Pulse Survey

AIF

A SURVEY OF TIMESHARE AND VACATION OWNERSHIP RESORT COMPANIES

2021 Q4

PREPARED BY

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To the Research Committee of
ARDA International Foundation
1201 15th Street NW, Suite 400
Washington, DC 20005

Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2021 Fourth Quarter Pulse Survey: A Survey of Timeshare & Vacation Ownership Resort Companies.* Our services were performed and this report was developed in accordance with our engagement letter dated April 6, 2021 and are subject to the terms and conditions included therein.

Our services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we are providing no opinion, attestation, or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available by the survey respondents through February 2, 2022. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

March 7, 2022

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2021 Fourth Quarter Pulse Survey Overview and Key Findings

This survey is a summary of selected key metrics that provide an overview of the vacation timeshare industry in the United States. It is not a comment on any individual company, whose performance may vary from the information included in this study. To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the 2021 fourth quarter survey of U.S. timeshare companies that were in active sales during the fourth quarter of the year. The results herein include data from the time period of October 2021 to December 2021. The results cover a total of 14 responding companies for which a total of 13 respondents provided sales information reporting aggregate net originated sales of approximately $1,536.1 million for the quarter ended December 31, 2021. The financial information contained in this survey includes December 31, 2021 QTD (Q4 2021 – QTD) compared to December 31, 2020 QTD (Q4 2020 – QTD) as well as compared to data as of December 31, 2019 as previously reported for purposes of comparing pre-COVID-19 balance sheet data to observe the industry's recovery. We further compared sales performance, sales metric, and occupancy data for the Six Months Ended 12/31/2021 calculated as the combination of results from the 2021 Third Quarter Pulse Survey data as previously reported and 2021 Fourth Quarter Pulse Survey data herein for purposes of comparing to the Six Months Ended December 31, 2020 Pulse Survey data and Six Months Ended December 31, 2019 Pulse Survey data. Note the respondent class may differ across survey results for the aforementioned period comparisons. The information also contains data as of September 30, 2021 (Q3 2021) compared to data as of December 31, 2021 (Q4 2021) as previously reported in the 2021 Third Quarter Pulse Survey. The timeshare industry began to experience significant COVID-19 impacts at the start of the second quarter of 2020 which began to subside within the third quarter of 2020, meaning Q4 2020 – QTD data reflects early recovery from COVID-19 impacts. The industry has seen these impacts increasingly subside as evidenced in the Q4 2021 – QTD results. The trends associated with the performance indicators were developed based on quantitative factors. For example, each indicator that had a change of 10 percent or greater was denoted with a double green arrow or double red arrow. Indicators for which the change was less than 10 percent were denoted with a single green arrow or single red arrow.

Key Performance Indicators	Trend
Sales Performance	
Net Originated Timeshare Sales (net of Sales Incentives and Rescissions) including Telesales increased 66.9 percent from Q4 2020 - QTD to Q4 2021 - QTD, increasing from $920.4 million to $1,536.1 million.	Increase
Net Originated Timeshare Sales (including Telesales and Fee-for-service, excluding Rescissions and Fee-for-Service sold by others) increased 71.3 percent from Q4 2020 - QTD to Q4 2021 - QTD, increasing from $1,020.4 million to $1,747.9 million.	Increase

Sales Metrics	
Weighted Average Transaction Value increased 9.6 percent from $20,578 in Q4 2020 – QTD to $22,557 in Q4 2021 – QTD (The simple average transaction value increased 14.2 percent from $18,958 in Q4 2020 – QTD to $21,655 in Q4 2021 – QTD).	Increase
Weighted Average Rescission Rate increased 1.3 percentage points (or 16.0 percent) from 8.1 percent in Q4 2020 – QTD to 9.4 percent in Q4 2021 – QTD (The simple average rescission rate decreased 0.4 percentage points, or 4.6 percent, from 8.2 percent in Q4 2020 – QTD to 7.8 percent in Q4 2021 – QTD).	Increase
Weighted Average Volume Per Guest (VPG) increased 8.9 percent from $3,619 to $3,940 from Q4 2020 – QTD to Q4 2021 – QTD (The simple average VPG increased 9.1 percent from $3,468 in Q4 2020 – QTD to $3,785 in Q4 2021 – QTD).	Increase
Tours increased 60.3 percent from 263,711 to 422,727 tours from Q4 2020 – QTD to Q4 2021 – QTD.	Increase
Weighted Average Close Rate decreased 0.7 percentage points (or 3.7 percent) from 18.7 percent to 18.0 percent from Q4 2020 – QTD to Q4 2021 – QTD.	Decrease
Portfolio Performance	
Currency increased by 1.6 percentage points (or 1.9 percent), increasing from 84.4 percent as of Q4 2020 to 86.0 percent as of Q4 2021.	Increase
Delinquencies greater than 60 days past due decreased by 1.5 percentage points (or 11.0 percent), decreasing from 13.7 percent as of Q4 2020 to 12.2 percent as of Q4 2021.	Decrease
Charge-Offs decreased 1.8 percentage points (or 25.7 percent), decreasing from 7.0 percent to 5.2 percent from Q4 2020 – QTD to Q4 2021 – QTD.	Decrease
Consumer Finance Experience	
Interest Rates decreased 1.8 percentage points (or 12.6 percent) from 14.3 percent to 12.5 percent when comparing Q4 2020 – QTD to Q4 2021 – QTD.	Decrease
Weighted Average Term decreased by 11.1 months (or 9.1 percent) from 122.6 months in Q4 2020 - QTD to 111.5 months in Q4 2021 - QTD.	Decrease
Down Payments on non-upgrade sales decreased 1.1 percentage points (or 6.2 percent), from 17.7 percent in Q4 2020 - QTD to 16.6 percent in Q4 2021 - QTD.	Decrease
Down Payments on upgrade sales decreased 6.5 percentage points (or 14.6 percent), from 44.6 percent in Q4 2020 - QTD to 38.1 percent in Q4 2021 - QTD.	Decrease

Other Metrics	
<u>Weighted Average Occupancy</u> increased 20.1 percentage points (or 35.8 percent), increasing from 56.2 percent in Q4 2020 - QTD to 76.3 percent in Q4 2021 - QTD (<u>including</u> rooms at resorts that were closed due to COVID-19).	Increase
<u>Weighted Average Occupancy</u> increased 18.8 percentage points (or 31.8 percent) to 78.0 percent in Q4 2021 - QTD as compared to 59.2 percent in Q4 2020 - QTD (<u>excluding</u> rooms at resorts that were closed due to COVID-19).	Increase
<u>Capital Expenditures</u> decreased 33.8 percent from Q4 2020 - QTD to Q4 2021 - QTD, decreasing from \$136.9 million to \$90.7 million.	Decrease
Impact of COVID-19	
<u>Allowance for Loan Losses</u> – On average, respondents reported an additional 1.0 percent recorded due to the impact of COVID-19 as a percentage of the total allowance balance for Q4 2021 - QTD as compared to the additional 3.2 percent for Q4 2020 – QTD, or a 68.8 percent decrease, and the additional 0.6 percent for Q3 2021 – QTD, or 66.7 percent increase.	Decrease
<u>Mortgage Deferment Program</u> – Five companies offered mortgage deferment programs to owners to assist with loan payments as of Q4 2021. On average, 3.6 percent of owners took advantage of these programs as of Q4 2021. This increased from 3.1 percent (16.1 percent increase) of owners previously reported as of Q4 2020 and increased from 3.4 percent (6.0 percent increase) as of Q3 2021.	Increase
Six Months Ended 12/31/2021 compared to the Six Months Ended 12/31/2019	
<u>Net Originated Timeshare Sales (net of Sales Incentives and Rescissions) including Telesales</u> of \$3,109.6 million for the Six Months Ended 12/31/2021 reflects recovery within 14.8 percent of net originated timeshare sales (net of sales incentives and rescissions) including telesales for the Six Months Ended 12/31/2019 of \$3,650.2 million.	Decrease
<u>Net Originated Timeshare Sales (including Telesales and Fee-for-service, excluding Rescissions and Fee-for-Service sold by others)</u> of \$3,535.8 million reflects recovery within 14.4 percent of net originated timeshares sales (including telesales and fee-for-service, excluding rescissions and fee-for-service sold by others) for the Six Months Ended 12/31/2019 of \$4,131.3 million.	Decrease
<u>Weighted Average Transaction Value</u> increased 1.8 percent from \$21,492 in the Six Months Ended 12/31/2019 to \$21,870 in the Six Months Ended 12/31/2021 (The simple average transaction value increased 3.4 percent from \$19,944 in the Six Months Ended 12/31/2019 to \$20,625 in the Six Months Ended 12/31/2021).	Increase
<u>Weighted Average Rescission Rate</u> decreased 5.7 percentage points (or 34.3 percent) from 16.6 percent in the Six Months Ended 12/31/2019 to 10.9 percent in the Six Months Ended 12/31/2021 (The simple average rescission rate decreased 4.3 percentage points, or 31.4 percent, from 13.7 percent in the Six Months Ended 12/31/2019 to 9.4 percent in the Six Months Ended 12/31/2021).	Decrease
<u>Weighted Average Volume Per Guest (VPG)</u> increased 31.1 percent from \$2,958 to \$3,878 from the Six Months Ended 12/31/2019 to the Six Months Ended 12/31/2021 (The simple average VPG increased 31.5 percent from \$2,840 in the Six Months Ended 12/31/2019 to \$3,734 in the Six Months Ended 12/31/2021).	Increase

<u>Weighted Average Close Rate</u> increased 4.3 percentage points (or 29.9 percent) from 14.4 percent to 18.7 percent from the Six Months Ended 12/31/2019 to the Six Months Ended 12/31/2021.	Increase
<u>Currency</u> of 86.0 percent as of Q4 2021 reflects recovery within 1.9 percentage points (or 2.2 percent) of 87.9 percent currency as of Q4 2019.	Decrease
<u>Charge-Offs</u> decreased by 2.4 percentage points (or 32.0 percent), decreasing from 7.5 percent in the Six Months Ended 12/31/2019 to 5.1 percent in the Six Months Ended 12/31/2021.	Decrease
<u>Weighted Average Occupancy</u> of 78.8 percent in the Six Months Ended 12/31/2021 reflects recovery within 0.6 percentage points (or 0.8 percent) of 79.4 percent weighted average occupancy in the Six Months Ended 12/31/2019 (<u>excluding</u> rooms at resorts that were closed due to COVID-19).	Decrease

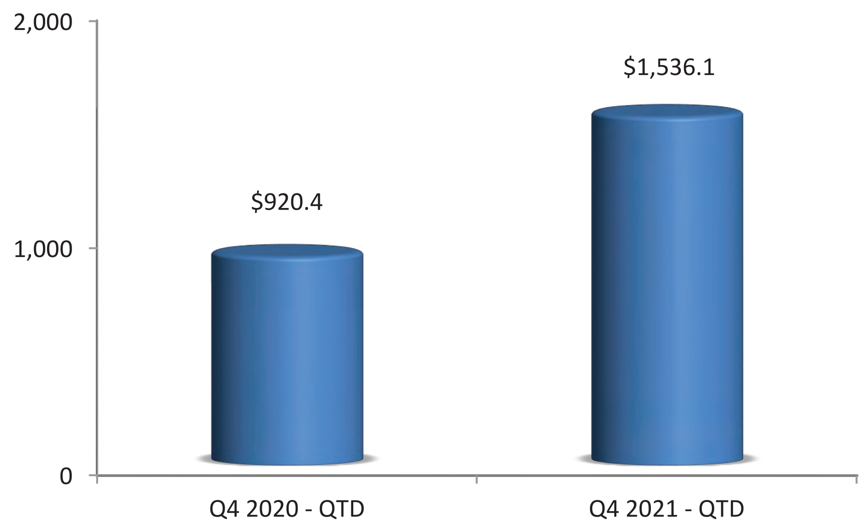
Survey Results

The following summarizes the survey results.

1(A). Timeshare sales volume increased in Q4 2021 - QTD when compared to Q4 2020 - QTD.

Companies provided data on a set of key sales indicators. In total, the 13 respondents that provided sales information reported approximately $1,536.1 million in net originated timeshare sales[1] (including telesales) in Q4 2021 - QTD. This was a 66.9 percent increase in Q4 2021 - QTD when compared to Q4 2020 - QTD. The increase in sales is reflective of the timeshare industry recovering from the impacts of COVID-19. See summary of COVID-19 impacts on the timeshare industry at the COVID-19 Considerations section.

Figure 1a. Net originated sales including telesales (Millions)



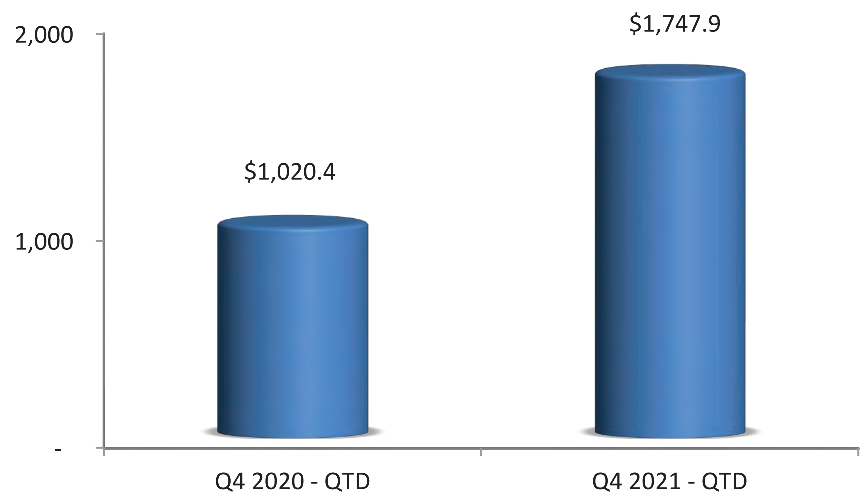
Source: Deloitte & Touche based on 13 company survey responses.

