

FREEHOLD

When purchasing one of The Vines villa suites, you own the property outright, in full legal freehold structure, registered under the legal regime of "Propriedade Plural". The relevant details would all be included in the deed signing at a notary's office.

Each The Vines villa suite is individually priced, taking into account the size of the units, the views, solar exposure, privacy, etc. The respective sales price exclude only furniture, equipment and transactions costs, outlined below.

FURNITURE & EQUIPMENT PACKAGE

The furniture packs are compulsory purchases with any villa suites purchased from 01/07/2020 onwards, as from that date onwards the production order can no longer be cancelled.

The furniture & equipment pack is sold separately for 10.570€ + VAT for the villa suites and 12.195€ + VAT for the premium villa suites, it is a turnkey solution, including everything from cutlery, crockery all the way to exterior furniture and kitchen appliances.

TRANSACTION COSTS

When buying a property in Portugal, legal, fiscal and administrative expenses are due. We have split these expenses into two categories, those that are estimates and those that are defined in Portuguese legislature.

Estimated costs:

1. Lawyer fees - Approximate additional cost of 1% of the property value + VAT.
2. Notary & land registration fees - Typically around 800€ + VAT.

Confirmed costs:

3. Imposto do Selo (Stamp Duty) - 0.8% of the property value (according to the Law *Lei n.º 150/99*).
4. IMT (Property Transfer Tax) – 6.5% of the property value.

FINANCING

We are happy to introduce interested parties to local banks for the purpose of arranging a mortgage in Portugal.

For the sake of transparency, and contrary to market practice, we provide purely an introduction to those bank managers with whom we have had positive experiences in the past.

We do not receive a commission for this introduction, instead informing the respective banks to pass this margin onto the lender.

OWNERSHIP PRIVILEGES

All The Vines owners are entitled to the following discounts:

- 20% on wine at the resort;
- 20% on art at the resort;
- 20% on tastings, tours and workshops at the resort;
- 20% on green fees at Vale de Milho Village Golf Club;
- 20% on court rental fees at Carvoeiro Clube de Ténis – Sports and Fitness centre;
- 20% on gym entrance fees at Carvoeiro Clube de Ténis – Sports and Fitness centre.

SELLING ON

As the villa suites are held in freehold ownership, they can be sold on at any time. This can be done privately, through a 3rd party agent or with us directly.

The only condition is that the ownership of the villa suites is linked with the corresponding management and touristic exploration agreement, meaning any future buyer would need to take the legal position of the seller in the respective contract.

Each owner can choose freely whether or not to make their villa suite available for touristic exploration during the times when they do not use it themselves. We have prepared 2 options which owners can choose from upon purchasing one of The Vines:

1. **No touristic exploration;**
2. **Rental scheme** - a 4-year rental scheme with a maximum yield of 3% net p.a.

These options are outlined in detail below:

1. NO TOURISTIC EXPLORATION

If an owner wishes that only they, their friends and their family use the villa suite, this is the option to choose. In that case, the only obligation towards Quinta dos Vales is that the condominium costs are paid. The condominium costs are estimated at the beginning of each year, and these estimates are shared with the owners during the annual assembly. The division of the condominium costs among the owners is directly proportional to the permilagem of each villa suite.

For the calendar year of 2021 we have simplified the situation, and fixed the condominium costs as such:

- 159€ + VAT per month for the villa suites (2nd & 3rd row);
- 190€ + VAT per month for the premium villa suites (1st row).

The condominium services of The Vines are far more all-inclusive than is market average, including the following positions:

- Water consumption - common areas
- Electricity consumption - common areas
- Maintenance work
- Gardening
- Pool servicing
- Telecommunications
- Office equipment
- Accountancy
- Pest Control
- Insurance (multirisco)
- Health & Safety upkeep
- Personnel
- Administration fee
- Reserve Fund

In addition to these condominium services, our on-site team can offer an upgrade option, named the concierge service, which costs 160€ + VAT per month and includes the following services:

- coordinating suppliers (such as maintenance or cleaning);
- routine upkeep of the villa suites when they aren't occupied (checking that the taps work, letting fresh air in, watering interior plants, etc.);
- payment of monthly utility bills;
- check-ins of family & friends;
- stocking of fridge before owner's arrival.

