

Dear Alto Members

22nd April 2020

Further to the update which had been provided previously on the postponement of the Club's AGM and further guidance provided on the Resort Solutions' website last week, I am writing to provide a further update on the situation with respect to the coronavirus and the actions that we are taking as a Committee.

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 in June, but we have to be prepared for that date to be pushed back into July 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 and beyond.

It is perhaps a good time to remind ourselves that one of the key things that differentiates our Resort from many timeshare operations is that it is collectively owned by us all as members of Alto Club Associates. Our primary purpose is to provide accommodation at your "holiday home in the sun" to our members and we will always put the interests of the Club and our members as a whole, at the forefront of any decisions we take as a Committee.

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 over the years. This means that whilst we are having to deliver some difficult messages to members and guests, we are fully sympathetic to all those members 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 action to minimise the on-site costs until the current situation is resolved but the Club 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 also eliminating all non-essential discretionary expenditure at the Resort. 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.

The Committee is sympathetic to the idea of making a gesture to those owners who have been (and will be) unable to occupy their weeks and will keep this matter under review. Any such gesture will likely be via a partial reduction in maintenance fees which will be credited to members' maintenance fee accounts; no cash payments will be made. I would make the following points about any such partial reduction in maintenance fees which may be decided:

- i) It will only be credited to members who have been unable to occupy their weeks whilst the Resort is closed (i.e. for the period from 21st March 2020 until the Resort re-opens);
- ii) It is not possible to quantify an approximate quantum for the partial reduction at this stage. The Committee will be unable to come to any conclusions on this matter until it is able to review the financial impact of the coronavirus outbreak on the Club's finances. This is not likely to be for several weeks after the point at which the Resort re-opens.
- iii) As a member-owned organisation, the Club's principal source of income is the maintenance fees received from members. Accordingly, any gesture which may be made to those members who have been affected can only be generated from either cost savings

or by charging additional fees to all members of the Club. The Committee are clear that the latter option will not be considered as it would involve members of the Club who have not been affected by the outbreak effectively compensating those members who have been.

- iv) Accordingly, any partial reduction in maintenance fees will have to be funded solely from the cost savings that the Club has been able to achieve during the period of closure. Members should therefore not expect to receive a credit for any more than a relatively small fraction of the maintenance fees paid.
- v) A partial maintenance fee reduction will not be given to those members who have deposited their weeks during the closure period with either a third-party exchange organisation or via an internal exchange.

Notwithstanding this gesture to members 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 members' weeks will need to be paid in full (subject to any partial credit), whether members are able to occupy those weeks or not. We are all having to make difficult decisions to navigate these uncharted waters and ensure that the Club can continue to offer fantastic holidays when we come through this global emergency.

I understand this may be a difficult message for some owners and your Committee are fully cognisant of the challenges which members are facing, particularly those with holidays planned for the next few months and those who may be suffering a reduction in income as a result of the current situation.

Resort Solutions have therefore set out some of the ways in which we, as a Committee, are trying to help, in addition to the offer of a partial credit on maintenance fees set out above. This guidance has been posted on the News section of the Resort Solutions website and I would encourage members to familiarise themselves with it. Any further updates will also be posted on the Resort Solutions website and members should check the news section for updates on a regular basis.

The Resort Solutions office is currently closed and unable to take telephone calls, albeit staff members are working from home and dealing with email enquiries as quickly as possible. Enquiries should be addressed to admin@resort-solutions.co.uk. The level of enquiries is very high and staff are focusing on dealing with queries from members with travel dates within the next 14 days. However, they are also able to take new bookings for occupancy later this year and into 2021.

This update will be sent to Alto members by email and will also be placed in the news section of the Resort Solutions website. The system we currently use for email communication is primarily for marketing purposes and will therefore not send emails to members who have previously ticked a preference for no marketing emails. In addition, it will not send emails to those members who have previously not opened or interacted with emails sent to them. Accordingly, we know that a percentage of our members will not receive this communication. Could I therefore ask that the members who do receive this email, share it with their friends within Alto Club to ensure it reaches as wide an audience as possible.

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

Yours faithfully



Stephen Smith, Alto Club Associates Chairman