

# CLUB WYNDHAM

## SOUTH PACIFIC

# BUDGET SUMMARY 2021



Club Wyndham Airlie Beach Whitsundays

We are pleased to provide the following overview of the Club Wyndham South Pacific 2021 annual budget.

### Key Highlights

As all owners will appreciate, operations in 2020 were significantly impacted by domestic and international border closures and lockdowns due to the global COVID19 pandemic. Preparing a budget for 2021 required some assumptions to be made which we know and expect will change and Club management will remain nimble and adapt operations as necessary while maintaining financial responsibility.

The 2021 budget was prepared by Club management and approved by the board of the Responsible Entity in November 2020 based on the available information at the time. The budget assumes Australian and New Zealand domestic borders are open and allow free travel for Australian and New Zealand residents within their respective countries initially, followed by a travel bubble between the two countries by end of March 2021 with all Australian and New Zealand Club properties fully operational for the entire 2021 year. For other international properties, the budget assumes Fiji re-opens in April 2021 within a travel bubble with Australia and New Zealand, while our Indonesian, Thailand, European and Hawaiian properties are unlikely to welcome Club Wyndham South Pacific owners until later in 2021. Club properties in Japan remain open, while the Australian government has suggested a travel bubble may be possible with Japan, this is also unlikely to be until late 2021. However, as we saw in 2020, this can change at a moment's notice.

Financially, the Club budget is prepared on a breakeven basis consistent with the Club's constitution and operating purpose. Any revenue generated by the Club from sources other than annual levies, plus carried forward surpluses, have been used to offset costs and minimise annual levies. 2021 annual levies reflect an increase of only 1.5% for Australian owners. For our New Zealand Owners, the increase equates to 1.6% due to movements in the foreign exchange rate year on year.

The Responsible Entity passed on 2020 operating savings as a credit to owners against their annual levies (the majority of owners pay their levies on a monthly basis). This credit came in the form of a 35% credit against the December 2020 annual levy payment, credited to most in January 2021, and a credit of 36% to April and May levies. The credit applied to the January 2021 monthly payment from December 2020 effectively offsets the increase to the 2021 annual levies.

Below is a summary of how your annual levies are allocated to cover Club expenditure in 2021:

<b>TOTAL NET OPERATING COSTS</b>		%
<b>Net Resort Operations Costs</b>		
- Room Cleaning & Maintenance		21.9%
- Body Corporate <sup>1</sup>		13.5%
- Property Common Area		5.4%
- Rates & Taxes ( <i>Land/Council/Water</i> )		5.8%
- Utilities ( <i>Electricity &amp; Gas</i> )		4.1%
- Cable TV, Internet, Telecoms		1.7%
- Non-CSWSP Managed Properties <sup>2</sup>		17.3%
- General Operations		8.5%
- Other Costs		5.3%
- Other Net Income <sup>3</sup>		(15.7%)
FF&E/Refurbishment Reserves ( <i>Depreciation</i> )		10.5%
Building Reserves <sup>4</sup>		1.7%
<i>Total Net Resort Operating Costs</i>		<b>80.0%</b>
<b>Administration &amp; Support Costs</b>		<b>9.3%</b>
(Owner Services & Support, Finance & Levies, Property)		
<b>Insurance Costs<sup>5</sup></b>		<b>0.8%</b>
<b>Management Fee to Responsible Entity</b>		<b>9.9%</b>
		<b>100.0%</b>

<sup>1</sup>Externally managed Body Corporates (Includes Building Reserve and Insurance)

<sup>2</sup>Check In/Out, facility management

<sup>3</sup>Revenue from Food & Beverage, Rentals, Housekeeping, and Other

<sup>4</sup>Building reserves for properties without external Body Corporates

<sup>5</sup>Insurance for properties without Body Corporates and general Club

Housekeeping fees for 2021 did not increase and will remain the same charge per room as 2020, across all room types. Increasing housekeeping costs through external suppliers together with increased labour costs have been offset by operational efficiencies.

## Club Revenue

Total operating revenue for the Club is projected to increase in 2021 by 14% or an increase of \$12.3M over 2020, partially a result of the increased annualised benefit of new credits sold and issued to Owners (and new apartments added to the Club) during 2020, increased occupancy which will drive other Club revenue sources such as food and beverage and additional housekeeping revenue, and we have not budgeted for levy credits.

