Pulse Survey

A SURVEY OF TIMESHARE AND VACATION OWNERSHIP RESORT COMPANIES

2022 Q3

PREPARED BY

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To the Research Committee of
ARDA International Foundation
1201 15th Street NW, Suite 400
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Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2022 Third 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 December 2, 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 October 28, 2022. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

November 21, 2022

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2022 Third 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 2022 third quarter survey of U.S. timeshare companies that were in active sales during the third quarter of the year. The results herein include data from the period of July 2022 to September 2022. The results cover a total of 13 responding companies for which a total of 11 respondents provided sales information reporting aggregate net originated sales of approximately $1,762.7 million for the quarter ended September 30, 2022. Six of the aggregate 13 companies who participated in the survey are publicly traded companies, and three of the 13 are affiliated with major hotel brands. Note two of the six publicly traded company respondents provided separate survey responses, though are consolidated as one reporting entity for SEC filing purposes. The six public companies that provided sales information accounted for 76.4 percent of total net originated sales in Q3 2022 as reported by the 11 survey respondents. The three companies affiliated with major hotel brands account for 60.4 percent of total net originated sales in Q3 2022 as reported by the 11 survey respondents.

The financial information contained in this survey includes September 30, 2022 QTD (Q3 2022) compared to September 30, 2021 QTD (Q3 2021). The information also contains data as of June 30, 2022 (Q2 2022) as previously reported in the 2022 Second Quarter Pulse Survey, compared to data as of September 30, 2022 (Q3 2022). The timeshare industry began to experience significant COVID-19 impacts at the start of the second quarter of 2020, meaning Q3 2021 data reflects continued recovery from COVID-19 impacts. The industry has continued to see these impacts increasingly subside as evidenced in the Q3 2022 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 arrow. Indicators for which the change was less than 10 percent were denoted with a single arrow.

Key Performance Indicators	Trend
Sales Performance	
Net Originated Timeshare Sales (net of Sales Incentives and Rescissions) including Telesales increased 12.0 percent from Q3 2021 to Q3 2022, increasing from $1,573.5 million to $1,762.7 million.	⇧⇧ **Increase**
Net Originated Timeshare Sales (including Telesales and Fee-for-service, excluding Rescissions and Fee-for-Service sold by others) increased 12.3 percent from Q3 2021 to Q3 2022, increasing from $1,787.8 million to $2,007.4 million.	⇧⇧ **Increase**
Sales Metrics	
Weighted Average Transaction Value increased 5.5 percent from $21,664 in Q3 2021 to $22,857 in Q3 2022 (The simple average transaction value increased 6.8 percent from $20,695 in Q3 2021 to $22,107 in Q3 2022).	⇧ **Increase**

Weighted Average Rescission Rate increased 0.4 percentage point (or 3.4 percent) from 11.9 percent in Q3 2021 to 12.3 percent in Q3 2022 (The simple average rescission rate decreased 0.6 percentage points, or 5.8 percent, from 10.4 percent in Q3 2021 to 9.8 percent in Q3 2022).	⇧ Increase
Weighted Average Volume Per Guest (VPG) increased 2.6 percent from $3,888 in Q3 2021 to $3,990 in Q3 2022 (The simple average VPG increased 3.0 percent from $3,763 in Q3 2021 to $3,875 in Q3 2022).	⇧ Increase
Tours increased 18.4 percent from 447,632 to 529,816 tours from Q3 2021 to Q3 2022.	⇧⇧ Increase
Weighted Average Close Rate decreased 0.5 percentage points (or 2.7 percent) from 18.5 percent in Q3 2021 to 18.0 percent in Q3 2022. (The simple average close rate decreased 0.7 percentage points, or 3.6 percent, from 18.2 percent in Q3 2021 to 17.5 percent in Q3 2022).	⇩ Decrease
Portfolio Performance	
Currency decreased by 2.1 percentage points (or 2.4 percent), decreasing from 88.4 percent as of Q3 2021 to 86.3 percent as of Q3 2022. Note one respondent reported a change in accounting policy related to write-off criteria from 2021 to 2022. When excluding this respondent, the resulting currency increased by 1.2 percentage points (or 1.4 percent) from 87.4 percent as of Q3 2021 to 88.6 percent as of Q3 2022.	⇩ Decrease
Delinquencies greater than 60 days past due increased by 1.7 percentage points (or 16.8 percent), increasing from 10.1 percent as of Q3 2021 to 11.8 percent as of Q3 2022. Note one respondent reported a change in accounting policy related to write-off criteria from 2021 to 2022. When excluding this respondent, the resulting delinquencies greater than 60 days past due decreased 1.7 percentage points (or 15.3 percent), decreasing from 11.1 percent as of Q3 2021 to 9.4 percent as of Q3 2022.	⇧⇧ Increase
Gross Defaults increased 0.3 percentage points (or 6.0 percent), increasing from 5.0 percent in Q3 2021 to 5.3 percent in Q3 2022. Note one respondent reported a change in accounting policy related to write-off criteria from 2021 to 2022. When excluding this respondent, the resulting charge-offs increased 0.5 percentage points (or 9.3 percent), increasing from 5.4 percent to 5.9 percent from Q3 2021 to Q3 2022.	⇧ Increase
Consumer Finance Experience	
Interest Rates decreased by 0.3 percentage points (or 2.1 percent) from 14.4 percent to 14.1 percent when comparing Q3 2021 to Q3 2022.	⇩ Decrease
Weighted Average Term increased by 0.3 months (or 0.2 percent) from 123.8 months in Q3 2021 to 124.1 months in Q3 2022.	⇧ Increase

Down Payments on non-upgrade sales decreased 1.9 percentage points (or 11.0 percent), decreasing from 17.2 percent in Q3 2021 to 15.3 percent in Q3 2022.	Decrease
Down Payments on upgrade sales decreased 0.2 percentage points (or 0.5 percent), decreasing from 42.6 percent in Q3 2021 to 42.4 percent in Q3 2022.	Decrease
Other Metrics	
Weighted Average Occupancy increased 3.1 percentage points (or 3.9 percent), increasing from 79.0 percent in Q3 2021 to 82.1 percent in Q3 2022 (including rooms at resorts that were closed due to COVID-19).	Increase
Weighted Average Occupancy increased 3.1 percentage points (or 3.9 percent) to 82.6 percent in Q3 2022 as compared to 79.5 percent in Q3 2021 (excluding rooms at resorts that were closed due to COVID-19).	Increase
Number of Standard Bookings increased by 132,452 bookings (or 23.1 percent), increasing from 572,764 in Q3 2021 to 705,216 in Q3 2022.	Increase
Number of Standard Cancellations increased by 24,690 cancellations (or 10.7 percent), increasing from 231,737 in Q3 2021 to 256,427 in Q3 2022.	Increase
Number of Sales & Marketing Package Bookings increased by 21,642 bookings (or 15.4 percent), increasing from 140,851 in Q3 2021 to 162,493 in Q3 2022.	Increase
Number of Sales & Marketing Package Cancellations increased by 1,575 cancellations (or 3.7 percent), increasing from 42,422 in Q3 2021 to 43,997 in Q3 2022.	Increase
Capital Expenditures decreased 41.9 percent from Q3 2021 to Q3 2022, decreasing from $156.0 million to $90.7 million.	Decrease