Fee-for-service arrangements have become an established feature within the industry over the last decade. Respondents were asked a question related to sales for non-owned timeshare inventory sold under fee-for-service agreements as well as sales for owned timeshare inventory sold by others under fee-for- service agreements. Of the 13 companies, four are selling and marketing timeshare on behalf of other developers. One company is engaging others to sell and market timeshare on their behalf. All four respondents providing fee-for-service increased fee-for-service operations in Q4 2021 – QTD compared to Q4 2020 – QTD. The respondent being provided fee-for-service increased fee-for-service operations for the same period. The net overall timeshare sales (total fee-for-service provided less total fee-for-service received) under these arrangements increased from $100.0 million in Q4 2020 – QTD to $211.8 million in Q4 2021 – QTD. When sales of respondents' non-owned timeshare inventory under fee-for-service

[1] Net originated sales refer to gross sales revenues net of incentives and rescissions, but before reduction of revenue for uncollectible accounts.

arrangements (excluding fee-for-service sold by others) are combined with respondents' sales of their own timeshare inventory, there was an increase of 71.3 percent in total net originated timeshare saleswhen compared to Q4 2020 – QTD.

Figure 2a. Net originated sales (including sales under fee-for-service arrangements) (Millions)

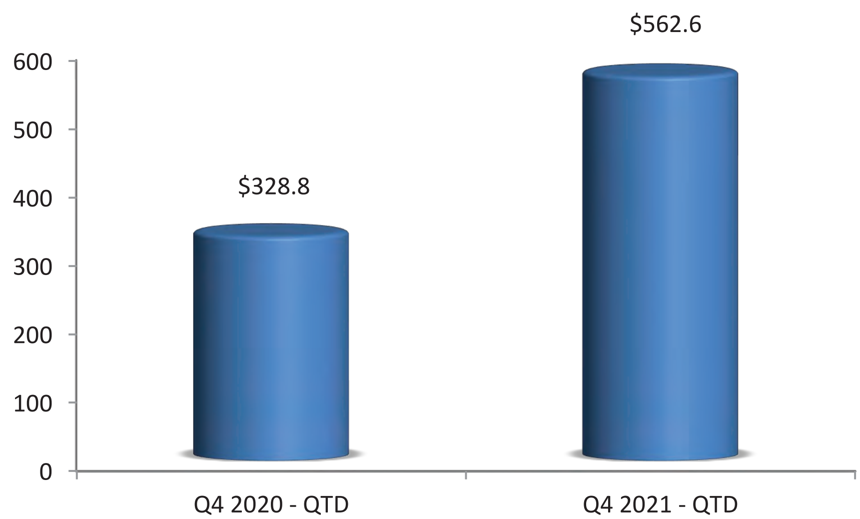


Source: Deloitte & Touche based on 13 company survey responses for net originated sales and 4 respondents reported providing fee-for-service arrangements, and 1 respondent reported being provided fee-for-service arrangements.

Respondents were asked to report the amount of net originated sales (including telesales) that were non existing owner and existing owner sales. The 12 respondent companies that provided new owner sales information reported approximately $562.6 million in new owner net originated timeshare sales (including telesales) in Q4 2021 – QTD, which is a 71.1 percent increase from Q4 2020 – QTD, see *Figure 3a* below. The 12 respondent companies that provided existing owner sales information reported approximately $810.0 million in existing owner net originated timeshare sales (including telesales) in Q4 2021 – QTD which is a 49.6 percent increase from Q4 2020 – QTD. As a percentage of total net originated sales as reported by Companies that provided new owner and existing owner sales information, new owner sales make up 41.0 percent of the balance in Q4 2021 – QTD, which is an increase from Q4 2020 – QTD of 37.8 percent (see *Figure 4a* below). Existing owner sales for Q4 2021 – QTD equals 59.0 percent of total net originated sales, which is a decrease from Q4 2020 – QTD of 62.2 percent.

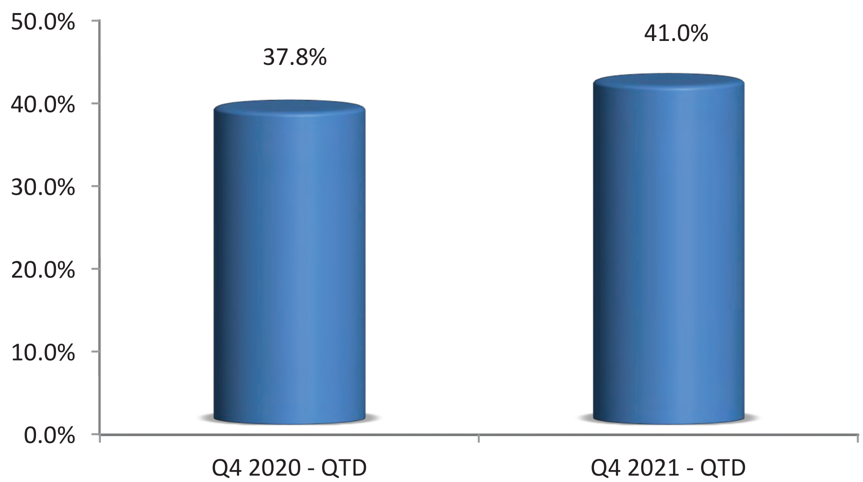
Note that the sum of the total new owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the 13 respondents that provided net originated sales did not provide information related to new owner and existing owner sales.

Figure 3a. Net originated sales (including telesales) – New Owner (Millions)



Source: Deloitte & Touche based on 12 company survey responses.

Figure 4a. Percentage of Total Net originated sales (including telesales) – New Owner



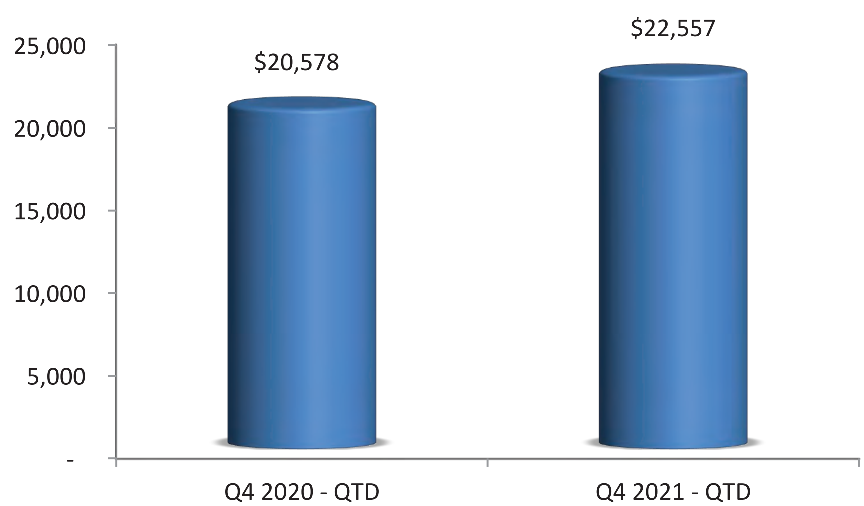
Source: Deloitte & Touche based on 12 company survey responses.

Twelve companies reported net originated sales excluding telesales as well as detailed information on the number of tours and the number of sales transactions. The companies reported that the aggregate number of tours[2] increased 60.3 percent, the aggregate number of sales transactions increased 53.2 percent, the weighted average transaction value increased 9.6 percent, the weighted average VPG increased 8.9 percent, and the weighted average close rate decreased 3.7 percent.

Average transaction value is calculated as the dollar value of net originated sales divided by the number of sales transactions and excludes amounts such as closing costs that are not included in netoriginated sales. Responses are weighted by the dollar value of net originated sales (excluding telesales). It is a measure of the average purchase amount per buyer during a given period and is potentially influenced by numerous factors, including the mix of timeshare products sold. For example, in a given period, buyers may purchase a greater mix of one-bedroom units or biennials[3], resorts may have fewer high season intervals available or new resorts may open for sales. As a result, the average transaction value may change even though there were no changes to existing pricing.

As a further reflection of the multiple factors that can impact this measure, the responses differed by company. Eight respondents reported average transaction value had decreased from Q4 2020 – QTD and four respondents reported the value had increased. *Figure 5a* below illustrates the average transaction value calculated using a weighted average.

Figure 5a. Weighted average transaction value



Source: Deloitte & Touche based on 12 company survey responses.

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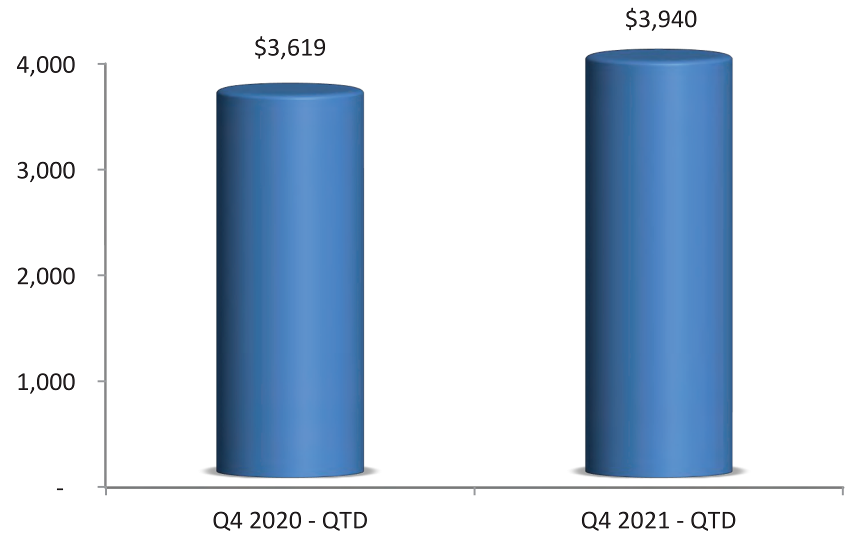
[2] This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

[3] Biennial products allow owners to use intervals every other year, instead of each year.

VPG[4], a measure of sales efficiency, is calculated as net originated sales per tour, increased by 8.9 percent from Q4 2020 – QTD to Q4 2021 – QTD.

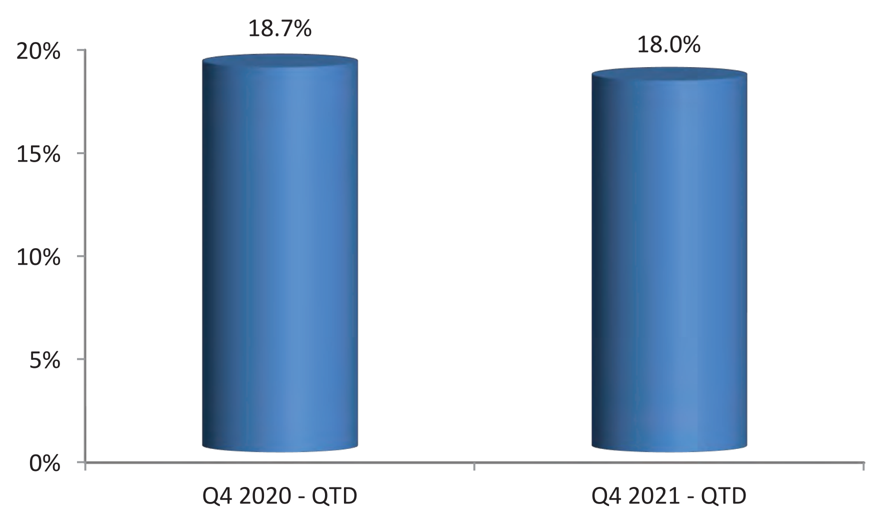
Figure 6a. Weighted average VPG



Source: Deloitte & Touche based on 12 company survey responses.

The close rate, another measure of sales efficiency, is the number of sales transactions generated from tour flow, decreased by 0.7 percentage points (3.7 percent) from Q4 2020 – QTD to Q4 2021 – QTD.

Figure 7a. Weighted average close rate



Source: Deloitte & Touche based on 12 company survey responses.

[4] VPG is calculated as net originated sales excluding telesales, divided by the number of tours, responses are weighted by the dollar value of net originated sales (excluding telesales).

The averages reported above are weighted averages; however, we also disclose the simple averages for the close rate, VPG, and average transaction value herein, see *Figure 8* below. Note that metrics below were directionally the same under the weighted and simple average calculations.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q4 2020	Weighted Average Q4 2021	Simple Average Q4 2020	Simple Average Q4 2021
Fourth Quarter				
Volume per guest	$3,619	$3,940	$3,468	$3,785
Average transaction value	$20,578	$22,557	$18,958	$21,655
Close rate	18.7%	18.0%	18.3%	17.5%

Source: Deloitte & Touche based on 12 company survey responses

Among the companies that provided key sales indicators, 13 provided rescission percentage information. The weighted average rescission rate[5] among those companies was 9.4 percent in Q4 2021 – QTD, which was a increase of 1.3 percentage points from 8.1 percent for Q4 2020 – QTD. Five companies reported a decrease in rescissions between Q4 2020 – QTD and Q4 2021 – QTD, while six companies reported an increase in rescissions, and two companies reported no change. The simple average rescission rate decreased 0.4 percentage points from 8.2 percent to 7.8 percent from Q4 2020 – QTD to Q4 2021 – QTD. Note the simple average decrease was primarily driven by one respondent. Further, respondents were asked to provide the rescission volume in dollars. For the 13 companies that provided this information for Q4 2020 – QTD and Q4 2021 – QTD, the total aggregate rescissions increased by 95.9 percent from $100.2 million to $196.3 million in Q4 2021 – QTD.

