

Prime Blue 3

ANNUAL REPORT 2018

Prime Blue 3 is a holiday resort in Mavişehir (the blue city) established in 2013. Mavişehir, Didim, is highly valued for its proximity to the Aegean Sea and the beautiful sunsets. Prime Blue 3 is a complex with 56 apartments, situated 300 meters from the beach.

Prime Blue 3, Aydın

Prime Blue 3

Mersindere mh
Arguan Caddesi, Sokak 3625
09270 Didim

Facebook – Prime Blue 3
PrimeBlue3Board@gmail.com

Content

To the co-ownership _____	1
Financial summary _____	9
Accounting _____	13
The auditors comments _____	14
Our co-workers _____	15
Information about our complex _____	15

All owners
of Prime
Blue 3 want
the
complex to
have a
friendly
family-like
atmosphere
as well as
luxury
feeling in
our
common
areas and
keeping an
elegant
facade

To the co-ownership

Strategic development

In the beginning of the year 2018 we were short of funds due to large investments and improvements in 2017.

Again, the main concern for the complex is getting the income expectations in due time. In 2018 the income before 1st of April was 66.430 ₺ that equals 42 % of stipulated income. Before the 1st of June we got 101.700 ₺, that equals 65 % of stipulated income, and by the AGM we had received 135.354 ₺ that is 88 % of our stipulated income in our budget.

Still, at the AGM there were questions from those who paid very late why the painting of the buildings had not started. It is important that each owner understand the relationship between paying the maintenance fee in time, and getting improvements done.

The Board decided to renew the contract with Vision at the end of 2017, as that has proven cost efficient. As long as PB3 has a Board and chairman who does not live in Turkey, it is necessary to give the power of attorney to a management company.

Vision did a good job following up most of our issues in 2018, but it is the Board's option that following through with non-paying owners that are Didim-established companies should have been given more attention. The cases are now in the hands of the court, but due to many cases these matters take time.

The main focus for the Board in 2018 was set to keep up the continuous maintaining of the complex and common areas in order to keep up the good value of our houses.

Priorities 2018

1. Getting quotes for painting the buildings, and starting the painting
2. Installing water filters on the main water supplies
3. Doing necessary repairs and improvements to the pool and pool area
4. Installing common Turkish TV-system in House B

Financial headlights

Income

Maintenance fee was set to 2.750 ₺ per year, counting from 01st of January to 31st of December at the AGM the 4th of October 2017.

The Board made a lot of improvements in 2017, thanks to all owners, but two non-payers, were paying their debts to PB3 and maintenance fee for 2017.

For 2018, there have been more repairs and improvements to systems and buildings that may not be so visible to the owners, but would have caused severe damage if not being done.

Due to a very advantageous currency situation, we allowed owners to pay maintenance fee for 2019 at the end of 2018. The accountant, in agreement with the Board, opened a high interest account where deposited from the money for maintenance fee 2019 was made – locked for use until 2019.

At the end of 2018, Prime Blue 3 finally had a financial situation that did not need extraordinary payments from the Board in order to manage our obligations in the beginning of next year.

Expenditure

PB 3 spent 83.713 ₺ in 2018 for payroll, accountant, solicitor and management of the complex. That is 1.835 ₺ less than in 2018, without taking wage and price increases into account.

Insurances for buildings and employers gave an expense of 19.668 ₺ in 2018.

PB3 spent 9.311 ₺ on electricity for the communal areas in 2018, and we spent 5.000 ₺ for water to communal areas.

Chemicals for the pool costed us 11.585 ₺, and general repairs 7.039 ₺, and we installed Turkish TV system in House B for 3.198 ₺.

Only 795 ₺ was spent to improve the garden areas.

At the end of the year it became clear that we had not sufficient funds to pay a professional legally registered company to do the painting of PB3. The task was given our caretaker, who is a very accurate painter and we spent 1.177 ₺ in 2018 for buying paint. The painting will continue throughout 2019 when the weather and amounts of owners visiting the site allows that.

Management highlights

In front of, and at the AGM in 2017, all owners were asked what they felt was most important for the Board to look into. The result from the questioning was shared with all owners after the meeting, and is to be found in the annual report from the Board for 2017.

The Board used the results to make priorities for 2018 when it came to improvements.

Painting

As a legally registered holiday complex we need to follow Turkish law and rules for accounting. The government have made a lot of improvements in the administrative systems over the past years, and controls are being done. This means, that as a holiday complex we cannot take the risk to use a unregistered company without insurance for the workers on site.