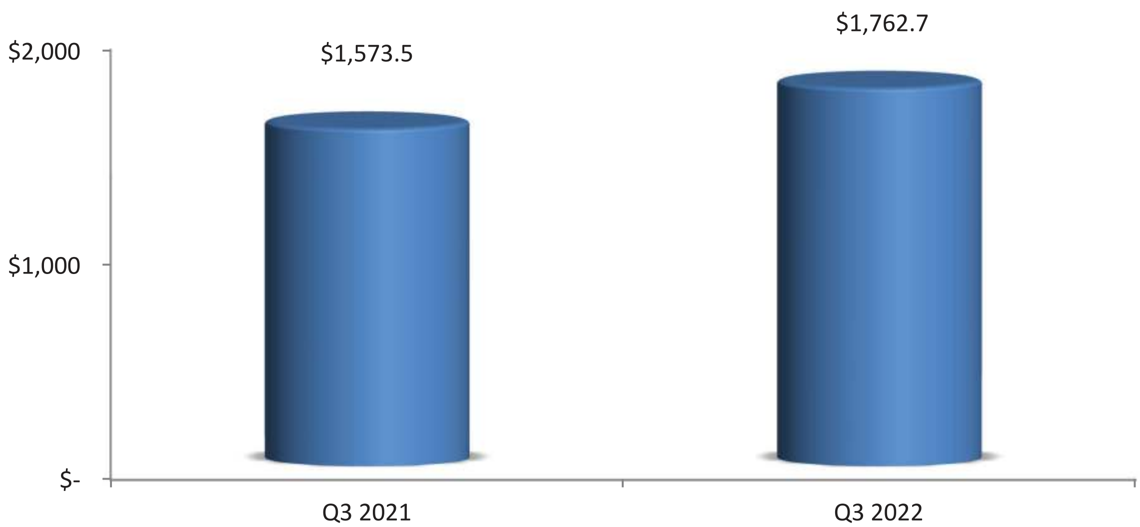
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q3 2022 when compared to Q3 2021.

Companies provided data on a set of key sales indicators. In total, the 11 respondents that provided sales information reported approximately $1,762.7 million in net originated timeshare sales[1] (including telesales) in Q3 2022, or a 12.0 percent increase when compared to Q3 2021. Note the net originated sales data for Q3 2021 in *Figure 1* reflects data as reported by 12 respondents, while net originated sales data for Q3 2022 reflects data as reported by 11 respondents. The difference in respondents is due to one company who provided Q3 2021 net originated sales data only. When excluding this respondent from the Q3 2021 sales, the resulting net originated timeshare sales (including telesales) increase was 28.0 percent from $1,377.3 million in Q3 2021 to $1,762.7 million in Q3 2022. 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 1. Net originated sales including telesales (Millions)



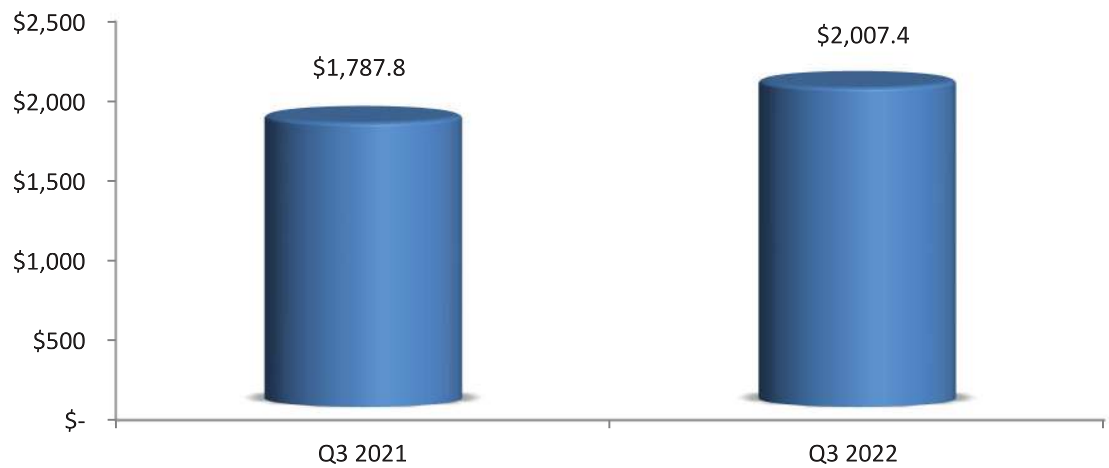
Source: Deloitte & Touche based on a minimum of 11 company survey responses.

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 11 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. Two of the four respondents providing fee-for-service increased fee-for-service operations while the remaining two respondents decreased fee-for-service operations in Q3 2022 compared to Q3 2021. The respondents being provided fee-for-service increased fee-for-service operations by 7.9 percent 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 $214.4 million in Q3 2021 to $244.8 million in Q3 2022. When

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

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 12.3 percent in total net originated timeshare sales when compared to Q3 2021. As discussed above, the net originated sales data for Q3 2021 reflects data as reported by 12 respondents, while net originated sales data for Q3 2022 reflects data as reported by 11 respondents. The difference in respondents is due to one company who provided Q3 2021 net originated sales data only. When excluding this respondent, the resulting net originated timeshare sales (including sales under fee-for-service arrangements) growth increased by 26.1 percent from $1,591.7 million in Q3 2021 to $2,007.4 million in Q3 2022.

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

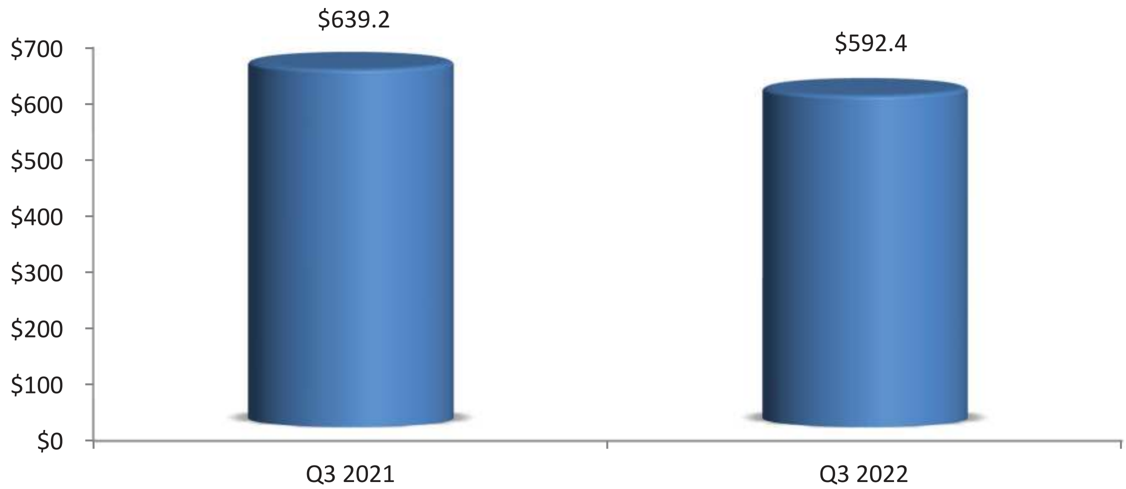


Source: Deloitte & Touche based on a minimum of 11 company survey responses for net originated sales, 4 respondents reported providing fee-for-service arrangements, and 1 respondent reported being provided fee-for-service arrangements.

Respondents were asked to report the amount of net originated sales (including telesales) that were new owner and existing owner sales. The 10 respondent companies that provided new owner sales information reported approximately $592.4 million in new owner net originated timeshare sales (including telesales) in Q3 2022, which is a 7.3 percent decrease from Q3 2021 as reported by 11 respondents, see *Figure 3* below. The 10 respondent companies that provided existing owner sales information reported approximately $983.6 million in existing owner net originated timeshare sales (including telesales) in Q3 2022 which is a 23.4 percent increase from Q3 2021 as reported by 11 respondents. As a percentage of total net originated sales as reported by Companies that provided new owner and existing owner sales information, new owner sales made up 37.6 percent of the balance in Q3 2022, which is a decrease from 44.5 percent in Q3 2021 (see *Figure 4* below). Existing owner sales for Q3 2022 made up 62.4 percent of total net originated sales, which is an increase from 55.5 percent in Q3 2021.