Respondents were asked a question related to rescission information on existing and new owner sales. For the 12 respondent companies that provided rescission information on new owner sales, the weighted average rescission rate increased from 43.2 percent in Q4 2020 – QTD to 45.0 percent in Q4 2021 – QTD. Further, 12 respondents provided rescission information on new owner sales in dollars resulting in an increase of 86.7 percent in the total aggregate rescission volume from approximately $69.1 million to approximately $129.1 million from Q4 2020 – QTD to Q4 2021 – QTD. For the 12 respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate decreased from 29.0 percent in Q4 2020 – QTD to 26.2 percent in Q4 2021 – QTD. Further, 12 respondents provided rescission information on existing owner sales in dollars resulting in an increase of 66.4 percent in the total aggregate rescission volume from $17.4 million to $28.9 million from Q4 2020 – QTD to Q4 2021 – QTD.

Respondents were asked a question related to owner growth/(decline) rate over the prior year. For the 12 respondent companies that provided owner growth/(decline) rate data, the weighted average growth/(decline) rate increased from 1.5 percent decline as of December 31, 2020 to 3.8 percent growth as of December 31, 2021.

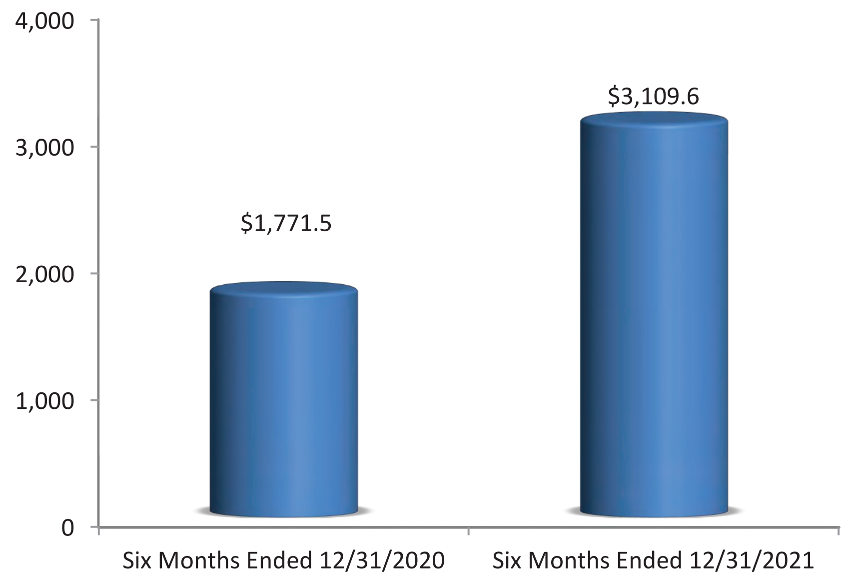
Respondents were asked a question related to total rental revenue recognized. For the 12 respondent companies that provided rental revenue, the total rental revenue increased 102.6 percent from $171.8 million in Q4 2020 – QTD to $348.1 million in Q4 2021 – QTD.

[5] Measured as the dollar amount of rescissions as a portion of gross sales weighted by the dollar value of net originated sales.

1(B). Timeshare sales volume increased in the Six Months Ended 12/31/2021 when compared to the Six Months Ended 12/31/2020.

The 13 respondents that provided sales information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein reported an aggregate amount of approximately $3,109.6 million in net originated timeshare sales (including telesales) in the Six Months Ended 12/31/2021. This was a 75.5 percent increase when compared to the Six Months Ended 12/31/2020. The increase in sales is reflective of the timeshare industry recovering from the impacts of COVID-19. See summary of COVID-19 impacts on the timeshare industry at the COVID- 19 Considerations section.

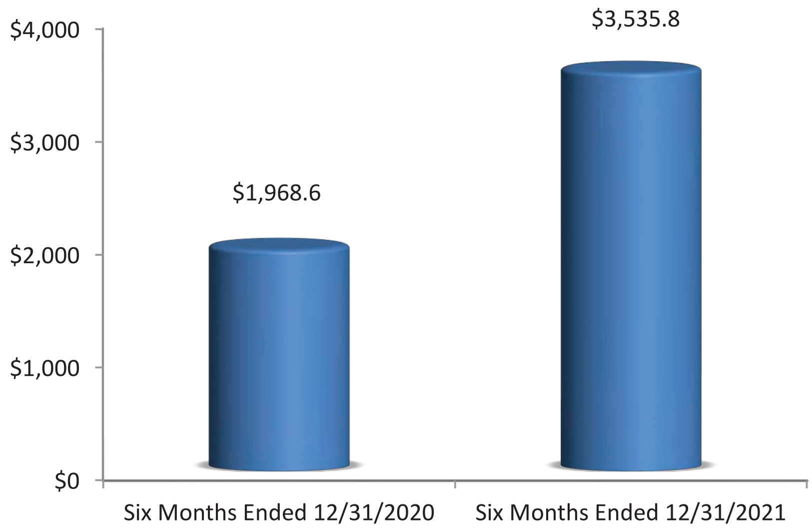
Figure 1b. Net originated sales including telesales (Millions)



Source: Deloitte & Touche based on a minimum of 13 company survey responses

When sales of respondents’ non-owned timeshare inventory under fee-for-service arrangements (excluding fee-for-service sold by others) are combined with respondents’ sales of their own timeshare inventory, there was an increase of 79.6 percent in total net originated timeshare sales when compared to the Six Months Ended 12/31/2020.

Figure 2b. Net originated sales (including sales under fee-for-service arrangements) (Millions)



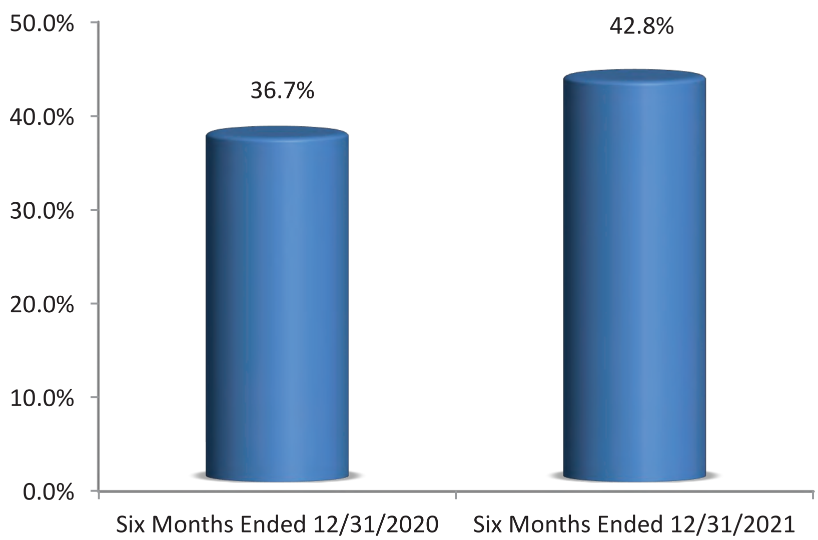
Source: Deloitte & Touche based on a minimum of 13 company survey responses

The 12 respondent companies that provided new owner sales information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein reported an aggregate amount of approximately $1,201.8 million in new owner net originated timeshare sales (including telesales) in the Six Months Ended 12/31/2021, which is a 94.4 percent increase from the Six Months Ended 12/31/2020, see *Figure 3b* below. The 12 respondent companies that provided existing owner sales information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein reported an aggregate amount of approximately $1,607.3 million in existing owner net originated timeshare sales (including telesales) in the Six Months Ended 12/31/2021, which is a 50.9 percent increase from the Six Months Ended 12/31/2020. As a percentage of total net originated sales as reported by Companies that provided new owner and existing owner sales information, new owner sales make up 42.8 percent of the balance in the Six Months Ended 12/31/2021, which is an increase from the Six Months Ended 12/31/2020 of 16.6 percent (see *Figure 4b* below). Existing owner sales for the Six Months Ended 12/31/2021 equals 57.2 percent of total net originated sales, which is a decrease from 63.3 percent in the Six Months Ended 12/31/2020. Note that the sum of the total new owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the respondents that provided net originated sales did not provide information related to new owner and existing owner sales.

Figure 3b. Net originated sales (including telesales) – New Owners (Millions)

Source: Deloitte & Touche based on a minimum of 12 company survey responses

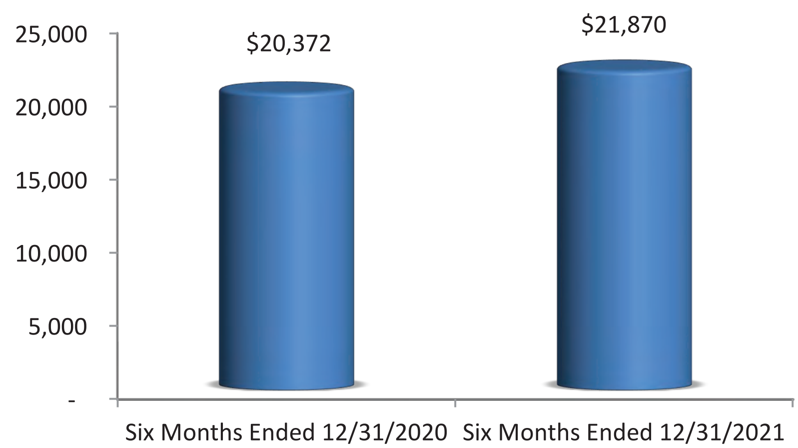
Figure 4b. Percentage of Total Net originated sales (including telesales) – New Owner



Source: Deloitte & Touche based on a minimum of 12 company survey responses

Twelve companies reported net originated sales excluding telesales as well as detailed information on the number of tours and the number of sales transactions for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein. The companies reported that the aggregate number of tours for the Six Months Ended 12/31/2021 increased 70.0 percent as compared to the Six Months Ended 12/31/2020. The weighted average transaction value increased 7.4 percent as compared to Six Months Ended 12/31/2020. *Figure 5b* below illustrates the average transaction value calculated using a weighted average.

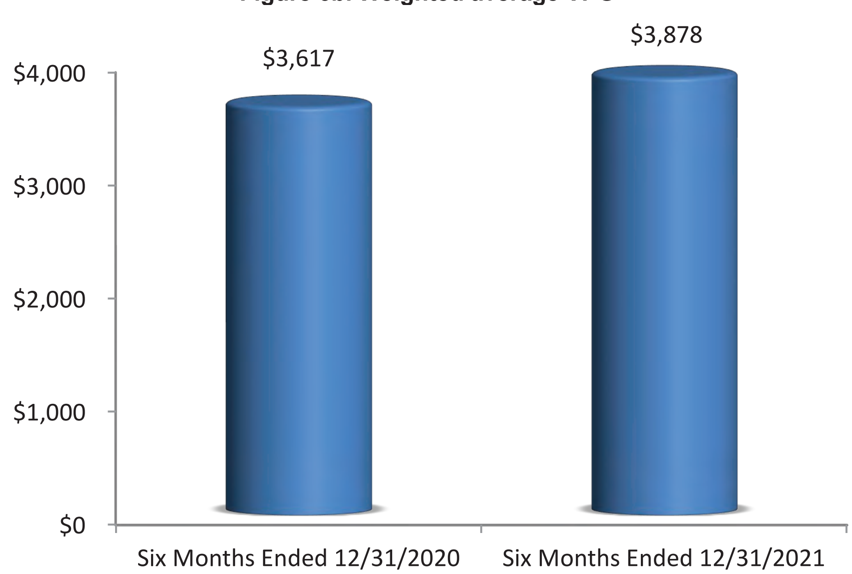
Figure 5b. Weighted average transaction value



Source: Deloitte & Touche based on a minimum of 12 company survey responses

VPG increased by 7.2 percent from the Six Months Ended 12/31/2020 to the Six Months Ended 12/31/2021.

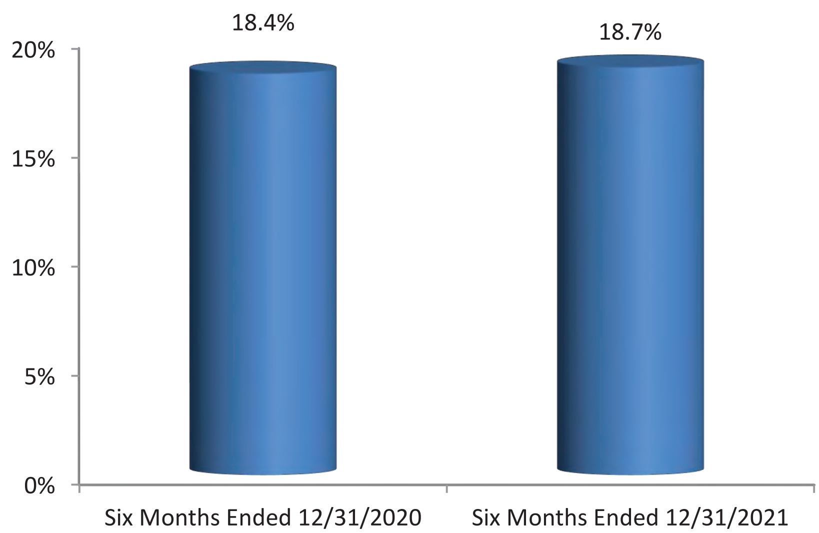
Figure 6b. Weighted average VPG



Source: Deloitte & Touche based on a minimum of 12 company survey responses

The close rate, another measure of sales efficiency, increased by 0.3 percentage points (1.6 percent) from the Six Months Ended 12/31/2020 to the Six Months Ended 12/31/2021.

Figure 7b. Weighted average close rate



Source: Deloitte & Touche based on a minimum of 12 company survey responses

Among the companies that provided key sales indicators, 13 provided rescission percentage information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein. The weighted average rescission rate among those companies was 10.9 percent in the Six Months Ended 12/31/2021, which was a decrease of 2.0 percentage points from 12.9 percent in the Six Months Ended 12/31/2020. The simple average rescission rate decreased 0.9 percentage points from 10.3 percent in the Six Months Ended 12/31/2020 to 9.4 percent in the Six Months Ended 12/31/2021.