The quotes we received from companies, were about 50 000 lira for painting both houses. Together with the caretaker, we found a solution where he does the painting and receives a couple of monthly salary extra as compensation.

Painting started in the end of 2018, and will be continued in 2019.

We changed all the outdoor airvents, but not those on the private balconies.

Installing water filters on the main supplies

Several apartments have over the years suffered from brownish water from their taps. It has been difficult to find the reason why some have this problems while others do not. As a possible solution we installed water filters on the main supplies.

The plumber we used, also offered PB3 owners to install water filters on the apartment water supply. It is recommended to so.

Repairing and improving the pool and the poolarea

We did repairs and improvements concerning the pool and the pool area in 2018 also. The following was done:

- Made and placed a bridge over to the Jacuzzi
- Changed damaged pool banisters
- Repaired and changed all lights in the pool, using blue bulbs
- Bought two new umbrellas
- Changed tiles in the pool stairs to non-slippery tiles

Installing common Turkish TV system in House B

Prime Blue 3 had a TV system that was very messy, and disfunctional. We made in 2017 a contract with a new company which made high quality installation on our roof of House A. As we were pleased with the work and the result, we used the same compny to install the Turkish TV system in House B in 2018.

The use of a mangament company

Some owners are not satisfied with the employment of a management company. The Board co-operate closely with the management company, and experience weekly the benefits of having a company like Vision on board.

Even though the Board clearly sees the benefits, it has been of importance to us to do more objective and financial assessment of the use of a management company. This was done before the AGM in 2017, and we made a similar analysis in front of the AGM in 2018.

We checked prices on different services that we get from Vision, and which a Board will be in use of In order to fulfill obligations given in Turkish law.

It came out as follows:

Expenses including agreement with management company (based on 2017/2018)		Per owner
Utgifter:		
Management company (agreement with Vision)	30 000	
Expences for laywer (included in agreement)		
Follow up sick of leave and vacations (included in agreement)		
Following through tasks to be done (included in agreement)		
Meetings with different companies (Belediye/ Aydem / ASKI/Prestige etc.) (included in agreement)		
Aquiring quotes from builders etc. (included in agreement)		
Collection of outstanding Maintenance fee (legal actions) (included in agreement)		
Translation of necessary papers, 150 tl per A4-sheet, 12 times per year (included in agreement)		
Accountant (450 tl per hour)	5 500	
Responsibilities as an employer (education, insurance, safety etc)	1 000	
Arranging the AGM according to demands in law (included in agreement)		
Sallary for employees (2 staff *12 mnd)	50 000	
Employers fee/tax (9,7 %)*(2 staff*12 mnd)	3 722	
Insurance employees (39%)*(2 staff *12 mnth-SGK)	15 000	
Total kostnad per år	105 222	1 814

Without a management company the chairman and the Board will have to do a lot more work, travel more often to Didim, and should be compensated as such.

Expenses without management company (prices 2018 / estimate 2019)		Per owner
Based on which expenses we had before a management company		
Expences for laywer	8 000	
Follow up sick of leave and vacations - the Boardleader in cooperation with the accountant		
More tasks on the Board, in weekly co-operation with the accountant		
Meetings with different companies (Belediye/ Aydem / ASKI/Prestige etc.) - the Board incl translator		
Aquiring quotes from builders etc, Boardleader in co-operation with the accountant		
Collection of outstanding Maintenance fee (legal actions) accountant and lawyer		
Translation of necessary papers, 150 tl per A4-sheet, newsletters and other communication	6 000	
Accountant including more task as no management company	7 500	
Translation, 12 ganger per år	1 800	
Responsibilities as an employer (education, insurance, safety etc)	1 000	
Arranging the AGM according to demands in law	5 000	
Sallary for employees (2 staff *12 mnd)	50 000	
Payment Board	6 000	
Insurance employees (39%)*(2 staff *12 mnth-SGK)	15 000	
Employers fee/tax (9,7 %)*(2 staff*12 mnd)	3 722	
Total kostnad per år	104 022	1 793

As the comparison shows, with or without a management company, it would not make any difference in our expenditures.

The AGM in 2018, discussed the use of a management company such as Vision. The group had different opinions, but the majority found it safest to continue using a management company and were willing to pay a high maintenance, amongst other issues, in order to secure that PB3 can afford to continue the contract with Vision.