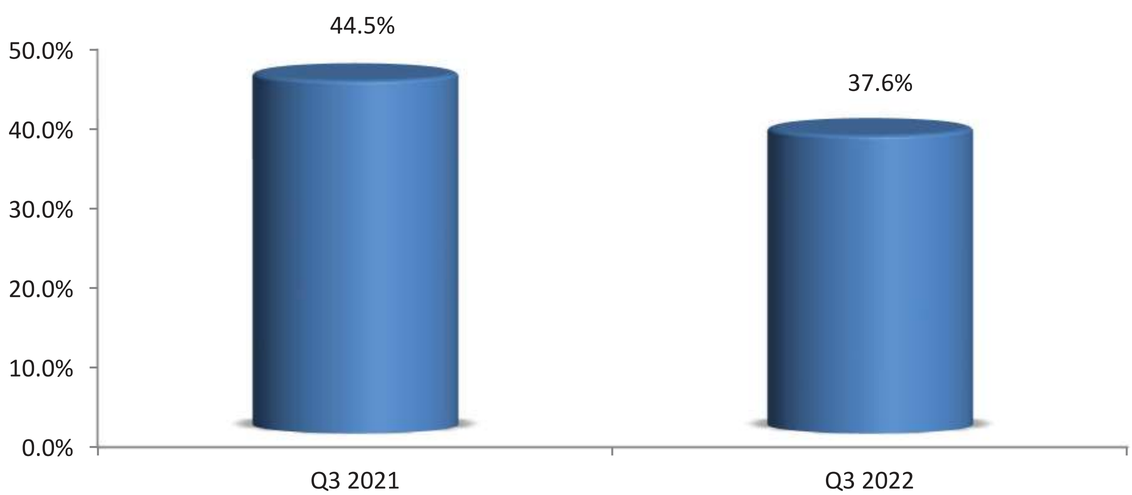
Note that the sum of the total new owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the 11 respondents that provided net originated sales did not provide information related to new owner and existing owner sales.

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



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

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



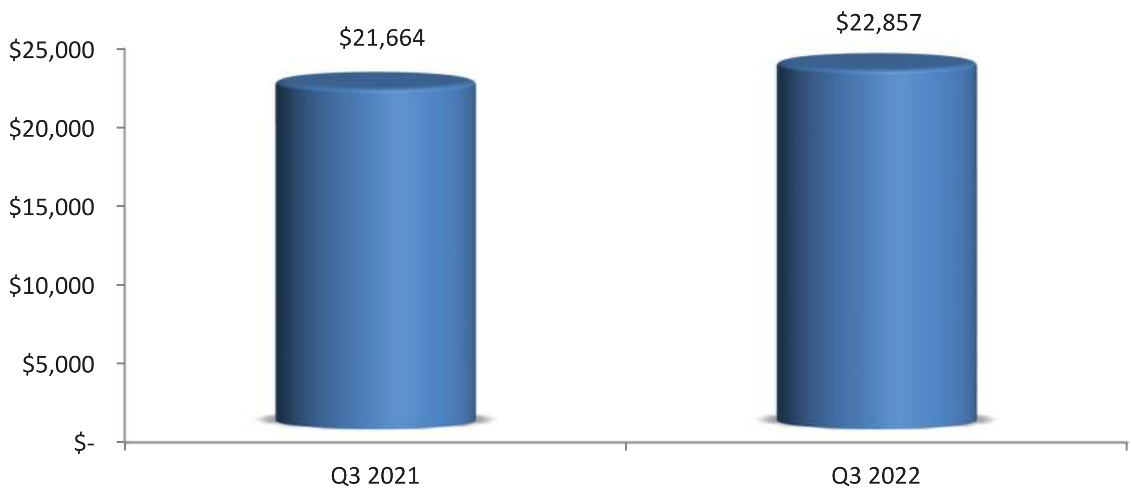
Source: Deloitte & Touche based on a minimum of 10 company survey responses.

Ten 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 2022. The companies reported that the aggregate number of tours[2] increased 18.4 percent, the aggregate number of sales transactions increased 14.1 percent, the weighted average transaction value increased 5.5 percent, the weighted average VPG increased by 2.6 percent, and the weighted average close rate decreased 2.7 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 net originated 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. Two respondents reported average transaction value had decreased from Q3 2021 and eight respondents reported the value had increased. *Figure 5* below illustrates the average transaction value calculated using a weighted average.

Figure 5. Weighted average transaction value



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

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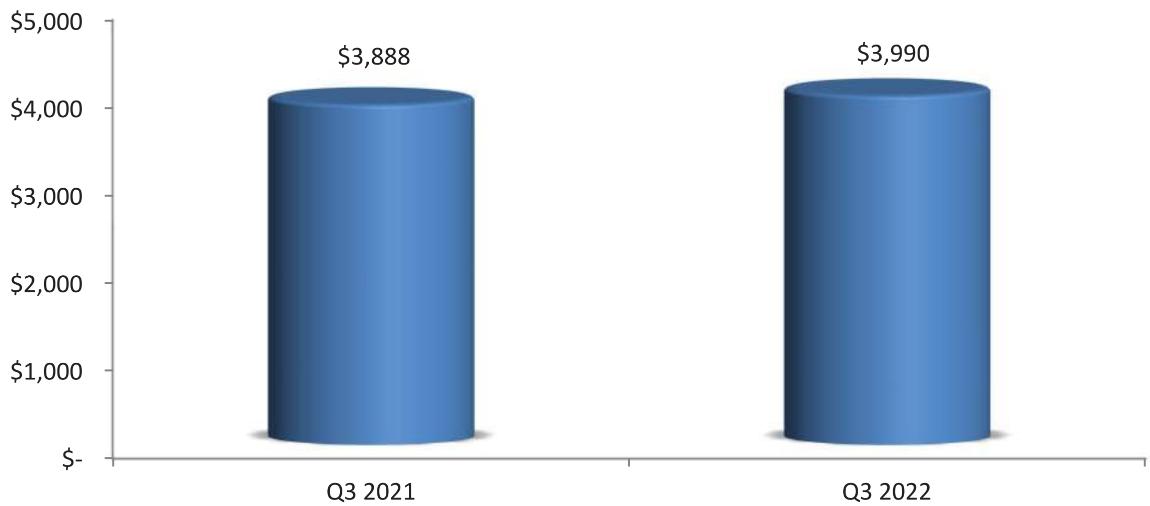
2 This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

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

VPG[4], a measure of sales efficiency calculated as net originated sales per tour, increased by 2.6 percent from Q3 2021 to Q3 2021.

