

Royal Dunes Resort Update

Dear Fellow Royal Dunes Owner:

I've received a number of queries related to the impact of Hurricane Matthew on Royal Dunes, both from owners who had their vacation plans impacted directly and by owners who simply want to know how the damage will change upcoming usage of their time at Royal Dunes. Here is our current best estimate of what has happened and what we will do about it. Please be aware that details that follow are subject to change as we go along.

Building 1 (that's the one on your left as you turn in to the clubhouse) is hardest hit of our places. It will be out of action for a long time and we don't know yet how long that time will be. The entire roof is gone, and lots of interior ceilings and walls will have to be replaced. Most of the soft goods (furniture, beds, etc.) will have to be replaced. The other buildings are not so heavily damaged, and could be back in service within 30 days or so. Insurance will cover the majority of the repair and clean-up expenses, and we hope to be able to take advantage of our strong balance sheet and cash reserves to smooth out the impact of any short-term emergency needs, as well as postponing and/or modifying some of the refurbishments planned for 2018 and beyond until they can be absorbed. We will work closely with our management company, SPM, to understand the financial impact that is associated with this unforeseen event. While it may be necessary to have a modest increase in future fees to recover from this storm we do not anticipate anything beyond that. We expect to maintain our standing as one of the least expensive three-bedroom Gold Crown resorts on Hilton Head Island.

Our management company is consulting with our two major exchange companies, RCI and II, to see what can be done to change incoming reservations, and we hope that we can cover our incoming owners with availability in Buildings 2, 3 and 4. We hope to be able to offer owners who have lost time to the storm or to repairs compensatory time at our resort, so if you did lose out, be flexible. As I said, we're currently playing all of this "by ear". Were more damage to be revealed, or were we to have difficulty in securing materials or labor for our repairs, things would change.

At this stage of our recovery, there are many unknowns that will have to be faced as they show up. What I can say is that the Board is committed to the best possible resolution of this situation for all of our owners, because as one board member said, "It could have been any of us." Determining further adjustments will be a top item on the agenda at the Board of Directors' meeting in November. We will do our best to keep our owners informed as we move forward with this issue. Please feel free to contact me as you see fit. The best way to do that is by email; I'm at ericgowins@gmail.com.

Eric Gowins

President, Royal Dunes Board of Directors

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