

## SEÑORIO DE ALOHA (SdA)

### President's Report – AGM 2025

#### INTRODUCTION

Dear Owners,

My end-of-year report highlighted a number of successes alongside some ongoing challenges. I will avoid repeating that ground but instead offer a few key reflections, followed by an outline of the priorities and proposals for 2025, which will be discussed at the upcoming AGM.

2024 saw strong progress, with many maintenance and repair projects completed—improving not only the operational condition of the community but also its overall appearance.

It's no secret that property values in this region have increased over the past several years. Whilst comparisons are difficult, there have been a number of notable high price points for SdA properties, with more than one selling for over €600k! This reflects well on the efforts of all involved to continuously improve the quality & reputation of the community.

#### Financials

Financial stability has been maintained, thanks in no small part to a **low default rate of just 5.3% on community fees invoiced**. If I may say so, this is an exceptional result, and much of the credit goes to Adenjo for their diligence and persistent effort in ensuring that owners fulfil their payment obligations.

The overall level of community fee debt continues to decline year on year. **Currently, 94.3% of that debt is owed by just 13 owners**. I have invited our lawyer to the AGM, where she will provide an update on the status of our legal proceedings against these debtors.

On the expenditure side, careful management and some favourable cost reductions have enabled us to come in slightly under budget. As in previous years, our Vice President Gerry, a qualified CFA, has overseen the community accounts. His financial summary accompanies the attached statements.

#### Challenges

In part 2024 was defined by the ongoing drought across Spain, which brought water restrictions and presented particular challenges for our gardening & maintenance teams. Fortunately, unlike some other communities, we managed to keep all three swimming pools open and maintained low-level irrigation. Nevertheless, grassed areas took a beating & restoring them is now a key objective.

The arrival of autumn rains brought some welcome relief. However, they also served as a stark reminder of our ageing infrastructure, as torrential storms caused flooding in several parts of the community—particularly in the garages of the Giralda and Mezquita buildings. The rain has continued into 2025, replenishing reservoirs and leading to relaxed drought restrictions. Nonetheless, within the community, the resulting damage has highlighted the urgent need to undertake essential structural repairs to the garages, terraces, and building facades.

Among the more problematic owner-induced issues this year were unregulated apartment reforms and short-term tourist rentals. I have repeatedly flagged these concerns, and the absence of robust procedures to empower the Administration to manage them effectively has made the situation worse. Addressing these problems on a case-by-case basis is not sustainable—it diverts time and energy away from more pressing community priorities.

As noted in my end-of-year report, I can now confirm that the overhaul of the Community Regulations is now complete. (See attached) I will elaborate on the proposed updates further below.

#### Infrastructure Repairs

(This will be discussed at the AGM but does not require a decision at this stage.)

### **a) Garage Repairs**

As previously discussed, the top priority is remedial work on the Giralda, Alhambra, and Mezquita garages. These garages were never properly waterproofed during construction, and action is needed to prevent further deterioration. This will involve excavating garden areas and some walkways to access the garage roofs.

### **b) Façade Restoration**

The front facades of all five buildings—from floors 1 to 4—are suffering from discolouration caused by corrosion of the ironwork rims beneath the terraces and planters. These iron rims need to be replaced, which in turn requires re-rendering the affected surfaces. Additionally, the metal awning frames on the fifth-floor properties show signs of fatigue and must be replaced. We also need to consider a rain drainage system from the roofs in order to divert water away from terraces & planters.

### **c) Full Repainting**

Given the extent of the works above, repainting the entire facade will be necessary. It therefore makes sense to undertake a complete repainting of the community at the same time. The last painting was carried out between 2016–2018, but the low quality of that work has not stood the test of time. Many owners, myself included, believe that a more modern colour scheme would significantly enhance the community's appearance.

To carry out these infrastructure works to the highest standard—and to enable us to explore project financing options that would spread the cost over several years—we have engaged a Technical Architect to prepare a comprehensive 'technical project'. This document will define the scope of works, including a bill of quantities, and allow for competitive tendering across multiple contractors. This approach also strengthens our position to secure external financing.

### **Timing**

The work of the Architects is expected to conclude before the end of September. Following a review by the management team, tenders for the various projects will be prepared & circulated. Around the same time, we will follow up on preliminary financing discussions with banks in order to obtain indicative terms for a long-term loan. Current estimates for project completion are 18-30mths. An EGM is anticipated approximately October/November to provide owners with a more detailed understanding of the scope of works, estimated costs & financing options.