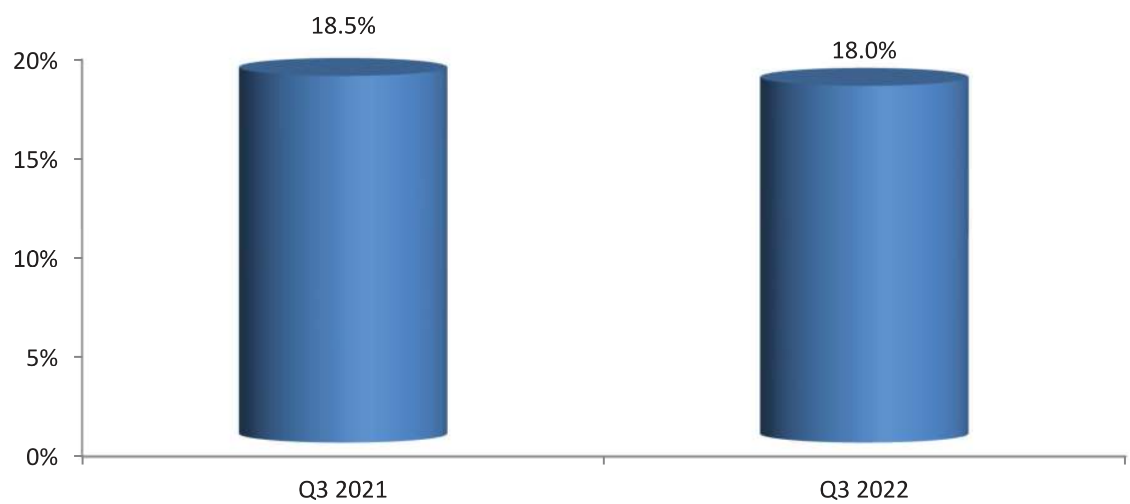
Figure 6. Weighted average VPG



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

The close rate, another measure of sales efficiency reflecting the number of sales transactions generatedfrom tour flow, decreased by 0.5 percentage points (2.7 percent) from Q3 2021 to Q3 2022.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 10 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 for VPG, average transaction value, and close rate.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q3 2021	Weighted Average Q3 2022	Simple Average Q3 2021	Simple Average Q3 2022
Third Quarter				
Volume per guest	$3,888	$3,990	$3,763	$3,875
Average transaction value	$21,664	$22,857	$20,695	$22,107
Close rate	18.5%	18.0%	18.2%	17.5%

Source: Deloitte & Touche based on 10 company survey responses

Among the companies that provided key sales indicators, 11 provided rescission percentage information. The weighted average rescission (%)[5] among those companies was 12.3 percent in Q3 2022, which was an increase of 0.4 percentage points from 11.9 percent for Q3 2021. Three companies reported a decrease, seven companies reported an increase, and one company reported no change in rescissions between Q3 2021 and Q3 2022. The simple average rescission rate decreased 0.6 percentage points from 10.4 percent in Q3 2021 to 9.8 percent in Q3 2022. Further, respondents were asked to provide the rescission volume in dollars. For the 11 companies that provided this information, the total aggregate rescissions increased by 27.9 percent from $220.5 million in Q3 2021 to $282.1 million in Q3 2022.

Respondents were asked a question related to rescission information on existing and new owner sales. For the 9 respondent companies that provided rescission information on new owner sales, the weighted average rescission rate increased from 17.0 percent in Q3 2021 to 19.2 percent in Q3 2022. Further, 9 respondents provided rescission information on new owner sales in dollars resulting in an increase of 5.6 percent in the total aggregate rescission volume from approximately $126.3 million in Q3 2021 to approximately $133.4 million in Q3 2022. For the 9 respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate increased from 6.8 percent in Q3 2021 to 9.2 percent in Q3 2022. Further, 9 respondents provided rescission information on existing owner sales in dollars resulting in an increase of 62.0 percent in the total aggregate rescission volume from $59.2 million in Q3 2021 to $95.9 million in Q3 2022.

Respondents were asked a question related to owner growth rate over the prior year. For the 9 respondent companies that provided owner growth rate data, the weighted average growth rate increased from a 0.6 percent decline as of September 30, 2021, to 1.8 percent growth as of September 30, 2022.

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 7.1 percent from $413.1 million in Q3 2021 to $442.4 million in Q3 2022.

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

2(A). Consumer timeshare loan portfolios experienced a decrease in currency when comparing as of 9/30/2021 and as of 9/30/2022.

The composition of receivables portfolios[6] was evaluated as of September 30, 2022 and compared to the composition as of September 30, 2021. The total aggregate receivables for the 11 companies that provided receivables data was $12,620.6 million as of September 30, 2022, and $12,215.5 million as of September 30, 2021.

Respondents reported that payments for 86.3 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2022, a decrease of 2.1 percentage points from one year earlier. Further, as of September 30, 2022, 9.4 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, an increase of 1.3 percentage points compared to one year earlier. Note one respondent reported a change in accounting policy related to write-off criteria from 2021 to 2022. When excluding this respondent, the resulting currency increased by 1.2 percentage points (or 1.4 percent) from 87.4 percent as of Q3 2021 to 88.6 percent as of Q3 2022. Further, the resulting delinquencies (more than 120 days past due) when excluding this respondent decreased by 2.1 percentage points from 9.1 percent as of Q3 2021 to 7.0 percent as of Q3 2022.

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

	Q3 2021	Q3 2022	Difference
Current	88.4%	86.3%	-2.1%
31 to 60 days	1.5%	1.9%	0.4%
61 to 90 days	0.9%	1.3%	0.4%
91 to 120 days	1.1%	1.1%	0.0%
More than 120 days	8.1%	9.4%	1.3%
Total	**100.0%**	**100.0%**	

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

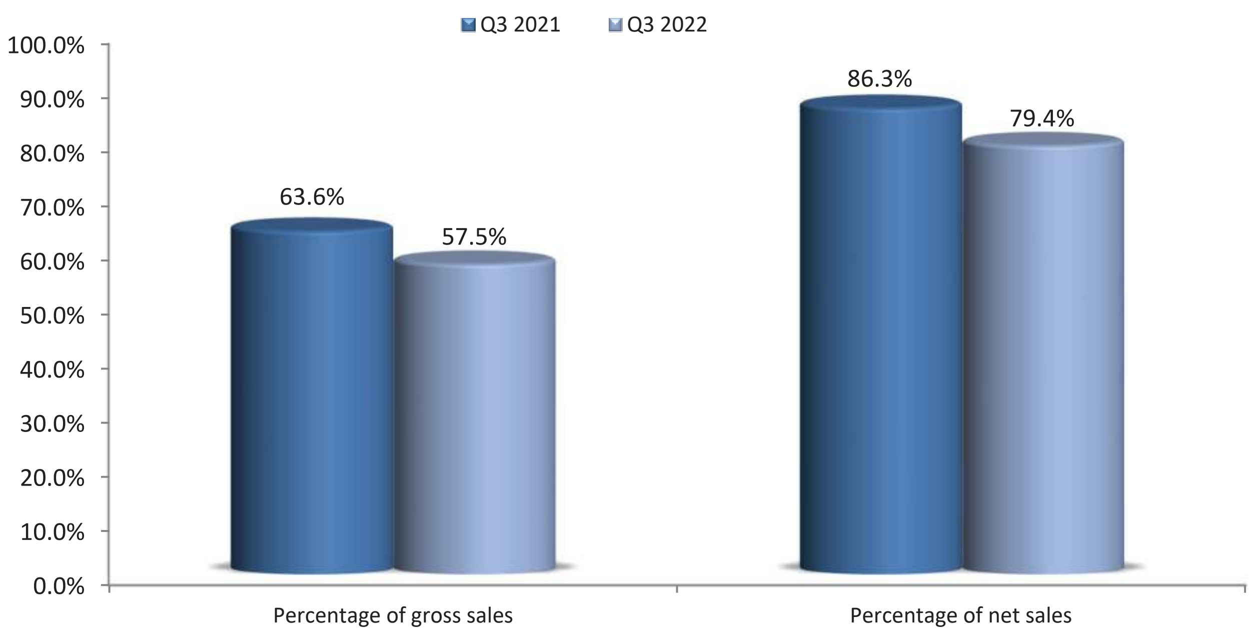
Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during Q3 2022, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q3 2022 was 5.3 percent, which reflected an increase of 0.3 percentage points, or 6.0 percent, as compared to one year earlier. Of the 10 respondents, six respondents reported a decrease in the default rate when comparing Q3 2022 to Q3 2021, three respondents reported an increase in the default rate, while one respondent reported no change. Note one respondent reported a change in accounting policy related to write-off criteria from 2021 to 2022. When excluding this respondent, the resulting weighted average default rate increased 0.5 percentage points, or 9.3 percent, from 5.4 percent in Q3 2021 to 5.9 percent in Q3 2022.