2(A). Consumer timeshare loan portfolio delinquencies decreased when comparing as of 12/31/2020 and as of 12/31/2021.

The composition of receivables portfolios[6] was evaluated as of December 31, 2021 and compared to the composition as of December 31, 2020. The total aggregate receivables for the 13 companies that provided receivables data was $11,962.9 million as of December 31, 2021, and $12,621.6 million as of December 30, 2020.

Respondents reported that payments for 86.0 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2021, an increase of 1.6 percentage points from one year earlier. Further, as of December 31, 2021, 9.9 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, a decrease of 1.2 percentage points compared to one year earlier.

Figure 9a. Aging of consumer timeshare loan portfolios by survey respondents

	December 31, 2020	December 31, 2021	Difference
Current	84.4%	86.0%	1.6%
31 to 60 days	1.9%	1.8%	-0.1%
61 to 90 days	1.3%	1.2%	-0.1%
91 to 120 days	1.3%	1.1%	-0.2%
More than 120 days	11.1%	9.9%	-1.2%
Total	**100.0%**	**100.0%**	

Source: Deloitte & Touche based on 13 company survey responses.

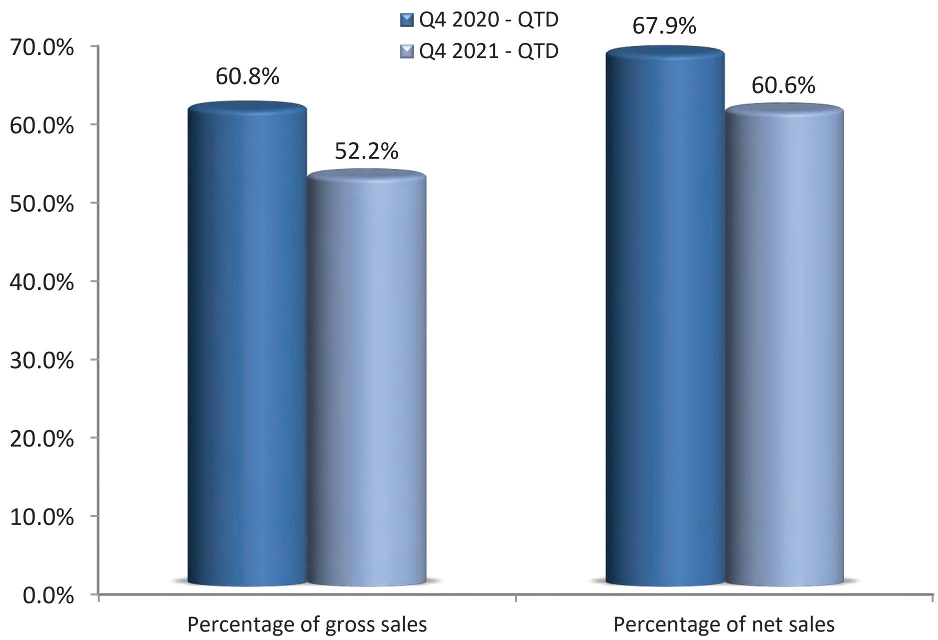
Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during Q4 2021 – QTD, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q4 2021 – QTD was 5.2 percent, which reflected a decrease of 1.8 percentage points, or 25.7 percent, as compared to one year earlier. Of the 13 respondents, eight respondents reported a decrease in the default rate when comparing Q4 2021 – QTD to Q4 2020 – QTD while four respondents reported an increase in the default rate and one respondent reported no change.

The respondents were also asked to provide the weighted average FICO score at origination (weighted by the outstanding principal balance of the receivables) for loans within the portfolio at the end of Q4 2020 – QTD and Q4 2021 – QTD. Of the 12 respondents, five respondents reported an increase in the weighted average FICO score, six respondents reported a decrease, and one respondent reported no change. The result was a 0.4 percent increase in the weighted average FICO score from 710 at Q4 2020 – QTD to 713 at Q4 2021 – QTD.

[6] Receivables portfolio is defined as the total portfolio of consumer timeshare loan receivables held and/or serviced by the company, including securitized and hypothecated receivables, and receivables for sales made in earlier years.

Respondents were also asked to report originations as a percentage of both gross sales and net sales. Note that gross sales for the purposes of the survey question are inclusive of upgrade contract selling prices while net sales are equal to gross sales less upgrade contract selling prices. Originations as a percentage of gross sales decreased by 8.6 percentage points (or 14.1 percent) from 60.8 percent for Q4 2020 – QTD to 52.2 percent for Q4 2021 – QTD. Originations as a percentage of net sales decreased by 7.3 percentage points (or 10.8 percent) from 67.9 percent for Q4 2020 – QTD to 60.6 percent for Q4 2021 – QTD.

Figure 9b. Originations as a Percentage of Sales



Source: Deloitte & Touche based on a minimum of 11 company survey responses.

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing as of 9/30/2021 and as of 12/31/2021.

The composition of receivables portfolios was evaluated as of December 31, 2021 and compared to the composition as of September 30, 2021. The total aggregate receivables for the companies that provided receivables data was $11,962.9 million as of December 31, 2021 and $12,218.1 million as of September 30, 2021. Receivables portfolios showed a increase in delinquencies greater than 60 days past due as of December 31, 2021, compared to one quarter earlier. Respondents reported that payments for 86.0 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2021, which was 2.4 percentage points lower than one quarter earlier. Further, 5.2 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance in Q4 2021 - QTD, which was 0.1 percentage points higher compared to Q3 2021 – QTD.

Figure 10. Aging of consumer timeshare loan portfolios by survey respondents

	September 30, 2021	December 31, 2021	Increase/(Decrease)
Current	88.4%	86.0%	-2.4%
31 to 60 days	1.5%	1.8%	0.3%
61 to 90 days	1.0%	1.2%	0.2%
91 to 120 days	1.0%	1.1%	0.1%
More than 120 days	8.1%	9.9%	1.8%
Total	**100.0%**	**100.0%**	

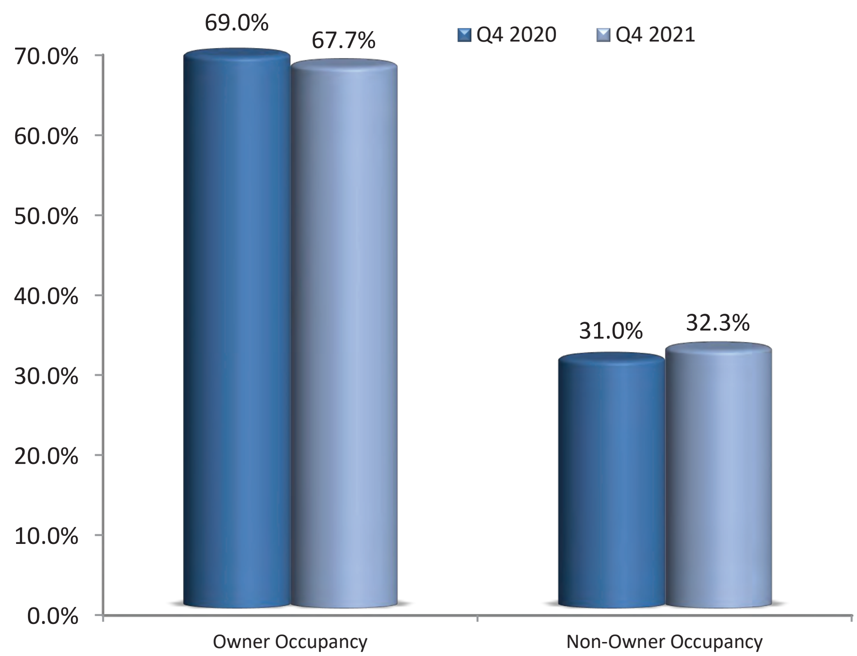
Source: Deloitte & Touche based on 13 company survey responses.

3(A). Resort occupancy including rooms at resorts that were closed due to COVID-19 increased 20.1 percentage points (or 35.8 percent) as compared to Q4 2020 - QTD.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 13 companies that provided occupancy data, representing approximately 9.5 million available room nights in Q4 2021 – QTD, the average occupancy rate, including rooms at resorts that were closed due to COVID-19, increased 20.1 percentage points (or 35.8 percent) to 76.3 percent in Q4 2021 – QTD, compared to 56.2 percent in Q4 2020 – QTD. When excluding rooms in resorts that were closed due to COVID-19, the Q4 2021 – QTD occupancy rate was 78.0 percent as compared to 59.2 percent for Q4 2020 – QTD. Available room nights including rooms at resorts that were closed due to COVID-19 increased 1.1 percent from Q4 2020 – QTD to Q4 2021 – QTD, increasing from approximately 9.4 million room nights to approximately 9.5 million room nights. When excluding rooms in resorts that were closed due to COVID-19, there were 7.1 million available room nights reported for Q4 2021 – QTD as compared to 6.7 million available rooms night reported for Q4 2020 – QTD as reported by 12 companies.

Additionally, respondents were asked to report on the occupancy excluding rooms at resorts that were closed due to COVID-19 based on whether the occupants were or were not timeshare owners. The mix decreased by 1.9 percent from Q4 2020 – QTD for owner occupancy and increased by 4.2 percent for non-owner occupancy.

Figure 11a. Occupancy by Sales Mix excluding rooms at resorts that were closed due to COVID-19



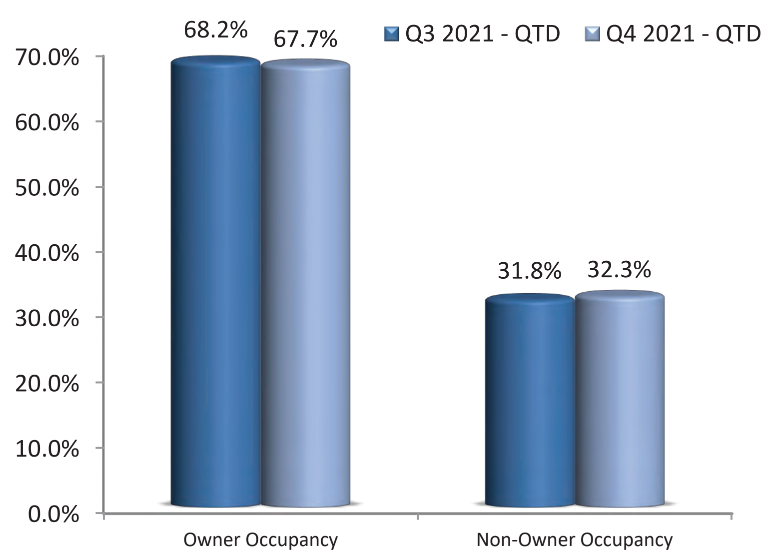
Source: Deloitte & Touche based on a minimum of 12 company survey responses.

3(B). Resort occupancy including rooms at resorts that were closed due to COVID-19 decreased 2.9 percentage points (or 3.7 percent) as compared to Q3 2021 – QTD.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 13 companies that provided occupancy data, representing approximately 9.5 million available room nights in Q4 2021 – QTD, the average occupancy rate, including rooms at resorts that were closed due to COVID-19, decreased 2.9 percentage points (or 3.7 percent) to 76.3 percent Q4 2021 – QTD, compared to 79.2 percent in Q3 2021 – QTD as previously reported. When excluding rooms in resorts that were closed due to COVID-19, the Q4 2021 – QTD occupancy rate was 78.0, which is a decrease of 1.7 percentage points (or 2.1 percent) as compared to 79.7 percent in Q3 2021 – QTD as previously reported.

Additionally, respondents were asked to report on the occupancy excluding rooms at resorts that were closed due to COVID-19 based on whether the occupants were or were not timeshare owners. The mix decreased from Q3 2021 – QTD for owner occupancy by 0.7 percent and increased by 1.6 percent for non-owner occupancy.

Figure 11b. Occupancy by Sales Mix excluding rooms at resorts that were closed due to COVID-19

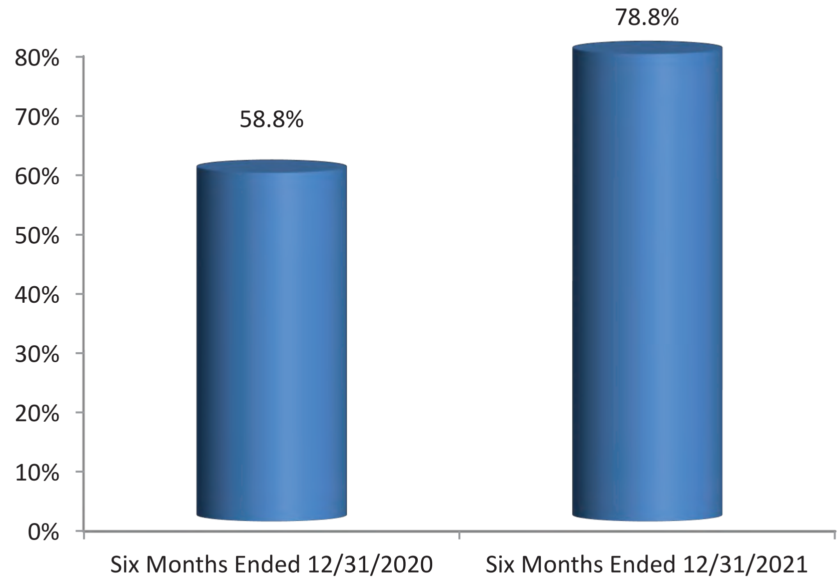


Source: Deloitte & Touche based on a minimum of 12 company survey responses.

3(C). Resort occupancy excluding rooms at resorts that were closed due to COVID-19 increased 20.0 percentage points (or 34.1 percent) as compared to the Six Months Ended 12/31/2020.

For the 13 companies that provided occupancy data for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein, representing approximately 14.7 million available room nights in the Six Months Ended 12/31/2021, the average occupancy rate, excluding rooms at resorts that were closed due to COVID-19, increased 20.0 percentage points (or 34.1 percent) to 78.8 percent from the Six Months Ended 12/31/2021, compared to 58.8 percent in the Six Months Ended 12/31/2020 as previously reported.