### **Update to Community Regulations**

(This is a voting item at the AGM)

#### **a) General Regulations**

Simply put, the current regulations are no longer fit for purpose. They are outdated, vague, and inadequate for the management of a modern residential community. Nor do they fully reflect current national, regional, or Horizontal Property Laws. The proposed revisions have been drafted based on real-life situations in the community, with a strong focus on privacy, non-disturbance, efficiency, & enhancing property values via an orderly & well managed environment.

#### **b) Reformation Regulations**

Historically, the community has taken a passive approach to regulating apartment reforms, and the negative consequences are plain to see. Spain's building codes, licensing procedures, and community laws are designed to ensure safety, protect architectural harmony, and defend the rights of other owners.

In recent years, not only has the number of reforms increased, but so too has the level of abuse. The right of the Community to pre-approve changes and oversee how work is conducted has often been ignored.

While some past unlicensed works may not be harmful, they were nonetheless carried out illegally. Although we cannot retroactively legalise all such works, we can draw a line under some of them—though not all. Going forward, the Administration will oppose repeating these past mistakes. One particularly serious issue is the conversion of terraces into enclosed “liveable areas,” which carries legal and architectural implications. The Administration is already pursuing legal action—approved previously—and will seek further authorisation at the AGM against owners who continued to violate regulations despite repeated warnings.

It is essential that the community regains control over all reforms. We must have the right to assess legality before any work begins. A new set of guidelines on specific projects, e.g. glass curtains; or tiling; has been prepared to assist owners during the planning stages of proposed works. These will be discussed at the AGM.

### **c) Rental Regulations**

As many of you are aware, short-term rentals are an increasingly hot topic in Spain. Their impact on local housing prices has prompted changes to legislation, both regionally and nationally.

The situation is evolving, and those who rent, or intend to rent their properties are advised to consult the Junta de Andalucía’s website for up-to-date legal guidance: Junta de Andalucía – Viviendas de Uso Turístico FAQ

The proposed internal regulations establish a clear framework for managing short-term rentals within the community. They aim to:

- Enable effective oversight of rental activity.
- Promote responsible tourism.
- Ensure proper maintenance and safety.
- Comply with all applicable tourism and data protection laws.
- Protect the peaceful enjoyment of all residents.

These rules aim to strike a fair balance: allowing owners to rent their properties while ensuring that the community remains peaceful, safe, and well-managed.

### **Summary**

A great deal of work has gone into this once-in-a-decade overhaul of our regulations. The rental section benefited from input by two current owners who rent their properties. The reforms section was shaped with advice from Víctor Porras, a qualified construction engineer and serving President of another local community. The general regulations draw on Adenjo’s 20 years of experience managing residential complexes in Marbella.

**I strongly encourage you to review and approve these proposals. They are designed to enhance both the quality of life in our community and the long-term value of your property.**

### **Budget 2025**

The Spanish government has announced a 4.4% increase in the minimum wage, and global developments (such as Trump tariffs in the U.S.) may further push up global costs. Despite this, we feel confident in **proposing only a modest 2.2% increase in the community budget.**

I am also proposing a 15% increase in Adenjo’s fee. This reflects the high volume and complexity of the work they undertake, which is well beyond what was originally foreseen. Examples include: managing the Avatel contract; debt collection; extraordinary cash call accounting; and large-scale project implementation such as the successful roll out of the Access Control system, and the forthcoming infrastructure works (which will require significant contract administration).

### **NAÛ Pool Club Legal Action**

As mentioned in my year-end report, the preliminary hearing was taking place in February. Our witnesses were approved, & the main hearing is now scheduled for 26 June. It's likely to be the first of several.

Rumours of a pending land sale remain unconfirmed, & there has been no progress towards an out-of-court settlement.

The club is expected to open shortly, and if past experience is anything to go by, the peace and tranquillity of the surrounding area will be negatively affected. I urge all owners to monitor, film, and report any disturbances or inappropriate behaviour impacting our community to Adenjo, or better still report it directly to the police. **Testimony from affected neighbours of the club activities remains some of the most powerful evidence in this case.**

I look forward to welcoming those of you attending the AGM in person. For those who cannot attend, **please be sure to email your proxy to Adenjo.** Your participation is essential to support stronger regulation, maintain financial stability, and continue the positive momentum we've built together.

**With warm regards,**

**John Riley**

**President - SdA**