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 Q3 2021 and Q3 2022. Of the 11 respondents, eight respondents reported an increase in the weighted average FICO score, two respondents reported a decrease, and one respondent reported no change. The result was a 0.1 percent decrease in the weighted average FICO score from 713 at Q3 2021 to 712 at Q3 2022.

[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 6.1 percentage points (or 9.6 percent) from 63.6 percent for Q3 2021 to 57.5 percent for Q3 2022. Originations as a percentage of net sales decreased by 6.9 percentage points (or 8.0 percent) from 86.3 percent for Q3 2021 to 79.4 percent for Q3 2022.

Figure 9b. Originations as a Percentage of Sales



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

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing as of 6/30/2022 and as of 9/30/2022.

The composition of receivables portfolios was evaluated as of September 30, 2022 and compared to the composition as of June 30, 2022. The total aggregate receivables for the companies that provided receivables data was $12,620.6 million as of September 30, 2022 and $12,228.3 million as of June 30, 2022.

Receivables portfolios showed a decrease in delinquencies greater than 120 days past due as of September 30, 2022 compared to one quarter earlier. Respondents reported that payments for 86.3 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2022, which was 0.2 percentage points lower than one quarter earlier. Further, 5.3 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance in Q3 2022, which was 0.2 percentage points lower compared to Q2 2022.

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

	Q2 2022	Q3 2022	Increase/(Decrease)
Current	86.5%	86.3%	-0.2%
31 to 60 days	1.6%	1.9%	0.3%
61 to 90 days	1.1%	1.3%	0.2%
91 to 120 days	1.0%	1.1%	0.1%
More than 120 days	9.8%	9.4%	-0.4%
Total	**100.0%**	**100.0%**	

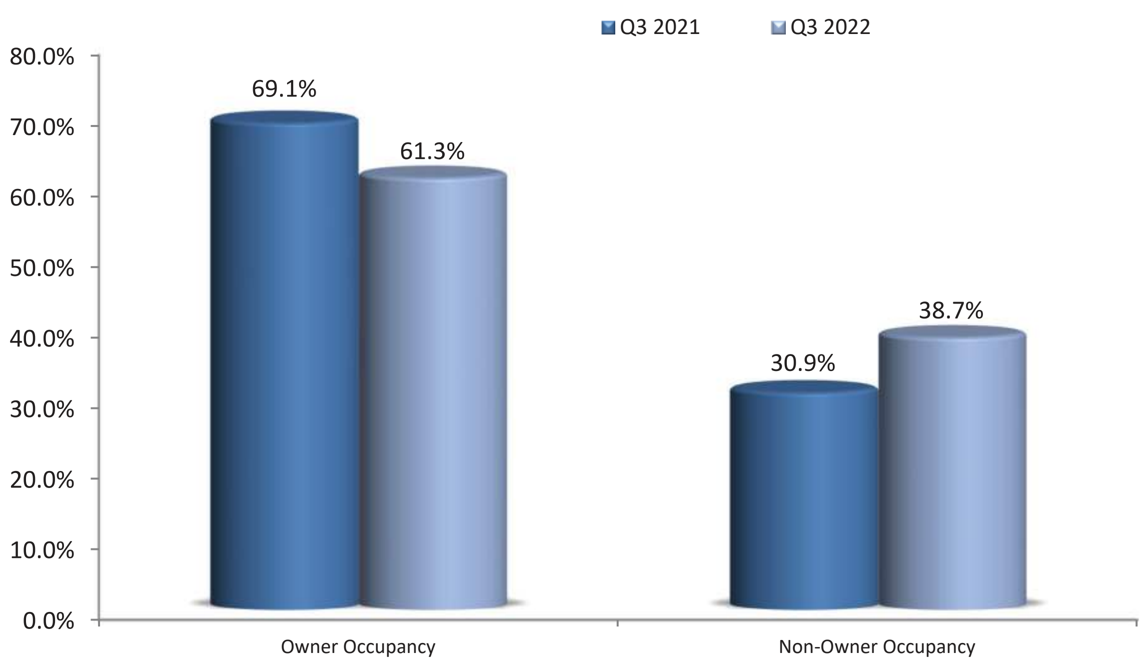
Source: Deloitte & Touche based on 11 company survey responses.

3(A). Resort occupancy including rooms at resorts that were closed due to COVID-19 increased 3.1 percentage points (or 3.9 percent) as compared to Q3 2021.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 13 companies that provided occupancy data, representing approximately 10.4 million available room nights in Q3 2022, the average occupancy rate, including rooms at resorts that were closed due to COVID-19, increased 3.1 percentage points (or 3.9 percent) to 82.1 percent in Q3 2022, compared to 79.0 percent in Q3 2021. When excluding rooms in resorts that were closed due to COVID-19, the Q3 2022 occupancy rate was 82.6 percent as compared to 79.5 percent in Q3 2021. Available room nights including rooms at resorts that were closed due to COVID-19 decreased 1.6 percent from Q3 2021 to Q3 2022, decreasing from approximately 10.6 million room nights to approximately 10.4 million room nights as reported by 13 companies. When excluding rooms in resorts that were closed due to COVID-19, there were 8.0 million available room nights reported for Q3 2022 as compared to 8.1 million available rooms night reported for Q3 2021 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 11.3 percent from Q3 2021 for owner occupancy and increased by 25.2 percent for non-owner occupancy.

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



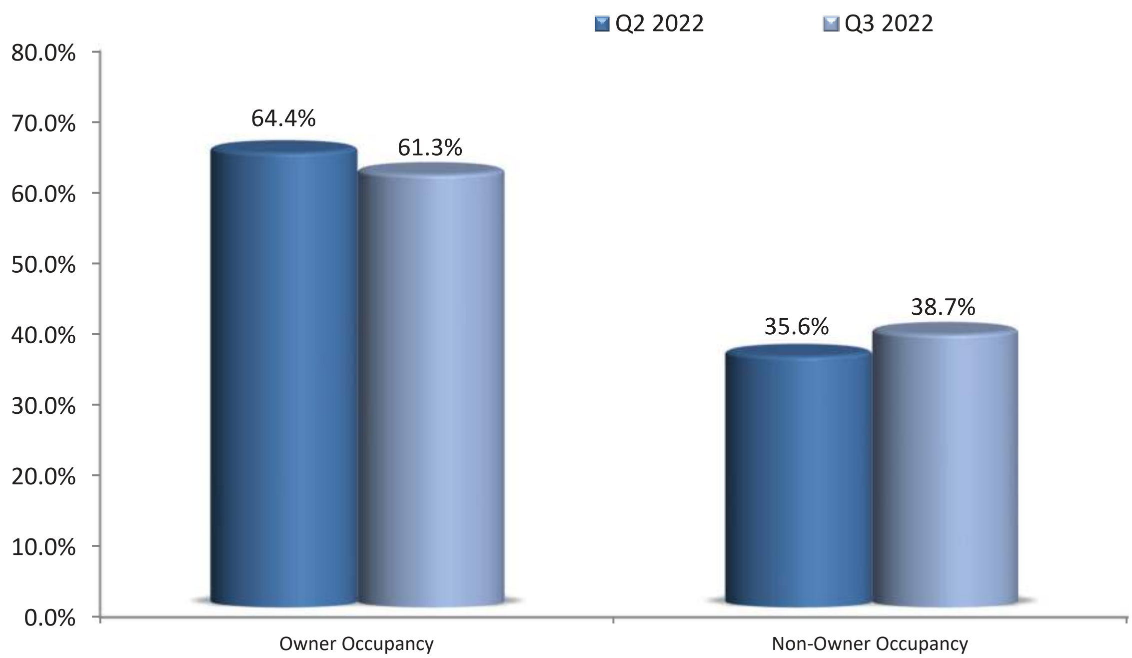
Source: Deloitte & Touche based on 12 company survey responses.

