

Dear Fellow Owners

While negotiating a new Strata Management Agreement and preparing a related update to our by-laws, the Executive Committee has been compiling a great deal of comparative historical information. As background for the Owner Zoom call next Tuesday, we'd like to share some broader data to show how our overall strata fees compare with those of other resorts along Grace Bay, and how our revenue and costs have grown over the past decade.

Strata Fee Comparison

As part of our research for the Strata Management Agreement negotiations, we had the Strata lawyer reach out to the financial controllers at 10 other resorts on the island. We asked each to share their 2019 (pre-Covid) strata fee assessments. The names of the other resorts are listed below, but to gain their cooperation, we agreed not to directly connect the resort names with their individual fees.

The numbers in the table below show the relative strata fees assessments "per square foot" annually, the most common way to report the costs of a strata operation. An individual owner's annual assessment is cost per square foot times the size of your unit.

We are pleased and proud to say that *The Sands at Grace Bay* has the lowest strata fees of all the resorts polled, and we feel that this shows the results that flow from a cooperative and supportive approach between the Executive Committee and our Management Company.

The results from the survey are as follows:

RESORT STRATA FEES COMPARISON

PROVIDENCIALES - 2019 (PRE-COVID)

RESORT	STRATA FEES (per sq ft)	INSURANCE (per sq ft)	TOTAL (per sq ft)
A	\$14.00	\$5.05	\$19.05
B	\$13.27	\$3.91	\$17.18
C	\$13.66	\$3.11	\$16.77
D	\$12.30	\$4.07	\$16.37
E	\$12.18	\$4.09	\$16.27
F	\$12.42	\$3.24	\$15.66
G	\$13.55	\$2.10	\$15.65
H	\$11.00	\$4.35	\$15.35
I	\$11.55	\$3.26	\$14.81
J	\$9.64	\$4.19	\$13.83
K	\$9.86	\$3.61	\$13.47
AVERAGE:	\$12.13	\$3.73	\$15.86
Compare SANDS DATA:	\$9.86	\$3.61	\$13.47

PARTICIPATING RESORTS:

Coral Gardens
Grace Bay Estates
Grace Bay Villas
Ocean Club East
Ocean Club West
Palms
Point Grace
Sands
Seven Stars
West Bay Club
Shore Club

Revenue Growth versus Operating Costs

Resort revenue is not a responsibility of the Strata Corporation, but given our interest in moving to a Designated Rental Manager, the Executive Committee asked the Manager to provide us with historical data on revenue growth. We looked back as far as 2012 and tabulated the growth rate of both gross revenues and the average daily room rate (ADR).

Next, we looked at the growth of strata operating costs over the same period, so we could compare that with our revenue performance. The amounts shown are the operating cost portion of the past strata assessments. We focused on the operating portion because that is what where owners and management have the greatest ability to control costs. Insurance is assessed separately and is heavily influenced by external market conditions. Here is what we found:

- Our overall room revenue has grown by **42.3%** since 2012 with average annual increase of **6%**.
- our average daily room rate has grown by **35.7%** since 2012 with an average annual increase of **5.1%**
- Over the same period, our strata operating costs have grown by only **22.4%** since 2012, with an average annual increase of **3.2%**

	2012	2013	2014	2015	2016	2017	2018	2019
Room Revenues	7,698,873	7,982,704	8,967,387	9,442,753	8,557,888	8,989,345	9,544,394	10,953,363
YOY increase		3.7%	12.3%	5.3%	-9.4%	5.0%	6.2%	14.8%
Increase vs 2012		3.7%	16.5%	22.7%	11.2%	16.8%	24.0%	42.3%
Average increase 7 years								6.0%
	2012	2013	2014	2015	2016	2017	2018	2019
ADR	291	279	303	313	335	328	335	395
YOY increase		-4.1%	8.6%	3.3%	7.0%	-2.1%	2.1%	17.9%
Increase vs 2012		-4.1%	4.1%	7.6%	15.1%	12.7%	15.1%	35.7%
Average increase 7 years								5.1%
	2012	2013	2014	2015	2016	2017	2018	2019
OCC	72%	76%	77%	79%	68%	73%	75%	74%
	2012	2013	2014	2015	2016	2017	2018	2019
Strata Fees	1,055,783	1,108,560	1,108,560	1,108,560	1,161,945	1,161,851	1,220,479	1,292,210
YOY increase		5.0%	0.0%	0.0%	4.8%	0.0%	5.0%	5.9%
Increase vs 2012		5.0%	5.0%	5.0%	10.1%	10.0%	15.6%	22.4%
Average increase 7 years								3.2%

The numbers for individual years were affected by extraordinary events such as Hurricane Irma in 2017, but the combined trend – revenue rising almost twice as fast our costs - represents a great achievement. We want that trend to continue.

Over the past year, your Executive Committee has worked closely and productively with our management company. That has enabled us to:

- Guide the resort through an unprecedented pandemic, cutting costs to a bare minimum while protecting our assets and staff. We also have been able to reduce strata fees accordingly, with a 30% reduction continuing through the end of May 2021.
- Negotiate a new contract that our lawyer has told us is one of the most comprehensive management agreements in the TCI. The terms we have negotiated would cut the total strata management fee, and give the strata an additional \$60,000 a year in revenue while locking in \$130,000 annually in what are now voluntary contributions to our watersports and towel budgets. It also would create a stable platform to continue boosting owner rental revenue.
- Improve communications among owners, the Executive Committee and management. There have been regular updates on resort operations and conditions in TCI through the pandemic. We also have introduced a new Owners' Forum on our website as a means for owners to share views openly and securely with fellow owners, the Executive Committee and management.

We look forward to celebrating our continued growth with you at the Annual General Meeting on June 17 (in person or virtually by Zoom). More information related to the Annual General Meeting, including the proposed by-law amendments, will be coming your way shortly.

Sincerely

Strata Plan #25 Executive Committee

Miles Hamm
Tom Mothorpe
Linda Harper
David Stewart-Patterson