LeFevre BUILT DIFFERENT

REPORT OF THE ADMINISTRATION MANAGER

FIRST QUARTER ENDED MARCH 31, 2024

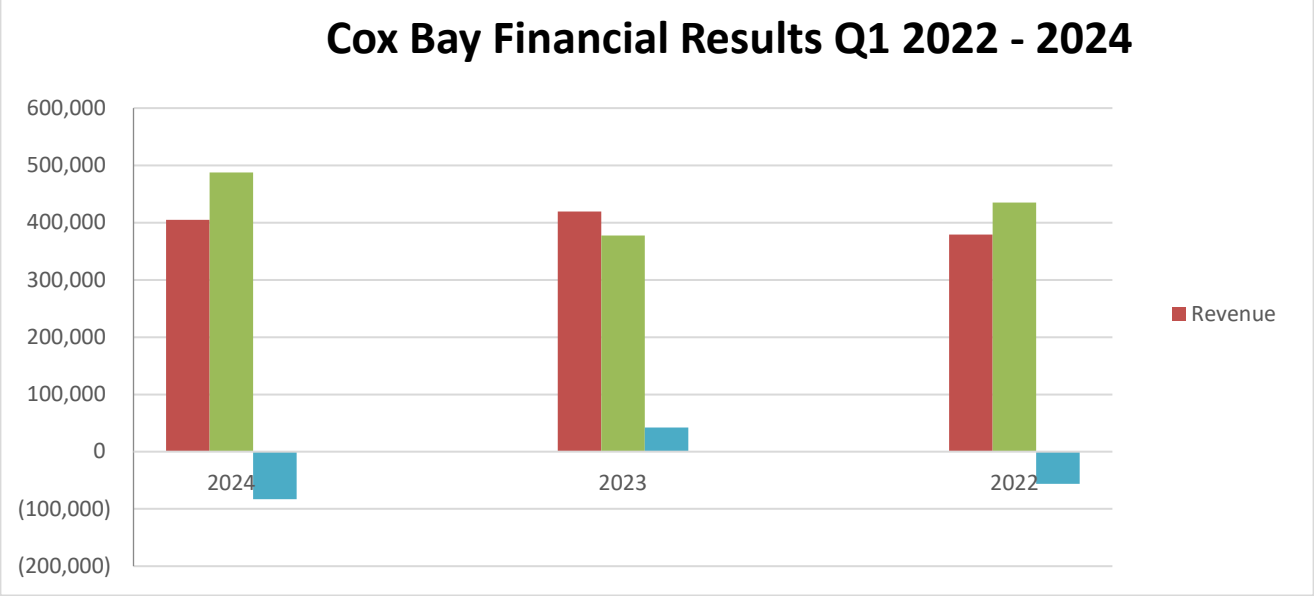
1. REVENUES & EXPENSES — Schedule #1 — Income & Expense Statement

- First quarter revenue at $404,918 was below 2023 results of $419,370 although well above 2022's result of $379,077.

- Overall expenses for the 1st quarter at $487,661 is above the 1st quarter of 2023 at $377,387. Major Expense differences in the quarter as compared to 2023 is as follows:

    1. R & M expenses increase of $51,100 of which $39,300 related to new roofing.
    2. Increase in Supply Expense of $13,200 largely due to timing of supply purchases.
    3. Increase in Wage Costs of $40,100 due to gradual increases in both hourly rates (driven by increase in minimum wage), as well as increases to manager salaries. An additional maintenance employee was also brought on full-time as of October 2023.

- Repairs and Maintenance expenses in the quarter include $8,238 for various bedding and linens, $6,619 for annual tree work, $2,833 for thermostats and baseboard replacements, $5,247 for the annual fire inspection and repairs to sprinkler equipment, $1,700 for the purchase of an Elliptical machine as well as the reception roof replacement project.



2. AVERAGE DAILY RATE - Schedule #2 - ADR by Room Type

The quarterly ADR has increased over 2023 for all room types with the Two Bedroom units showing the largest increase of $64 or 19.3%. The One Bedroom and Two Bedroom Lofts showed small improvements of 2.5% and 1.2% respectively. The reason for the larger increase in 'Two Bedroom Beach House' units is due to their being fewer of these units in comparison to the alternate style of 'Two Bedroom Loft' (8 vs. 12). The 'Two Bedroom Beach House' units have more limited availability and, as such, last minute discounts or rate reductions tended to be more common on the alternate styles of units.

3. RESORT OCCUPANCY - Schedule #3 - Resort Occupancy

Overall occupancy for the quarter dropped from 48.4% in 2023 to 46.2% in 2024. Occupancy, net of Owner use, had a nominal drop over 2023 at 41.8% vs. 44.1% in 2023. This can be attributed to the ongoing impacts of the current economic climate. Owner usage is very similar to 2023 in the quarter at 271 rooms occupied vs. 277 in 2023.

4. MARKETING

The marketing strategy for Q1 was a continuation from the fall of 2023, focusing on increasing occupancies during mid-week or other slower periods as well as offering last minute specials. Online messaging did not advertise "deals" or discounts so as to not detract from the value of the property and our overall goal of continually increasing our ADR. These efforts boosted occupancies through the first few months of the year.

5. STAFF & MANAGEMENT

Management focus over the first quarter was on increasing occupancies and maintenance. Close attention was paid to competing properties rate offerings and reviewing occupancy forecasts on a daily basis to determine the best approach to increase occupancies.

Staff retention was high in the 1st quarter apart from those whose contract expired. With the efforts of our new Housekeeping Manager, we welcomed back some employees from the previous season. It is always beneficial to employ previous staff to minimize property orientation and training.

Deep cleaning of rooms and maintenance shutdowns continued through the first quarter. With the returning staff in Housekeeping and a third staff member in the maintenance department, this was accomplished more efficiently than in past seasons.

An overhaul and re-organization of all storage areas was performed across the property. Linen and stock were ordered earlier this year after a very thorough inventory review.

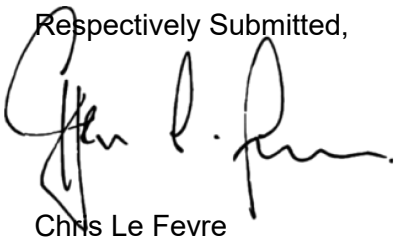
In March, efforts were focused on the exterior of the property for a "Spring Clean". Windows, decks and gutters were pressure washed and cleaned, the rock border down the center of the pathway was re-vamped, the parking lot was re-graveled and the gardens were trimmed and cleaned up.

Roof replacement of the reception building occurred in March in advance of the busier season. Noise disturbances caused only minimal impact to guests. The second phase roof replacement, including the common lounge and fitness buildings, at this time of reporting, I can confirm is now safely completed.

The resort continues to see increased wage costs due to the increases in minimum wage and this, along with roof the replacement project, will impact overall profitability for this year. The current economic climate along with the perceived high cost of visiting Tofino is resulting in reduced occupancies for all operators on the West Coast. Management focus will be on maintaining ADR and Occupancy levels through the implementation of focused strategies.

Now, more than ever, it is important that the resort continues to be well maintained to preserve the integrity and reputation of Cox Bay Beach Resort.

Respectively Submitted,



Chris Le Fevre