3(B). Resort occupancy including rooms at resorts that were closed due to COVID-19 remained the same as compared to Q2 2022.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 13 companies that provided occupancy data, representing approximately 10.4 million available room nights in Q3 2022, the average occupancy rate, including rooms at resorts that were closed due to COVID-19, remained consistent at 82.1 percent in Q3 2022 and in Q2 2022 as previously reported. When excluding rooms in resorts that were closed due to COVID-19, the Q3 2022 occupancy rate was 82.6, which is a decrease of 0.6 percentage points (or 0.7 percent) as compared to 83.2 percent in Q2 2022 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 Q2 2022 for owner occupancy by 4.8 percent and increased for non-owner occupancy by 8.7 percent.

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



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

3(C). Characteristics of Occupancy Bookings and Cancellations

Survey respondents were asked to provide information on timeshare unit bookings and cancellations as shown in *Figure 12* below. Overall, the number of standard bookings, the number of standard cancellations, number of sales and marketing package bookings, and number of sales and marketing cancellations demonstrated an increase from Q3 2021 to Q3 2022. Seven companies provided standard bookings and cancellations (owners and guests) data. The number of standard bookings increased by 23.1 percent from 572,764 in Q3 2021 to 705,216 in Q3 2022. The number of standard cancellations increased by 10.7 percent from 231,737 in Q3 2021 to 256,427 in Q3 2022. Six companies provided responses on the number of sales and marketing package bookings and cancellations (non-owners). The number of sales and marketing package bookings increased by 15.4 percent from 140,851 in Q3 2021 to 162,493 in Q3 2022. The number of sales and marketing package cancellations increased by 3.7 percent from 42,422 in Q3 2021 to 43,997 in Q3 2022.

As reported by two companies, the average term of the product offered for the sales and marketing package purchases remained the same when comparing Q3 2021 to Q3 2022 ranging from 12 to 36 months. As reported by one company, the average remaining term on sales and marketing packages related to cancellations is 6 months as reported for both Q3 2021 and Q3 2022.

Figure 12. Characteristics of occupancy bookings and cancellations

Third Quarter	2021	2022	% Increase/ (Decrease)
Number of standard bookings (owners and guests)	572,764	705,216	23.1%
Number of standard cancellations (owners and guests)	231,737	256,427	10.7%
Number of sales & marketing package bookings (non-owners)	140,851	162,493	15.4%
Number of sales & marketing package cancellations (non-owners)	42,422	43,997	3.7%

Source: Deloitte & Touche based on a minimum of 6 company survey responses.

4. Average term and FICO score at origination increased while average interest rate, average down payment on upgrade sales, and average down payment on non-upgrade sales decreased in Q3 2022 as compared to Q3 2021.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated to compare to Q3 2021.[7] The average interest rate on new consumer loans in Q3 2022 was 14.1 percent, which decreased by 2.1 percent from 14.4 percent in Q3 2021. The Q3 2022 average loan term was 124.1 months, which is a slight increase of 0.3 months from 123.8 in Q3 2021. The average FICO score for financed sales increased from 714 in Q3 2021 to 716 in Q3 2022.

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 9 respondents that provided non-upgrade down payment data, the average down payment on non-upgrade sales decreased to 15.3 percent of the stated sales price on financed sales in Q3 2022 compared to 17.2 percent in Q3 2021. For the 7 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 42.4 percent in Q3 2022, a decrease of 0.2 percentage points from Q3 2021.

Figure 13. Characteristics of consumer timeshare loan financing

Third Quarter	2021	2022	Difference
Average:			
Interest rate (annual)	14.4%	14.1%	-0.3%
Term (months)	123.8	124.1	0.3 months
Down payment on non-upgrade sales (% of price)	17.2%	15.3%	-1.9%
Down payment on upgrade sales (% of price)	42.6%	42.4%	-0.2%
FICO Score at origination (new sales)	714	716	2

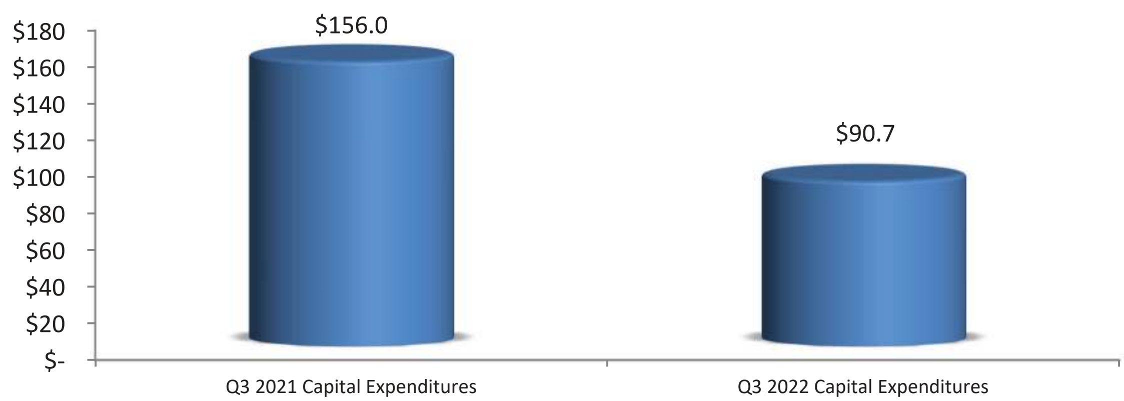
Source: Deloitte & Touche based on a minimum of 7 company survey responses.

[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 Q3 2022 when compared to Q3 2021.

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 41.9 percent in Q3 2022 compared to Q3 2021. Three respondents reported a decrease in capital expenditures related to timeshare inventory and four respondents reported an increase.

Figure 14. Capital Expenditures (Millions)

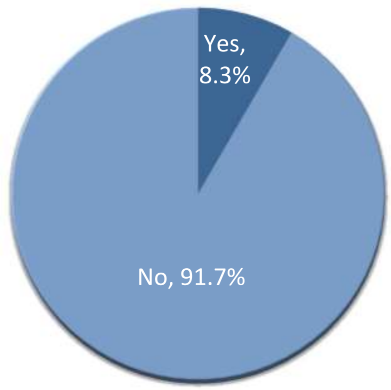


Source: Deloitte & Touche based on 7 company survey responses.

6. Impact of COVID-19

Participants were asked specific questions related to the impact of COVID-19 on the Company, which included questions around mortgage deferment programs. Of the 12 respondents, one respondent (or 8.3 percent) reported that they offered a mortgage deferment program to owners due to the impacts of COVID-19 as of September 30, 2022.