The AGM was held the 2nd of October 2018. The accountant keeps the formal protocol from the meeting and can be seen at his office. All papers handed out in the meeting has been sent owners on e-mail.

As candidates for the position as chairman, both Hüseyin Kuratarici and Eva Milde were candidates.

The following Board members were elected for 2019:

- Eva Milde (A1-4), as Chairman of the Board and only member

As controllers the following owners were elected for 2018:

- Ragnild Christoffersen (B3-5)
- HüseyinKuratarici(B1-7)

The AGM decided the following for 2019:

- Increase Maintenance fee to 4500 TL

A perspective on the future

The efforts that were made in 2017 really paid off, and made the task of maintaining Prime Blue 3 as a holiday resort the owners are proud of much easier.

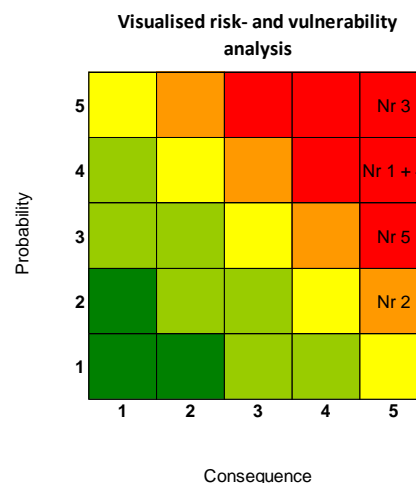
The one case that the Board of directors spent most time discussing in 2018 was how to be able to paint the buildings. Prime Blue 3 was built in 2013, and is in need of getting the outer walls painted. But, it was a really expensive task to take on.

In a risk-management perspective the chairman made an evaluation of possible future risks for PB3.

The aspects of risk-analysis of Prime Blue 3 without a management company that have been considered:

Aspects, demands etc		Probability	Consequence
1	Effect on PB's reputation, and property prices	4	5
2	Acting according to the laws (adherence)	2	5
3	Management - going concern and maintenance	5	5
4	Management development, increasing value	4	5
5	Quality - holiday experience	3	5

Visualized, important aspects of keeping Prime Blue 3 as a holiday property of high value without a management company, shows that the owners run a large risk not using a management company.



For the coming year, Prime Blue 3 should consider starting an investigation when it comes to drainage issues, under the buildings, keep checking the roof and make repairs, follow the work on the road next to Prime Blue 3 and check for consequences for our area, and finish painting the buildings.

At the AGM in October it was decided that we should raise the maintenance fee back to the level (in GBP and Euro) as it was the first years of Prime Blue 3's existence. The benefits of that was already shown in the end of 2018, as PB3 was able to open a high interest account when owners started paying the maintenance fee for 2019 in 2018. This makes it possible to start painting and make other improvements in front of the summer season 2019.

It is difficult to follow the two companies that owes apartment in PB3, and do not pay maintenance fee, as they change the ownership several times during the year, or once a year.

The Board is still of the opinion that the following is of importance to keep Prime Blue 3 an exclusive and attractive holiday resort:

- Collecting maintenance from all the owners
- Take legal actions towards nonpayers
- Spend money on maintaining the buildings and the common areas
- Make our staff do most of the needed improvements instead of buying services
- Using a management company which secure that we follow the law and rules, and who are skilled at getting quotes, negotiate price and securing the quality of work being done