Figure 11c. Occupancy excluding rooms at resorts that were closed due to COVID-19



Source: Deloitte & Touche based on a minimum of 12 company survey responses.

4. Average down payment on upgrade sales, average down payment on non-upgrade sales, average term, average interest rate, and FICO score at origination decreased in Q4 2021 as compared to Q4 2020.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated to compare to Q4 2020 – QTD to observe the industry's recovery from COVID-19 impacts.[7] The average interest rate on new consumer loans in Q4 2021 – QTD was 12.5 percent, which is a 1.8 percentage point decrease from Q4 2020 – QTD. The Q4 2021 – QTD average loan term was 111.5 months, which is a decrease of 11.1 months from 122.6 in Q4 2020 – QTD. The average FICO score for financed sales decreased from 717 in Q4 2020 – QTD to 662 in Q4 2021 – QTD.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales. As a result, down payments on upgrade sales are typically higher than on non-upgrade sales, and a change in the mix of upgrade and non-upgrade sales could impact the overall average down payment. For the 13 respondents that provided non-upgrade down payment data, the average down payment on non-upgrade sales decreased to 16.6 percent of the stated sales price on financed sales in Q4 2021 – QTD compared to 17.7 percent in Q4 2020 – QTD. For the 12 respondents that provided existing owner down payment data, the average down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interests, was 38.1 percent in Q4 2021 – QTD, a decrease of 6.5 percentage points from Q4 2020 – QTD.

Figure 12. Characteristics of consumer timeshare loan financing

Fourth Quarter	2020	2021	Difference
Average:			
Interest rate (annual)	14.3%	12.5%	-1.8%
Term (months)	122.6	111.5	(11.1) months
Down payment on non-upgrade sales (% of price)	17.7%	16.6%	-1.1%
Down payment on upgrade sales (% of price)	44.6%	38.1%	-6.5%
FICO Score at origination (new sales)	717	662	-55

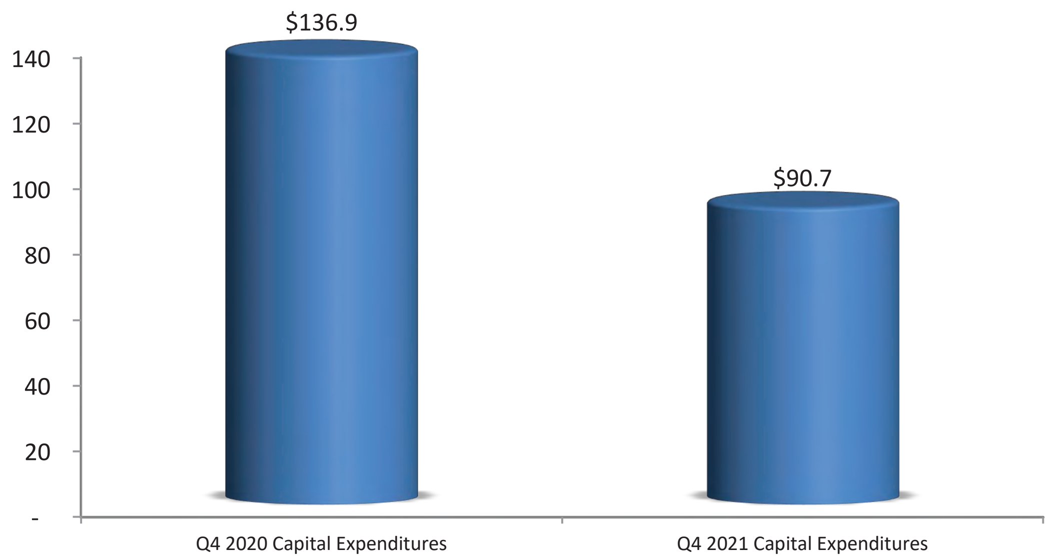
Source: Deloitte & Touche based on a minimum of 12 company survey responses.

[7] To calculate the average interest rate, down payment, and term, responses were weighted by the dollar value of net originated sales (including telesales).

5. Capital expenditures related to timeshare inventory decreased overall in Q4 2021 – QTD when compared to Q4 2020 – QTD.

Survey respondents were asked to provide total capital expenditures related to timeshare inventory projects (including turn-key, just-in-time inventory purchases, and buy-backs from property owner associations). Overall, capital expenditures decreased 33.8 percent in Q4 2021 – QTD compared to Q4 2020 – QTD. Five respondents reported a decrease in capital expenditures related to timeshare inventory, five respondents reported an increase, and one respondents reported no change.

Figure 13. Capital Expenditures (Millions)



Source: Deloitte & Touche based on 11 company survey responses.

6. Impact of COVID-19

Participants were asked specific questions related to the impact of COVID-19 on the Company, which included questions around resort closures, employee furloughs, and the allowance for loan loss.

Eleven respondents reported total resort closures due to COVID-19 as of December 31, 2021 ranged from a minimum of no resorts closed to a maximum of no resorts as compared to a minimum of no resorts closed and a maximum of 185 resorts as of December 31, 2020. The average number of resorts closed due to COVID-19 is 0 resorts as of December 31, 2021 as compared to 18 resorts as previously reported as of December 31, 2020. The average number of resorts reopened is 36 resorts as of December 31, 2021 as compared to 31 resorts as previously reported as of December 31, 2020.

Eleven respondents reported total sales center closures due to COVID-19 as of December 31, 2021 ranged from a minimum of no sales centers closed to a maximum of six sales centers as compared to a minimum of no sales centers closed and a maximum of 123 sales centers as of December 31, 2020. The average number of sales centers closed due to COVID-19 is 1 sales center as of December 31, 2021 as compared to 13 sales centers as previously reported as of December 31, 2020. The same respondents reported a minimum of no sales centers to a maximum of 130 sales centers of those that closed have since reopened as of December 31, 2021. The average number of sales centers reopened is 21 sales centers as of December 31, 2021 as compared to 16 sales centers as previously reported as of December 31, 2020.

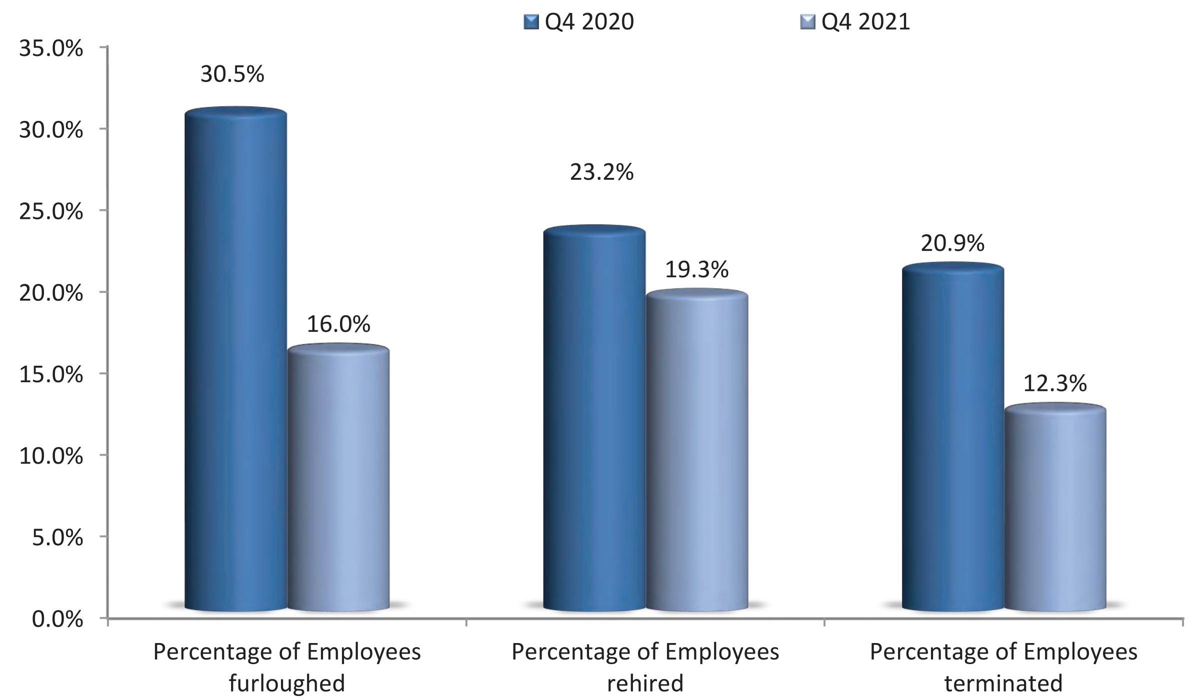
Figure 14. Impact on Resorts and Sales Centers due to COVID-19

	Closed		Reopened		Percentage of Total Closed		Percentage of Total Reopened	
Fourth Quarter	2020	2021	2020	2021	2020	2021	2020	2021
Resorts								
Minimum	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Maximum	185	0	170	221	100.0%	0.0%	100.0%	100.0%
Simple Average	18	0	31	36	21.7%	0.0%	84.6%	81.8%
Sales Centers								
Minimum	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Maximum	123	6	90	130	100.0%	0.0%	100.0%	100.0%
Simple Average	13	1	16	21	24.6%	2.1%	73.2%	70.7%

Source: Deloitte & Touche based on 11 company survey responses.

Ten respondents reported data around the impact on employment due to COVID-19. On average, 16.0 percent of total employees were furloughed as of December 31, 2021 since February 29, 2020 (prior to COVID-19). We defined a furloughed employee as one who was temporarily laid off from work. As of December 31, 2021, 19.3 percent of total employees had been rehired. An average of 12.3 percent of total employees were permanently terminated. See comparison of these metrics to that as of December 31, 2020 as previously reported in *Figure 15* below. The sum of percentage of employees rehired and terminated is greater than the percentage of employees furloughed for Q4 2021 as employees may have been directly terminated without being furloughed.

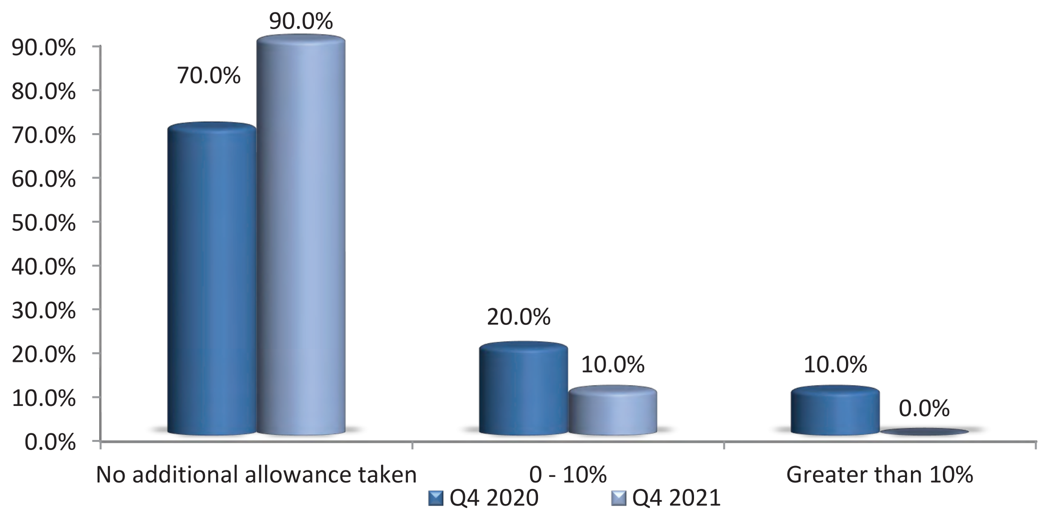
Figure 15. Impact on Employment due to COVID-19



Source: Deloitte & Touche based on 10 company survey responses.

Of the 10 companies who responded to the impact of COVID-19 on the Allowance for Loan Losses, 90.0 percent reported no additional allowance was taken as of Q4 2021 as compared to 70.0 percent as of Q4 2020. As of Q4 2021, 10.0 percent reported that the impact was greater than zero and less than 10 percent of the total Allowance balance as compared to 20.0 percent as reported as of Q4 2020. The simple average of Additional Allowance for Loan Losses recorded due to COVID-19 as a percentage of total Allowance for all respondents was 1.0 percent for Q4 2021 – QTD as compared to 3.2 percent for Q4 2020 – QTD and 0.6 percent for Q3 2021 as previously reported.

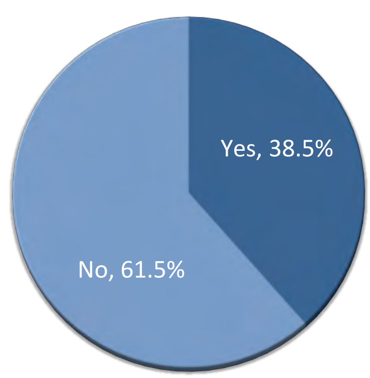
Figure 16. Additional Allowance for Loan Losses recorded due to COVID-19 as a percentage of total Allowance



Source: Deloitte & Touche based on 10 company survey responses.

Approximately 38.5 percent of the respondents reported that they offered a mortgage deferment program to owners due to the impacts of COVID-19 as of December 31, 2021.