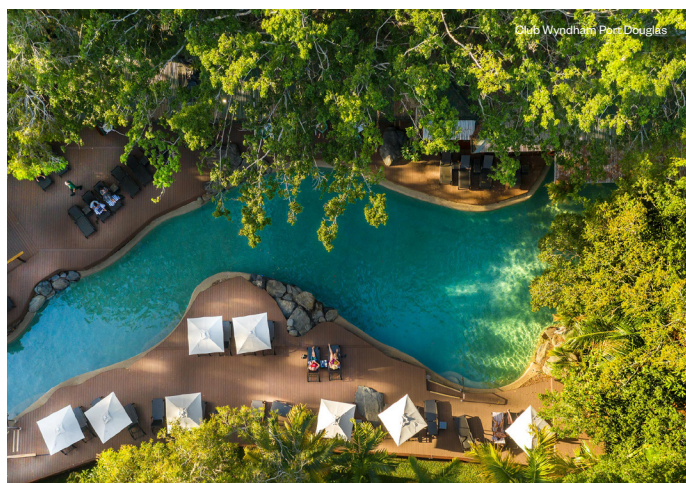
## Club Expenses

Similar to revenue, operational expenses will increase in 2021 reflecting the annualised cost of new apartments added in 2020 and 2021 (and new credits sold and issued to Owners) and increased occupancy which was lower in 2020 due to COVID-19. Club management have had to achieve cost efficiencies with the costs we are able to manage, however, costs such as land tax, utilities, insurances and body corporate charges are all increasing at a greater rate than the annual levy increase we have passed on. Body corporate charges in particular are increasing, the main cause relating to insurance premium increases globally.

Occupied room nights are budgeted to increase by 235,193 driving an additional 65,094 departure cleans which will increase our interior cleaning and maintenance charges along with variable costs such as water and electricity charges.

The Management Fee to be paid to the Responsible Entity is budgeted as a flat fee of approximately 10% of the total operating expenses (below the maximum 15% allowable to be charged under the Club Constitution).

The Club continues to lead the way with green initiatives and these are providing savings to our bottom line with real reductions in energy costs coupled with a reduced environmental footprint. During 2021, we will see a continued roll out of LED lighting across our resorts and replacement of unrepairable or obsolete equipment such as pool pumps, heating equipment and white goods with energy efficient models. Solar panels are also being considered for resorts where these are viable.



## Capital Enhancements and Refurbishments

The Club brought forward refurbishments and deep cleans into 2020 during periods when the properties were closed and where it was practical to bring these works forward with the aim of freeing up more owner room nights in 2021. In 2021, refurbishments are programmed at Dunsborough, Fiji, Golden Beach and Shoal Bay resorts. In total, the Club will invest in excess of \$12.6M on refurbishment projects in 2021 to enhance owner experiences and maintain the Club's assets. The Club is also budgeting a further \$3M for replacement of capital items and the provision of new capital assets across our resort portfolio which are replacement in nature or driving operational and financial efficiencies.

## Budget Summary

Club Wyndham South Pacific is looking forward to welcoming back our owners in 2021 following a year in 2020 that no one was expecting and everyone wants to put behind them. The recent addition of Airlie Beach and expansion of our Flynn's Beach and Phillip Island properties, together with our owner favourites across our Club property portfolio, will hopefully enable our Owners to get back on holiday in 2021 and beyond.

We look forward to seeing you back at your properties during your holidays, creating wonderful memories with your family and friends. Thank you to all our Owners for your continued support.

### 2021 Club Wyndham South Pacific Club Budget

	AUD M's
Levy Revenue	86.9
Resort Revenue	12.4
Other Income	4.7
Interest Income	0.5
<b>Total Income</b>	<b>104.5</b>

### Resort Operational Costs

- Room Cleaning & Maintenance	18.9
- Body Corporate <sup>1</sup>	11.7
- Property Common Area	4.7
- Rates & Taxes (Land/Council/Water)	5.1
- Utilities (Electricity & Gas)	3.5
- Cable TV, Internet, Telecoms	1.5
- Non-CWSP Managed Properties <sup>2</sup>	14.0
- General Operations	7.4
- Other Costs <sup>3</sup>	8.6
FF&E/Refurbishment Reserves (Depreciation)	9.2
Building Reserves <sup>4</sup>	1.5
<b>Total Resort Operating Costs</b>	<b>86.1</b>

### Administration & Support Costs

(Owner Services & Support, Finance & Levies, Property)

**8.1**

### Insurance Costs <sup>5</sup>

**1.7**

### Management Fee to Responsible Entity

**8.6**

### Total Club Expenditure

**\$ 104.5**

Apartment (Projected End of Year)	1,739
Total Room Nights	630,777
Occupancy	84.8%
Housekeeping Turns (Departure & Mid Stay)	155,125

<sup>1</sup>Externally managed Body Corporates (Includes Building Reserve and Insurance)

<sup>2</sup>Check In/Out, facility management

<sup>3</sup>Includes costs associated with Resort Income such as Food & Beverage operations, and other costs

<sup>4</sup>Building reserves for properties without external Body Corporates

<sup>5</sup>Insurance for properties without Body Corporates and general Club