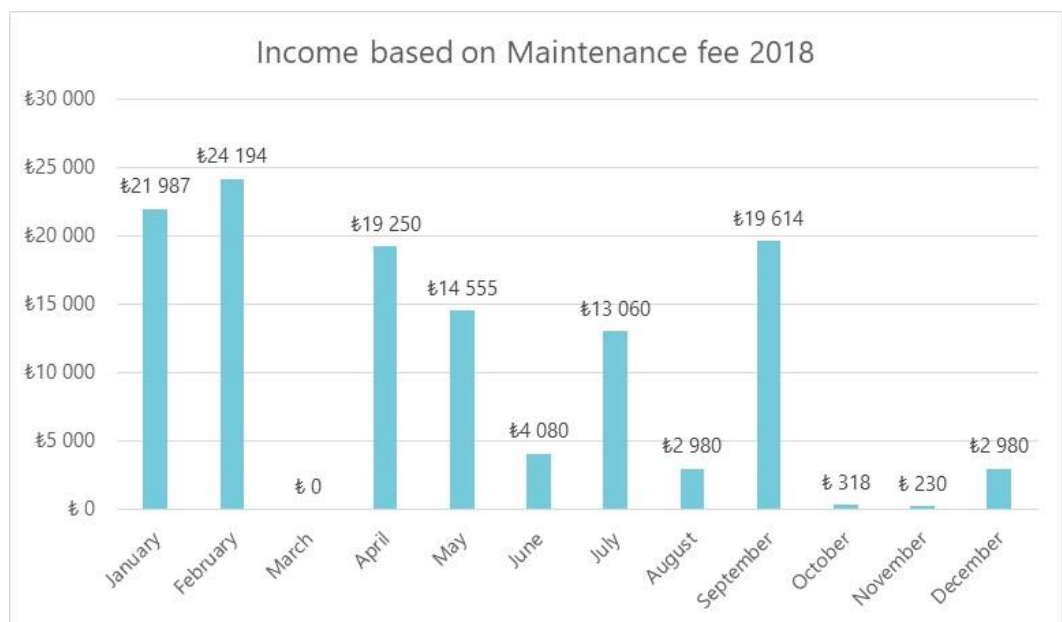
Eva Milde
Chairman of Board of Directors
Prime Blue 3
15. januar 2019

Financial summary

Our total income for 2018 was 203.301 ₺. This consists of maintenance fee, interests, and rental from storage rooms, as well as maintenance fee for 2019 (38.750 ₺) that was paid upfront from some owners.

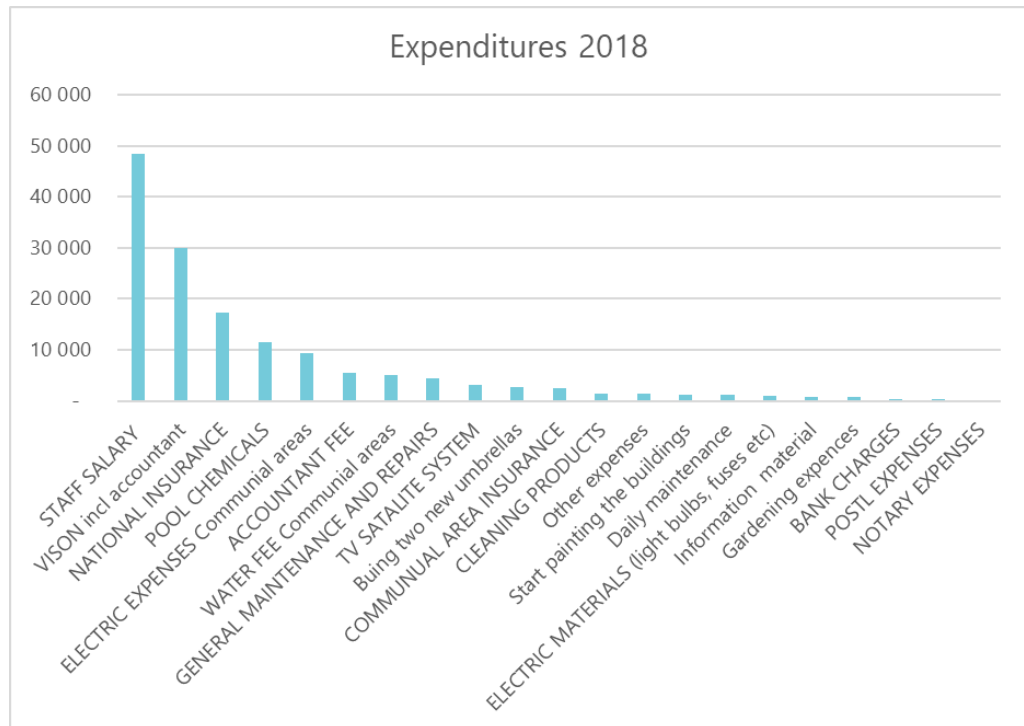
Prime Blue 3 managed to get most of their funding paid in 2018, but 63 % of all income from maintenance fee was paid in the period from 1st of April till 31st of December. This practice makes it difficult to run Prime Blue 3 properly, and impossible to invest in larger improvements as e.g. buy services for a company to paint our buildings before the summer season.

The income budget for maintenance fee for 2018 was 156.750 ₺. As the graph below shows, out of a total income from maintenance fee of 123.249 ₺ in 2018, 77.067 ₺ was paid after the limit for paying maintenance fee.



Our total expenditure was 145.397 ₺. That left us 55.103 ₺ to start the year 2019, and enabled us to keep our obligations towards staff, accountant, Vision and others.