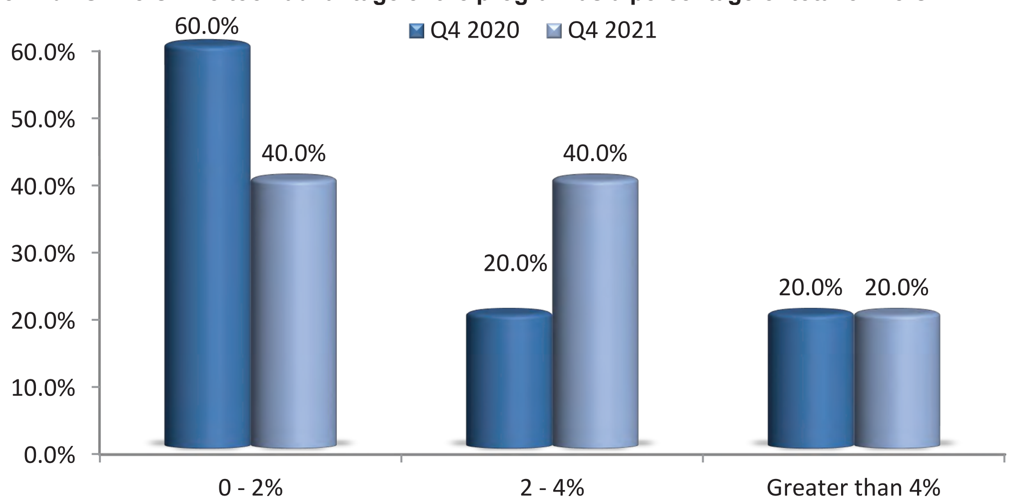
Figure 17a. Mortgage Deferment Offered to Owners due to COVID-19



Source: Deloitte & Touche based on 13 company survey responses.

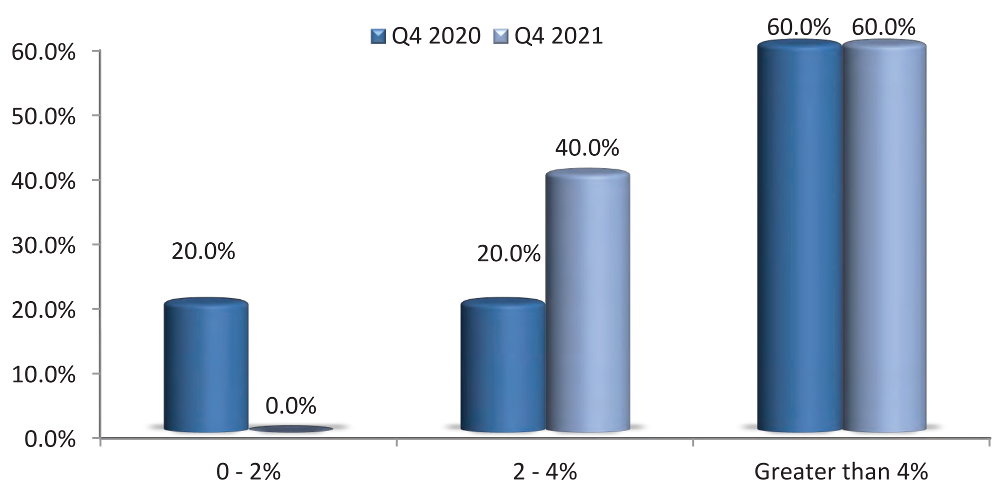
As reported by five companies, only a small percentage of owners took advantage of the mortgage deferral programs as of December 31, 2021. Approximately 40.0 percent of respondents reported that less than two percent of timeshare owners deferred mortgage payments as of December 31, 2021 as compared to 60.0 percent as of December 31, 2020. Of the five respondents, 60.0 percent said that the deferred mortgage payments comprised of greater than 4 percent of the total portfolio balance. The simple average number of owners who took advantage of the program as a percentage of total owners for all respondents was 3.6 percent as of December 31, 2021 as compared to 3.1 percent as of December 31, 2020 and 3.4 percent as of September 30, 2021. The simple average dollar value impact of the deferment program as a percentage of total portfolio for all respondents was 5.4 percent as of December 31, 2021 as compared to 4.9 percent as of December 31, 2020.

Figure 17b. Owners who took advantage of the program as a percentage of total owners



Source: Deloitte & Touche based on 5 company survey responses.

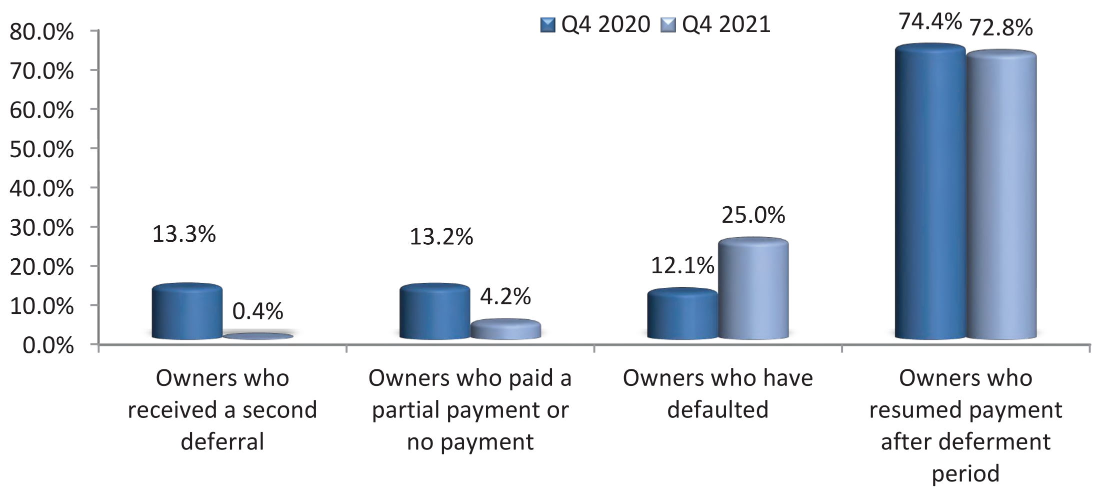
Figure 17c. Dollar value impact of the deferment program as a percentage of total portfolio



Source: Deloitte & Touche based on 5 company survey responses

Of the companies who offered owners a mortgage deferral program, we gathered further data on the owners who took advantage of the mortgage deferral program as seen in *Figure 17d* below. On average, 0.4 percent of the owners who took advantage of the mortgage deferral program received a second deferral, 4.2 percent paid a partial payment or no payment, 25.0 percent have defaulted, and 72.8 percent have resumed payment after deferment period as of December 31, 2021. This compares to 13.3 percent of the owners who took advantage of the mortgage deferral program received a second deferral, 13.2 percent paid a partial payment or no payment, 12.1 percent have defaulted, and 74.4 percent have resumed payment after deferment period as of December 31, 2020. Note the percentages sum to greater than 100 percent as owners may fall into more than one category.

Figure 17d. Simple Average of Owners as a percentage of total owners with a mortgage deferment



Source: Deloitte & Touche based on 7 company survey responses.

Considering the receivables portfolios of only the loans of owners who took advantage of a mortgage deferral program, respondents reported that payments for 69.2 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2021 as compared to 73.0 percent as of December 31, 2020. Further, 24.8 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent as of December 31, 2021 as compared to 14.6 percent as of December 31, 2020.

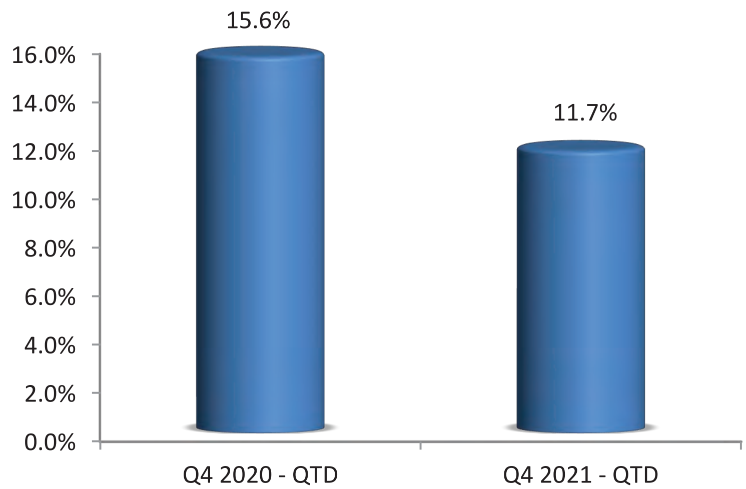
Figure 17e. Aging of consumer timeshare loan portfolios with a mortgage deferment

	December 31, 2020	December 31, 2021
Current	73.0%	69.2%
31 to 60 days	5.1%	3.4%
61 to 90 days	3.4%	1.1%
91 to 120 days	3.9%	1.5%
More than 120 days	14.6%	24.8%
Total	**100.0%**	**100.0%**

Source: Deloitte & Touche based on 6 company survey responses

Participants were further asked a question related to the number of positions open for employment as a percentage of all positions. Nine respondents provided data which indicated on average 11.7 percent of positions were open for employment for Q4 2021 - QTD. This reflects a 3.9 percentage point decrease, or 25.0 percent decrease, as compared to Q4 2020 – QTD of 15.6 percent.

Figure 18. Open positions for employment



Source: Deloitte & Touche based on 5 company survey responses

7. Six Months Ended 12/31/2021 compared to Six Months Ended 12/31/2019

We further compared sales performance, sales metric, and occupancy data for the Six Months Ended 12/31/2021 calculated as the combination of results from the 2021 Third Quarter Pulse Survey data as previously reported and 2021 Fourth Quarter Pulse Survey data herein for purposes of comparing to the Six Months Ended December 31, 2019 Pulse Survey data.

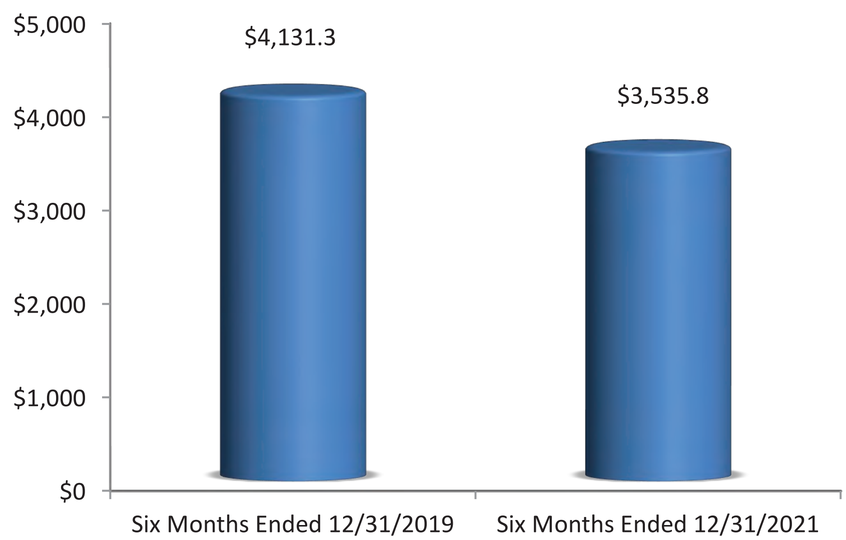
The 13 respondents that provided sales information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein reported an aggregate amount of approximately $3,109.6 million in net originated timeshare sales (including telesales) in the Six Months Ended 12/31/2021. This is within 14.8 percent of net originated timeshare sales (including telesales) for the Six Months Ended 12/31/201, thus evidencing the industry's recovery from COVID-19 impacts.

Figure 19. Net originated sales including telesales (Millions)

Source: Deloitte & Touche based on a minimum of 13 company survey responses

When sales of respondents' non-owned timeshare inventory under fee-for-service arrangements (excluding fee-for-service sold by others) are combined with respondents' sales of their own timeshare inventory, the Six Months Ended 12/31/2021 sales reflects recovery within 14.4 percent of sales for the Six Months Ended 12/31/2019.

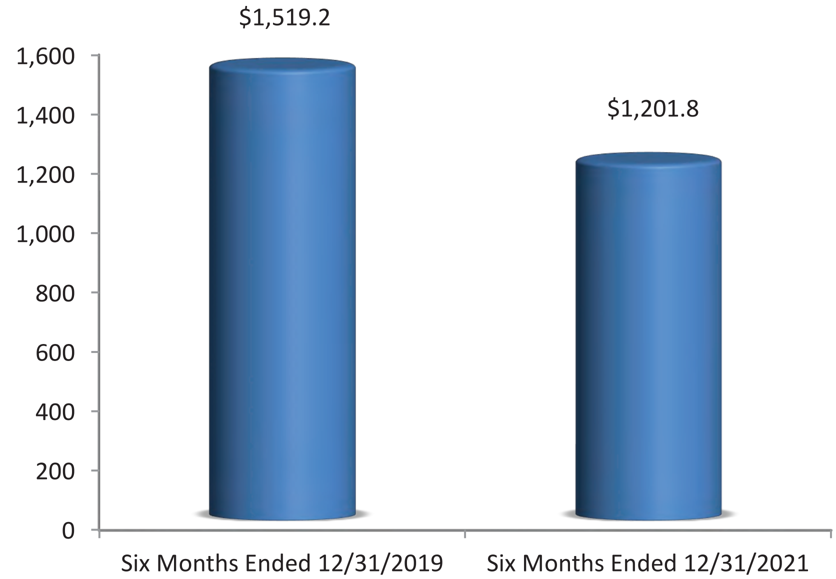
Figure 20. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on a minimum of 13 company survey responses

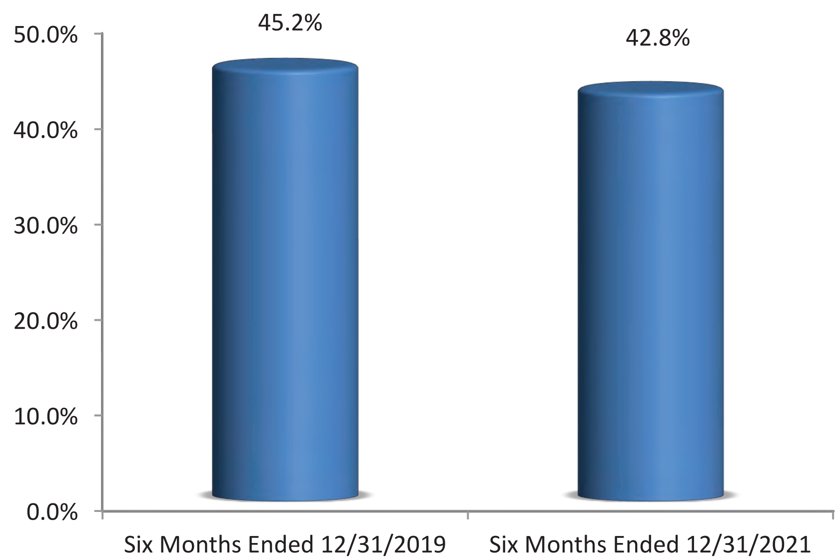
The 12 respondent companies that provided new owner sales information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein reported an aggregate amount of approximately $1,201.8 million in new owner net originated timeshare sales (including telesales) in the Six Months Ended 12/31/2021, which reflects recovery within 20.9 percent of new owner net originated timeshare sales (including telesales) for the Six Months Ended 12/31/2019, see *Figure 21* below. The 12 respondent companies that provided existing owner sales information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein reported an aggregate amount of approximately $1,607.3 million in existing owner net originated timeshare sales (including telesales) in the Six Months Ended 12/31/2021, which reflects recovery within 12.7 percent of existing owner net originated timeshare sales (including telesales) for the Six Months Ended 12/31/2019. As a percentage of total net originated sales as reported by Companies that provided new owner and existing owner sales information, new owner sales make up 42.8 percent of the balance in the Six Months Ended 12/31/2021, which reflects recovery within 5.3 percent of the new owner sales mix for the Six Months Ended 12/31/2019 (see *Figure 22* below). Existing owner sales for the Six Months Ended 12/31/2021 equals 57.2 percent of total net originated sales, which is an increase from 54.8 percent in the Six Months Ended 12/31/2019. Note that the sum of the total new owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the respondents that provided net originated sales did not provide information related to new owner and existing owner sales.

