that it will not be too long before we are all able to holiday at Monte Carvoeiro once more.

In the meantime, I hope you stay safe, fit and healthy in these difficult times.

Yours faithfully

Peter G. Kennedy
Acting Chairman