Figure 15a. Mortgage Deferment Offered to Owners due to COVID-19

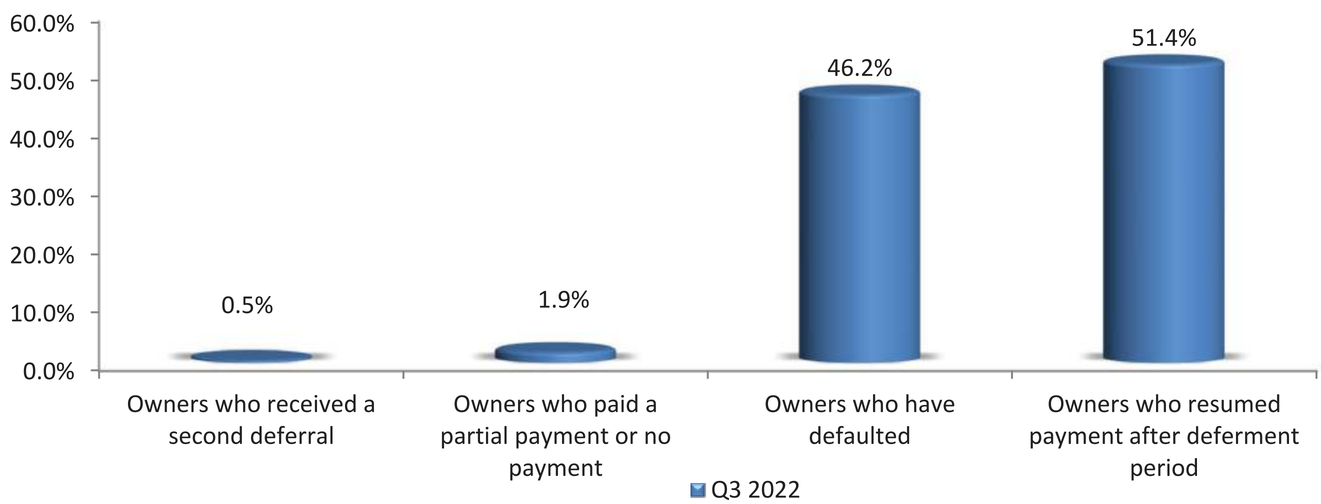


Source: Deloitte & Touche based on 12 company survey responses.

As reported by one company who still offered a mortgage deferment program due to impacts of COVID-19 as of September 30, 2022, only a small percentage of owners took advantage of the mortgage deferral programs as of September 30, 2022. This one respondent reported that the simple average number of owners who took advantage of the program as a percentage of total owners for all respondents was 1.5 percent as of September 30, 2022 as compared to 1.6 percent as of June 30, 2022. The simple average dollar value impact of the deferment program as a percentage of total portfolio was 4.1 percent as of September 30, 2022, as reported by this one respondent.

Of the companies who offered owners a mortgage deferral program over the past year, we gathered further data onthe owners who took advantage of the mortgage deferral program as seen in *Figure 15b* below. On average, 0.5 percent of the owners who took advantage of the mortgage deferral program received a second deferral, 1.9 percent paid a partial payment or no payment, 46.2 percent have defaulted, and 51.4 percent have resumed payment after deferment period as of September 30, 2022 as reported by three respondents. Note the percentages may sum to greater than 100 percent as owners may fall into more than one category.

Figure 15b. Simple Average of Owners as a percentage of total owners with a mortgage deferment



Source: Deloitte & Touche based on 3 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 49.1 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2022 as compared to 68.0 percent as of September 30, 2021, resulting in a decrease of 18.9 percentage points. Note one respondent provided data for Q3 2021 only. When excluding this respondent, the currency decreased by 9.7 percentage points to 49.1 percent of the value of their loan portfolios as of September 30, 2022, from 58.8 percent as of September 30, 2021.

Further, 47.3 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent as of September 30, 2022 as compared to 28.0 percent as of September 30, 2021, resulting in an increase of 19.3 percentage points Note one respondent provided data for Q3 2021 only. When excluding this respondent, the delinquency increased by 11.4 percentage points to 47.3 percent of the dollar amount of this portfolio were more than 120 days delinquent as of September 30, 2022, from 35.9 percent as of September 30, 2021.

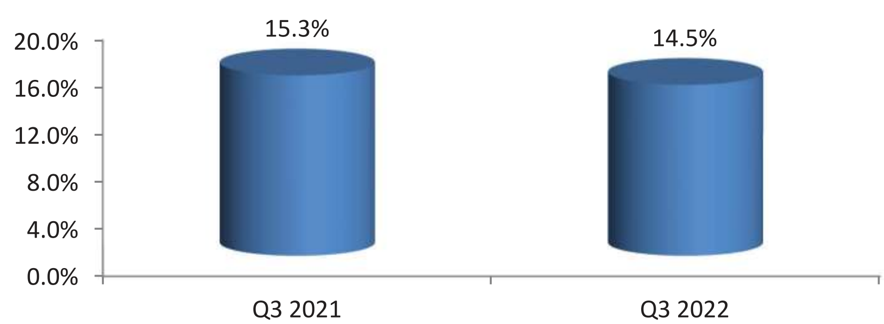
Figure 15c. Aging of consumer timeshare loan portfolios with a mortgage deferment

	September 30, 2021	September 30, 2022
Current	68.0%	49.1%
31 to 60 days	1.8%	1.5%
61 to 90 days	1.2%	1.1%
91 to 120 days	1.0%	1.0%
More than 120 days	28.0%	47.3%
Total	**100.0%**	**100.0%**

Source: Deloitte & Touche based on 3 company survey responses for 2022 and 4 survey responses for 2021.

Participants were further asked a question related to the number of positions open for employment as a percentage of all positions. Four respondents provided data which indicated on average 14.5 percent of positions were open for employment as of Q3 2022. This reflects a 0.8 percentage point decrease, or 5.2 percent, from 15.3 percent as of Q3 2021.

Figure 16. Open positions for employment



Source: Deloitte & Touche based on 4 company survey responses.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – Three Months Ended September 2022 Pulse Survey					
Three Months September 2022 Results	**Three Months September 30 2021**	**Three Months September 30 2022**	**Increase/ (Decrease)**	**Increase/ (Decrease) Percent**	**Survey Responses**
General Characteristics					
1. Ownership status (public or private)	Public: 50% Private: 50%	Public: 50% Private: 50%			12
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)	$12,215,453,445	$12,620,555,664	$405,102,219	3.3%	11
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)	88.4%	86.3%	-2.1%	-2.4%	11
Between 31 to 60 days delinquent	1.5%	1.9%	0.4%	26.7%	11
Between 61 to 90 days delinquent	0.9%	1.3%	0.4%	44.4%	11
Between 91 to 120 days delinquent	1.1%	1.1%	0.0%	0.0%	11
More than 120 days delinquent	8.1%	9.4%	1.3%	16.0%	11
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)	5.0%	5.3%	0.3%	6.0%	10
6. Average FICO score at origination (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	713	712	-1	-0.1%	11
Inventory					
7. Total capital expenditures related to timeshare inventory	$155,994,830	$90,702,192	($65,292,638)	-41.9%	7
Resort Occupancy					
8a/8b. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred. (<u>including</u> rooms at resorts that were closed due to COVID-19)					
Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)	79.0%	82.1%	3.1%	3.9%	13
Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	21.0%	17.9%	-3.1%	-14.8%	13
Total should equal 100%	100.0%	100.0%			