Figure 21. Net originated sales (including telesales) – New Owners (Millions)



Source: Deloitte & Touche based on a minimum of 12 company survey responses

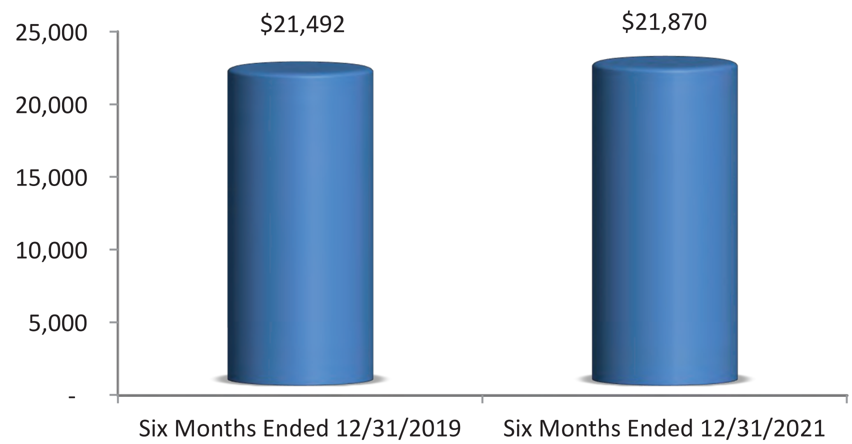
Figure 22. Percentage of Total Net originated sales (including telesales) – New Owner



Source: Deloitte & Touche based on a minimum of 12 company survey responses

Twelve companies reported net originated sales excluding telesales as well as detailed information on the number of tours and the number of sales transactions for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein. The companies reported that the aggregate number of tours for the Six Months Ended 12/31/2021 reflects recovery within 37.2 percent of tour numbers for the Six Months Ended 12/31/2019. The weighted average transaction value increased 1.8 percent as compared to the Six Months Ended 12/31/2019. *Figure 23* below illustrates the average transaction value calculated using a weighted average.

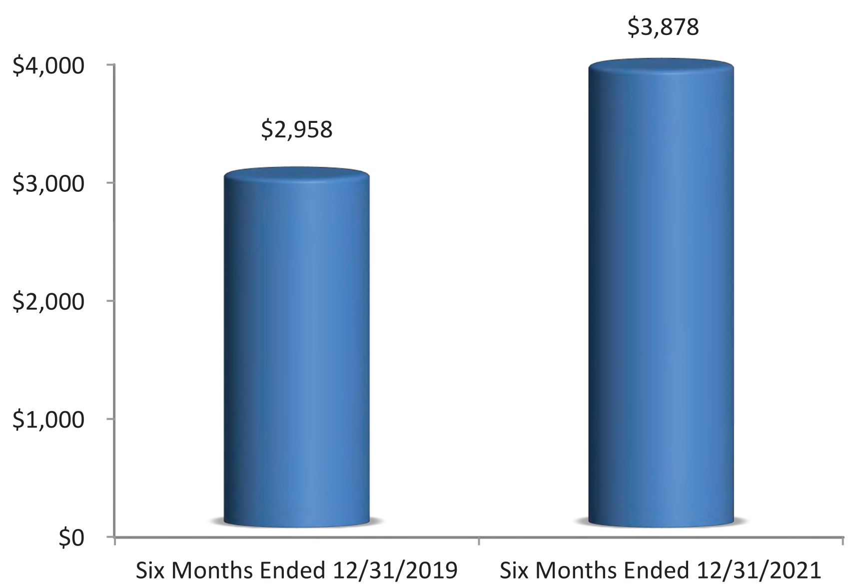
Figure 23. Weighted average transaction value



Source: Deloitte & Touche based on a minimum of 12 company survey responses

VPG increased by 31.1 percent from the Six Months Ended 12/31/2019 to the Six Months Ended 12/31/2021.

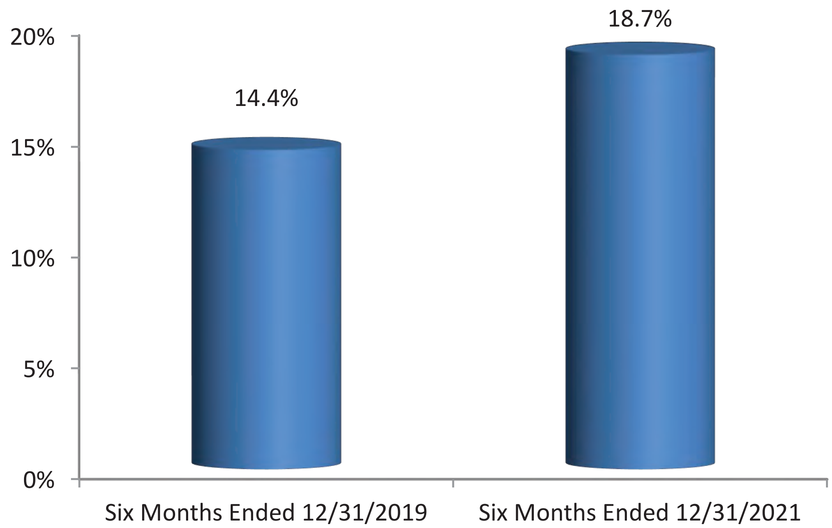
Figure 24. Weighted average VPG



Source: Deloitte & Touche based on a minimum of 12 company survey responses

The close rate, another measure of sales efficiency, increased by 4.3 percentage points (29.9 percent) from the Six Months Ended 12/31/2019 to the Six Months Ended 12/31/2021.

Figure 25. Weighted average close rate



Source: Deloitte & Touche based on a minimum of 12 company survey responses

Among the companies that provided key sales indicators, 13 provided rescission percentage information for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein. The weighted average rescission rate among those companies was 10.9 percent in the Six Months Ended 12/31/2021, which was a decrease of 5.7 percentage points from 16.6 percent in the Six Months Ended 12/31/2019. The simple average rescission rate decreased 4.3 percentage points from 13.7 percent in the Six Months Ended 12/31/2019 to 9.4 percent in the Six Months Ended 12/31/2021.

The composition of receivables portfolios was evaluated as of December 31, 2021 and compared to the composition as of December 31, 2019 for purposes of observing the industry's recovery from COVID-19 impacts. The total aggregate receivables for the companies that provided receivables data was $11,962.9 million as of December 31, 2021 and $14,751.6 million as of December 31, 2019.

Receivables portfolios showed delinquencies (greater than 60 days past due) as of December 31, 2021 reflecting recovery within 2.2 percentage points of delinquencies when compared to as of December 31, 2019. Respondents reported that payments for 86.0 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2021, which reflects recovery within 1.9 percentage points of currency as of December 31, 2019. Further, 5.1 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance in the Six Months Ended 12/31/2021, which was 2.4 percentage points lower compared to the Six Months Ended 12/31/2019.

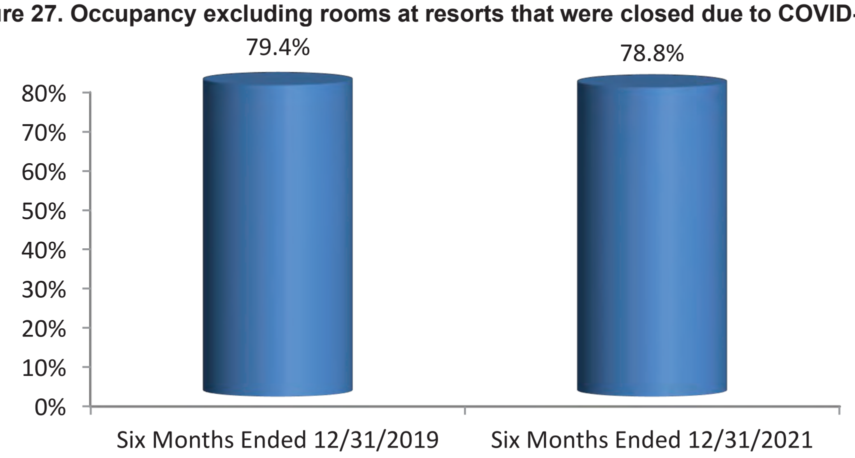
Figure 26. Aging of consumer timeshare loan portfolios by survey respondents

	December 31, 2019	December 31, 2021	Increase/(Decrease)
Current	87.9%	86.0%	-1.9%
31 to 60 days	2.1%	1.8%	-0.3%
61 to 90 days	1.3%	1.2%	-0.1%
91 to 120 days	1.3%	1.1%	-0.1%
More than 120 days	7.4%	9.9%	2.5%
Total	**100.0%**	**100.0%**	

Source: Deloitte & Touche based on 13 company survey responses. The Fourth Quarter 2019 data herein was based upon the 14 responses obtained from the Six Months Ended 12/31/2019 Pulse Survey.

For the 13 companies that provided occupancy data for Q3 2021 – QTD as previously reported and Q4 2021 – QTD herein, representing approximately 14.7 million available room nights in the Six Months Ended 12/31/2021, the average occupancy rate, excluding rooms at resorts that were closed due to COVID-19, was 78.8 percent in the Six Months Ended 12/31/2021, which reflects recovery within 0.6 percentage points (or 0.8 percent) of the average occupancy rate of 79.4 percent in the Six Months Ended 12/31/2019[8] as previously reported.

Figure 27. Occupancy excluding rooms at resorts that were closed due to COVID-19



Source: Deloitte & Touche based on a minimum of 12 company survey responses.

[8] The occupancy data for the Six Months Ended 12/31/2019 reflects occupancy rates prior to the emergence of COVID-19. For purposes of a fair comparison, we have compared the Six Months Ended 12/31/2019 regular occupancy rates to that of the Six Months Ended 12/31/2021 and the Six Months Ended 12/31/2020 excluding rooms closed due to COVID-19.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated to compare to the Six Months Ended 12/31/2019 to observe the industry's recovery from COVID-19 impacts.[9] The average interest rate on new consumer loans in Q4 2021 – QTD was 12.5 percent, which was within 1.7 percentage points of the average interest rate for the Six Months Ended 12/31/2019. The Q4 2021 – QTD average loan term was 111.5 months, which is a decrease of 11.1 months from the Six Months Ended 12/31/2019 of 122.6 months. The average FICO score for financed sales of 662 in Q4 2021 – QTD decreased from 725 in the Six Months Ended 12/31/2019.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales. As a result, down payments on upgrade sales are typically higher than on non-upgrade sales, and a change in the mix of upgrade and non-upgrade sales could impact the overall average down payment. For the 13 respondents that provided non-upgrade down payment data, the average down payment on non-upgrade sales was 16.6 percent of the stated sales price on financed sales in Q4 2021 – QTD as compared to 18.4 percent in the Six Months Ended 12/31/2019. For the 12 respondents that provided existing owner down payment data, the average down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interests, was 38.1 percent in Q4 2021 – QTD, a decrease of 4.4 percentage points from the Six Months Ended 12/31/2019.

[9] To calculate the average interest rate, down payment, and term, responses were weighted by the dollar value of net originated sales (including telesales).