Alternatively, if an owner only wishes to sporadically make use of these services our team can handle such tasks at a rate of 24€ + VAT per hour, subject to availability.

The only other expected running costs of owning such a villa suite are the following:

- *IMI (municipal tax)* – Estimated to be between 300-500€ per year;
- *Fiscal representation* - In case an individual whose fiscal residence lies outside of the EU owns real estate in Portugal, they are obligated to have a fiscal representative in Portugal, to handle their accounts. We can recommend a company who handle this at a cost of 400€ + VAT per year;
- *Utility costs (water & electricity)* - This obviously depends on the usage of the inhabitants, but we can share our estimate with you.

Our calculation into this topic have been extremely in-depth, after a theoretical academic study we compared the results against our own historical figures as well as those of other resorts. These calculations resulted in an estimate of 4.80 – 6.13€ + VAT utility costs per day of occupation, depending on the season.

These are the costs expected of rental clients, who in general tend to be more wasteful than owners, so the real costs should be lower for most owners during their own occupation.

2. RENTAL SCHEME

A legal obligation of The Vines is that if the owner wishes to rent out their villa suite to 3rd parties, the touristic exploration must be handled by one sole entity, in this case Quinta dos Vales.

Apart from this restriction we have aimed to make the rental scheme as flexible as only possible to the owners. The way we have done this is relatively straight-forward: the "self-use" costs are subtracted from the "yield credit" income generated, this calculation results in the net return which the owner receives at year's end. Detailed below:

Yield credit

This "yield credit" takes the purchase price of the villa suite (excluding furniture, equipment and transaction costs) and calculates it by 3%. The result is the € figure which would be paid into the owner's account at year's end. In addition to having the condominium costs paid off.

Eg1. A villa suite purchased for 180.000€ would generate a "yield credit" of 5.400€ p.a. as well and no condominium costs would have to be paid.

Self-use costs

The "self-use" costs are the amount by which the credit generated is reduced by each year. Basically, for each week that an owner uses their own villa suite (under the exact same conditions as a rental client), they are charged a discounted rental rate. These we have calculated based on a variable discount on the rack rates of the villa suites, which ranges from 15% in summer to 45% in winter.

The "self-use" costs have been calculated based on 2 elements:

- the direct room-night costs (costs of the villa suites being occupied on that given day, such as utility costs, wear & tear, etc.);
- the potential profit of the rental return that could have been generated on that given day. In the winter months this value is relatively low, whereas in the summer the potential profit is considerably higher than the room-night costs.

Rental rates include:

- Water consumption - villa suite
- Electricity consumption - villa suite
- Laundry (2 full changes per week)
- Personnel
- Housekeeping
- Cleaning products
- Linen replacement
- Amenities
- Repairs and replacements of equipment
- Others
- Administration fee

RATES

Month	Average Rack Rate Villa Suites	Average Rack Rate Premium Villa Suites	Discount for owners
January	€ 60	€ 75	45%
February	€ 60	€ 75	45%
March	€ 64	€ 79	20%
April	€ 85	€ 99	20%
May	€ 92	€ 108	20%
June	€ 115	€ 135	15%
July	€ 171	€ 190	15%
August	€ 172	€ 191	15%
September	€ 101	€ 118	15%
October	€ 81	€ 95	20%
November	€ 60	€ 75	45%
December	€ 62	€ 78	35%

Eg2. The villa suite from Eg1. generated 5.400€ in credit. If this same villa suite is then used by the owner for 7 days in each of January, April, July & October, the deduction totals 2.178€. Meaning that at year's end the owner is paid 3.222€.

The only expected running costs of owning such a villa suite are the following:

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At the end of the rental scheme period

After the 4-year period the owner has several options how to proceed:

- (1) The contract is renewed or re-negotiated by mutual consent, along the same principles as outlined above;
- (2) A non-guaranteed rental scheme is agreed upon by mutual consent, with a strict division of income between the owner and the operator;
- (3) The villa suite is taken out of touristic exploration, and is operated moving forward under the conditions outlined above in the section "1. No touristic exploration".

For further information on The Vines please contact realestate@quintadosvales.pt