The expenditure was spent as follows:



As you can see above, most of our income is used to keep the daily life of our complex going. We did not need to do any major repairs in 2018, nor did we make any large costly investments.

Income statement Prime Blue 3	
Income	2018
Maintenance fee	195 500
Interests	5 736
Other resident income (storage units etc)	2 065
Maintenance fee 2015 + 2016 + 2017	-
Net Income	203 301
Spent in 2017	
Debt collection costs/other debts	-
Gross profit	203 301 €
Expences	2018
BOARD EXPENSES	-
TELEPHONE EXPENSES	-
POSTL EXPENSES	302
INFORMATION MATERIAL	823
STAFF SALARY	48 313
VISON MANAGEMENT COMPANY incl accountant	30 000
ACCOUNTANT FEE	5 400
NATIONAL INSURANCE	17 279
COMMUNUAL AREA INSURANCE	2 389
NOTARY EXPENSES	86
BANK CHARGES	348
ELECTRIC EXPENSES Communal areas	9 311
WATER FEE Communal areas	5 000
POOL CHEMICALS	11 585
CLEANING PRODUCTS	1 360
GARDENING EXPENSES	795
GENERAL MAINTENANCE AND REPAIRS	4 522
DAILY MAINTENANCE	1 170
OTHER EXPENSES	1 347
ELECTRIC MATERIALS (light bulbs, fuses etc)	992
START PAINTING BUILDINGS	1 177
TV SATALITE SYSTEM	3 198
UMBRELLAS FOR THE POOL AREA	2 800
Total expenditure	148 197 €
Revenues	55 103
Financial expenses	0
Income before tax	55 103
Tax	0
Net income	55 103 €

It might be questioned if the co-ownership of Prime Blue 3 has a realistic understanding of the costs it takes to run a holiday resort like Prime Blue 3. Work labour is cheap compared to Europe, but it is not free. And goods are getting more expensive as the inflation in Turkey increases.

It is highly recommended to built up funds for necessary larger repairs or maintenance in the future.

Accounting

Through out 2018 Prime Blues accountant have been Oğuz Kepenekci.

Balance sheet

- Prime Blue 3 has no dept
- The accounting was balanced as required
- Prime Blue 3 had at the end of the year no equity
- Prime Blue 3 received in 2018,53.812 ₺ from the owners paying maintenance fee for 2019 up front

Income statement

- Income for the year 2018 was 149.489₺
- Expenses for the year 2017 was 145.397₺
- The result for 2018was 4.092₺



Prime Blue 3 is a holiday resort in Didim, close to many ancient places like the temple of Apollon, Miletus, and Ephesus

The auditors comments

Ragnhild Christophersen and Mehmet Hilmi Canpolat were inspectors for the year 2018, and have given their opinions separately.

1.1 Inspectors opinion

I have gone through the accountings. Everything looks very transparent and straight forward. The Board is doing a great job. The accountings are approved

I have examined the Ledgers of Prime Blue 3 for the 2018 fiscal term. I have also examined the invoices for the expenditures. Tenders must be received from at least 3 different companies regarding the work to be done. I believe that these tenders have been obtained. However, I have not come across to any records of such tenders in the Ledgers and they have not been added either. As a result of my inspections, I confirm that the income and expenditure records have been kept correctly. I would like to express my gratitude to the relevant personnel for their work.

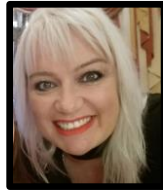
It can, however, also be observed that the maintenance fees have not been paid regularly. Provisions need to be made regarding this issue. A monthly delay penalty can be applied to those who do not make their payments in due time. I believe we can solve this problem this way.

1.2 Moments that should be taken into account

It is worrying that the owners that pay late, or do not pay, do not seem to understand the necessity of keeping up our good standard of quality.

Our co-workers

Throughout 2018 Prime Blue 3 has been relying on the efforts from the following persons:



Samantha Gorduemel

Operations Manager, Vision

Tlf +90 530 175 1000

E-mail:

samantha.visioncomplex@gmail.com



Salih Bük

Caretaker and gardener

Tlf

+90 505 635 4837



Ahmet Usta

Nightguard

Tlf.

+ 90 532 251 05 31

Information about our complex

Prime Blue 3

Mersindere mh

Arguan Caddesi, Sokak 3625

09270 Didim

Facebook – Prime Blue 3