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – Three Months Ended December 2021 Pulse Survey

****Three Months December 2021 Results****	**Three Months December 31 2020**	**Three Months December 31 2021**	**Increase/ (Decrease)**	**Increase/ (Decrease) Percent**	**Survey Responses**
General Characteristics					
1. Ownership status (public or private)	Public: 38% Private: 62%	Public: 54% Private: 46%			13
2. Are fee-for-service activities being provided by another developer on your behalf?		Yes: 8% No: 92%			12
Receivables Portfolio					
The following questions refer to the portfolio of receivables (total held and/or serviced receivables, including securitized and/or hypothecated receivables), including receivables for sales made in earlier years.					
3. Gross outstanding portfolio balance, at period end (in dollars)	$12,621,564,336	$11,962,947,126	($658,617,210)	-5.2%	13
4. At period end, on a contractual basis what percentage of the dollar amount of this portfolio was:					
Current (current or fewer than 31 days delinquent)	84.4%	86.0%	1.6%	1.9%	13
Between 31 to 60 days delinquent	1.9%	1.8%	-0.1%	-5.3%	13
Between 61 to 90 days delinquent	1.3%	1.2%	-0.1%	-7.7%	13
Between 91 to 120 days delinquent	1.3%	1.1%	-0.2%	-15.4%	13
More than 120 days delinquent	11.1%	9.9%	-1.2%	-10.8%	13
Total should equal 100%	100.0%	100.0%			
5. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	7.0%	5.2%	-1.8%	-25.7%	13
6. Average FICO score at origination (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	710	713	3	0.4%	12
Inventory					
7. Total capital expenditures related to timeshare inventory	$136,942,697	$90,678,057	($46,264,640)	-33.8%	11
Resort Occupancy					
8a/8b. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred. (including rooms at resorts that were closed due to COVID-19)					
Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)	56.2%	76.3%	20.1%	35.8%	13
Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	43.8%	23.7%	-20.1%	-45.9%	13
Total should equal 100%					
8c/8d. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred. (excluding rooms at resorts that were closed due to COVID-19)					
Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)	59.2%	78.0%	18.8%	31.8%	12

Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	40.8%	22.0%	-18.8%	-46.1%	12
8e/8f. Market Segment occupancy as of December 31 (Excluding rooms at resorts that were closed due to COVID-19)					
Owner Occupancy	69.0%	67.7%	-1.3%	-1.9%	12
Non-Owner Occupancy	31.0%	32.3%	1.3%	4.2%	12
9. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)					
a/c. including rooms at resorts that were closed due to COVID-19	9,433,470	9,534,669	101,199	1.1%	13
b/d. excluding rooms at resorts that were closed due to COVID-19	6,667,905	7,097,049	429,144	6.4%	12

Selected Sales Metrics (Including telesales and home sits)

Sales metrics. Include telesales in the following responses.					
10. Net originated sales (net of sales incentives and rescissions) (in dollars)	$920,370,342	$1,536,112,771	$615,742,429	66.9%	13
11. Net originated sales (net of sales incentives and rescissions) that were new owner sales (in dollars):	$328,811,737	$562,610,424	$233,798,687	71.1%	12
12. Net originated sales (net of sales incentives and rescissions) that were existing owner sales (in dollars):	$541,459,437	$810,038,678	$268,579,241	49.6%	12
13. Weighted average rescissions %	8.1%	9.4%	1.3%	16.0%	13
13. Rescissions $	$100,196,020	$196,280,525	$96,084,505	95.9%	13
14a. Weighted average rescissions that were new owner sales %	43.2%	45.0%	1.8%	4.2%	12
14a. Rescissions that were new owner sales $	$69,136,778	$129,062,168	$59,925,390	86.7%	12
14b. Weighted average rescissions that were existing owner sales %	29.0%	26.2%	-2.8%	-9.7%	12
14b. Rescissions that were existing owner sales $	$17,380,758	$28,929,932	$11,549,174	66.4%	12
15. Owner growth rate over prior year	-1.5%	3.8%	5.3%	353.3%	12

Selected Sales Metrics (Excluding telesales)

Sales metrics. Exclude telesales from the following responses. Include sales to existing owners and other in-house guests.					
16. Number of tours. Represents the number of tours taken by guests in the company's efforts to sell timeshares. Include all tours of sales prospects, whether they occur on-site or at an off-site sales center.	263,711	422,727	159,016	60.3%	12
17. Number of sales transactions (exclude rescissions) (Transactions should include: week sales, EOY sales, multiple-week sales, upgrades (that count as zero weeks), points sales, and reloads (which should be part of all categories above, except upgrades). Transactions should not include sales of Sampler programs.)	48,236	73,885	25,649	53.2%	12
Weighted average close rate (excludes sales that are canceled through rescission, calculated based on formula)	18.7%	18.0%	-0.7%	-3.7%	12
18. Net originated sales (gross sales less incentives and rescissions) excluding telesales	$914,481,964	$1,599,981,624	$685,499,660	75.0%	12
Weighted average volume per guest ("VPG"). Represents timeshare sales revenue per guest and is calculated by dividing net originated sales, excluding telesales and home sits, by the number of tours. (calculated based on formula)	$3,619	$3,940	$322	8.9%	12
Weighted average transaction value (this is calculated based on net originated sales and excludes any charges not reflected in net originated sales, such as closing costs)	$20,578	$22,557	$1,979	9.6%	12
19. Total net originated sales (gross sales less incentives and rescissions) for non-owned timeshare inventory sold under fee-for-service agreements	$100,841,492	$213,475,528	$112,634,036	111.7%	4
20. Total net originated sales (gross sales less incentives and rescissions) for owned timeshare inventory sold by others under fee-for-service agreements	$850,627	$1,642,471	$791,844	93.1%	1

Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$1,020,361,207	$1,747,945,828	$727,584,621	71.3%	13
21. Total Rental Revenue	$171,836,793	$348,128,498	$176,291,705	102.6%	12

Consumer Financing

The following items refer to new financing provided to consumers during the period. For upgrade sales, use the characteristics of the new loan. For example, if an owner with $4,000 of equity and $6,000 principal balance outstanding on an existing loan purchases an upgrade vacation ownership interest with a stated sales price of $20,000, and uses the equity in their existing interval as the down payment, resulting in a new loan with a principal balance of $16,000, use the interest rate and term of that $16,000 loan.

22. Weighted average interest rate.	14.3%	12.5%	-1.8%	-12.6%	13
23. Average term (in months)	122.6	111.5	-11.1	-9.1%	13
24. Average down payment on non-upgrade sales	17.7%	16.6%	-1.1%	-6.2%	13
25. Average down payment on upgrade sales	44.6%	38.1%	-6.5%	-14.6%	12
26. Weighted -average FICO score (on new loans, weighted by original principal balance, exclude buyers withouth FICO scores	717	662	-55	-7.7%	12
27a. Originations as a percentage of gross sales. The gross sales amount inclusive of upgrade contract selling prices.	60.8%	52.2%	-8.6%	-14.1%	11
27b. Originations as a percentage of net sales. The net sales should equal gross sales less upgrade contract selling prices.	67.9%	60.6%	-7.3%	-10.8%	12

Impact of COVID-19

For the following questions regarding Resorts and Sales Centers that have closed, please respond with the total number, including those that have since reopened as of December 31, 2021.

For the following questions regarding employees who have been furloughed, please respond with the total number, including those who have been since rehired as of December 31, 2021. We are defining a furloughed employee as a one who is temporarily laid off from work.

28a. Impact on Resorts due to COVID-19					
Number of Resorts closed	18	0	-18	-100.0%	11
Number of Resorts reopened	31	36	5	16.1%	11
28b. Impact on Resorts due to COVID-19 as a percentage of total resorts as of February 29, 2020 (pre-COVID-19)					
Percentage of Resorts closed	21.7%	0.0%	-21.7%	-100.0%	11
Percentage of Resorts reopened	84.6%	81.8%	-2.8%	-3.3%	11
29a. Impact on Sales Centers due to COVID-19					
Number of Sales Centers closed	13	1	(12)	-92.3%	11
Number of Sales Centers reopened	16	21	5	31.3%	11
29b. Impact on Sales Centers due to COVID-19 as a percentage of total sales centers as of February 29, 2020 (pre-COVID-19)					
Percentage of Sales Centers closed	24.6%	2.1%	-22.5%	-91.5%	11
Percentage of Sales Centers reopened	73.2%	70.7%	-2.5%	-3.4%	11
30. Impact on Employment due to COVID-19. Please consider full time and part time employees when answering this question. The response should be recorded as a percentage of total employees as of February 29, 2020 (pre-COVID-19).					
Number of Employees furloughed	30.5%	16.0%	-14.5%	-47.5%	10
Number of Employees rehired	23.2%	19.3%	-3.9%	-16.8%	10

Number of Employees terminated	20.9%	12.3%	-8.6%	-41.1%	10
31. Additional Allowance for Loan Losses recorded due to COVID-19 as a percentage of total Allowance recorded for the three months ended December 31, 2021	3.2%	1.0%	-2.2%	-68.8%	10
32. Was a mortgage deferment program offered to owners due to COVID-19?		Yes: 38.5% No: 61.5%			13
Average number of owners who took advantage of the program as a percentage of total owners.	3.1%	3.6%	0.5%	16.1%	5
The average dollar value impact of the deferment program as a percentage of total portfolio.	4.9%	5.4%	0.5%	10.2%	5
33. Please report the following data as a percentage of total owners who took advantage of a mortgage deferment program as of December 31, 2021:					
Percentage of owners who received a second deferral	13.3%	0.4%	-12.9%	-97.0%	7
Percentage of owners who paid a partial payment or no payment	13.2%	4.2%	-9.0%	-68.2%	7
Percentage of owners who have defaulted	12.1%	25.0%	12.9%	106.6%	7
Percentage of owners who resumed payment after deferment period	74.4%	72.8%	-1.6%	-2.2%	7
Total should equal at least 100%	113.0%	102.4%			
34. At period end December 31, 2021, considering only the loans of owners who took advantage of the mortgage deferment program, what percentage of the dollar amount of this portfolio was					
Current (current or fewer than 31 days delinquent)	73.0%	69.2%	-3.8%	-5.2%	6
Between 31 to 60 days delinquent	5.1%	3.4%	-1.7%	-33.3%	6
Between 61 to 90 days delinquent	3.4%	1.1%	-2.3%	-67.6%	6
Between 91 to 120 days delinquent	3.9%	1.5%	-2.4%	-61.5%	6
More than 120 days delinquent	14.6%	24.8%	10.2%	69.9%	6
Total should equal 100%	100.0%	100.0%			
35. Number of positions open for employment as a percentage of all positions.	15.6%	11.7%	-3.9%	-25.0%	9

Method

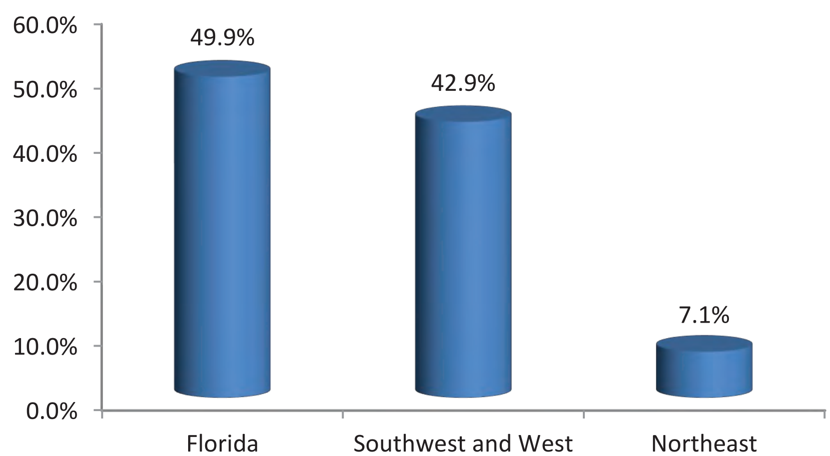
The 2021 Fourth Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 266 timeshare and vacation ownership companies on January 10, 2022. The survey collection efforts focused on companies generating the largest volume of timeshare sales and companies that participate as board members of the American Resort Development Association (ARDA). Deloitte & Touche followed up with the companies by telephone and e-mail to encourage responses. Deloitte & Touche ended the survey collection effort on February 2, 2022. By February 2, 2022, 14 companies, or 5.3 percent of those surveyed, responded.

During the data analysis phase, Deloitte & Touche contacted several of the respondents with follow-up questions about specific answers they provided. Responses to some questions that were left blank or were unusual were ultimately excluded from the analysis. Though a total of 14 responses were collected, most questions were not answered by all 14 respondent companies as indicated in the "survey responses" column on the "Aggregate Results" tables.

The response base includes major companies in the U.S. timeshare sector. The 13 respondents that provided sales information reported aggregate Q4 2021 – QTD net originated sales, including telesales and excluding fee-for-service arrangements, of $1,536.1 million. Seven of the 14 companies are publicly traded companies as of December 31, 2021, and three of the 14 are affiliated with major hotel brands. The survey is focused on the U.S. considering the location of companies' headquarters provides an indicationof the geographic regions represented by the response base. Many of the U.S. respondents are based in the Southeast, including seven in Florida, though companies in the Northeast region, and Southwest and West region also responded.[10] No respondents were based in the Southeast (except for Florida), Midwest or Canada.

Figure 28. Distribution of companies by headquarters location, 2021



Source: Deloitte & Touche based on 14 company survey responses.

[10] Regional definitions: Florida (FL); Northeast (CT, DC, DE, KY, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV); Midwest (IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI); Southeast (AL, AR, GA, LA, MS, NC, SC, TN); and Southwest and West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OK, OR, TX, UT, WA, WY).

To effectively interpret the survey results it is important to understand that the survey is not a projection as it is not based on a random sample of companies, nor is it a census of all companies. The survey is based on responses from participating companies that account for a predominance of industry sales, and this is one of the reasons it is seen as a valuable resource.

The companies that participated in this survey are not identical to those that participated in prior editions of the Pulse Survey or of the Financial Performance Survey, which is an annual survey conducted on behalf of the ARDA International Foundation. The most recent previous Pulse Survey reported on activity for the three months ended September 30, 2021. The current Pulse Survey functions similarly as a timely source of informationon several key statistics, with a focus on the three months ended December 31, 2021. Due to the relatively large size of some of the companies participating, the changing composition of the response base can materially impact the results reported in this version compared to previous editions. Also, the timeshare industry experiences changes in activity levels during different seasons of the year. It is not accurate to compare the Q4 2020 – QTD and Q4 2021 – QTD results presented in this edition with results shown in reports of earlier periods without understanding that the response base and reporting period have changed.

Unless otherwise noted specifically as simple averages, all averages in this report are weighted averages. For example, responses to questions related to sales topics, such as VPG, are weighted by net originated sales volume.

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ARDA
American Resort Development Association