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)	79.5%	82.6%	3.1%	3.9%	11
Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	20.5%	17.4%	-3.1%	-15.1%	11
Total should equal 100%	100.0%	100.0%			
8e/8f. Market Segment occupancy as of September 30 (Excluding rooms at resorts that were closed due to COVID-19)					
Owner Occupancy	69.1%	61.3%	-7.8%	-11.3%	12
Non-Owner Occupancy	30.9%	38.7%	7.8%	25.2%	12
Total should equal 100%	100.0%	100.0%			
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	10,566,326	10,398,053	(168,273)	-1.6%	13
b/d. excluding rooms at resorts that were closed due to COVID-19	8,066,160	7,969,231	(96,929)	-1.2%	12
10a. Number of standard bookings (owners and guests)*	572,764	705,216	132,452	23.1%	7
10b. Number of standard cancellations (owners and guests)*	231,737	256,427	24,690	10.7%	7
10c. Number of sales & marketing package bookings (non-owners)*	140,851	162,493	21,642	15.4%	6
10d. Number of sales & marketing package cancellations (non-owners)*	42,422	43,997	1,575	3.7%	6
10e. For sales & marketing package purchases, please indicate the term of the product (in months)*	12 to 36	12 to 36			2
10f. On average, please indicate the remaining term on sales and marketing packages related to cancellations (in months)*	6	6	0	0.0%	1

Selected Sales Metrics (Including telesales and home sits)

Sales metrics. Include telesales in the following responses.

11. Net originated sales (net of sales incentives and rescissions) (in dollars)	$1,573,467,231	$1,762,651,030	$189,183,799	12.0%	11
12a. Net originated sales (net of sales incentives and rescissions) that were new owner sales (in dollars):	$639,157,750	$592,372,873	($46,784,877)	-7.3%	10
12b. Net originated sales (net of sales incentives and rescissions) that were existing owner sales (in dollars):	$797,259,812	$983,616,314	$186,356,502	23.4%	10
13. Weighted average rescissions %	11.9%	12.3%	0.4%	3.4%	11
13. Recission Dollars ($)	$220,495,009	$282,058,727	$61,563,718	27.9%	11
14a. Weighted average rescissions that were new owner sales %	17.0%	19.2%	2.2%	12.9%	10
14a. Rescissions Dollars ($) - new owner sales	$126,309,549	$133,371,338	$7,061,789	5.6%	10
14b. Weighted average rescissions that were existing owner sales %	6.8%	9.2%	2.4%	35.3%	10
14b. Rescissions Dollars ($) - existing owner sales	$59,207,421	$95,906,488	$36,699,067	62.0%	10
15. Owner growth rate over prior year	-0.6%	1.8%	2.4%	400.0%	9

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.	447,632	529,816	82,184	18.4%	10
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.)	81,388	92,877	11,489	14.1%	10
Weighted average close rate (excludes sales that are canceled through rescission, calculated based on formula)	18.5%	18.0%	-0.5%	-2.7%	10
18. Net originated sales (gross sales less incentives and rescissions) excluding telesales	$1,684,361,120	$2,053,264,012	$368,902,892	21.9%	10
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)	$3,888	$3,990	$102	2.6%	10
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)	$21,664	$22,857	$1,193	5.5%	10
19. Total net originated sales (gross sales less incentives and rescissions) for non-owned timeshare inventory sold under fee-for-service agreements	$215,595,510	$246,079,298	$30,483,788	14.1%	4
20. Total net originated sales (gross sales less incentives and rescissions) for owned timeshare inventory sold by others under fee-for-service agreements	$1,219,810	$1,316,461	$96,651	7.9%	1
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$1,787,842,931	$2,007,413,866	$219,570,935	12.3%	11
21. Total Rental Revenue	$413,060,109	$442,378,669	$29,318,560	7.1%	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.	14.4%	14.1%	-0.3%	-2.1%	11
23. Weighted average term (in months).	123.8	124.1	0.3	0.2%	11
24. Average down payment on non-upgrade sales	17.2%	15.3%	-1.9%	-11.0%	9
25. Average down payment on upgrade sales	42.6%	42.4%	-0.2%	-0.5%	7
26. Weighted -average FICO score (on new loans, weighted by original principal balance, exclude buyers without FICO scores)	714	716	2	0.3%	11
27a. Originations as a percentage of gross sales. The gross sales amount inclusive of upgrade contract selling prices.	63.6%	57.5%	-6.1%	-9.6%	7
27b. Originations as a percentage of net sales. The net sales should equal gross sales less upgrade contract selling prices.	86.3%	79.4%	-6.9%	-8.0%	8

28. Was a mortgage deferment program offered to owners due to COVID-19?		Yes: 8% No: 92%			12
Average number of owners who took advantage of the program as a percentage of total owners.		1.5%			1
The average dollar value impact of the deferment program as a percentage of total portfolio.		4.1%			1
29. Please report the following data as a percentage of total owners who took advantage of a mortgage deferment program as of September 30:					
Percentage of owners who received a second deferral		0.5%			3
Percentage of owners who paid a partial payment		1.9%			3
Percentage of owners who have defaulted		46.2%			3
Percentage of owners who resumed payment after deferment period		51.4%			3
Total should equal at least 100%		100.0%			
30. At period end September 30, 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)	68.0%	49.1%	-18.9%	-27.8%	3
Between 31 to 60 days delinquent	1.8%	1.5%	-0.3%	-16.7%	3
Between 61 to 90 days delinquent	1.2%	1.1%	-0.1%	-8.3%	3
Between 91 to 120 days delinquent	1.0%	1.0%	0.0%	0.0%	3
More than 120 days delinquent	28.0%	47.3%	19.3%	68.9%	3
Total should equal 100%	100.0%	100.0%			
31. Number of positions open for employment as a percentage of all positions.	15.3%	14.5%	-0.8%	-5.2%	4

Method

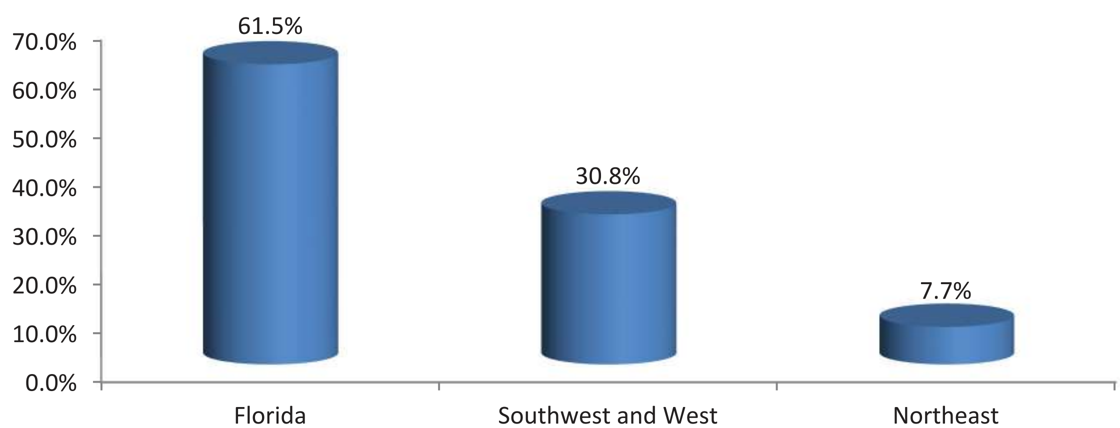
The 2022 Third Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 265 timeshare and vacation ownership companies on October 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 October 28, 2022. By October 28, 2022, 13 companies, or 4.9 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 13 responses were collected, most questions were not answered by all 13 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 11 respondents that provided sales information reported aggregate Q3 2022 net originated sales, including telesales and excluding fee-for-service arrangements, of $1,762.7 million. Six of the aggregate 13 companies who participated in the survey are publicly traded companies, and three of the 13 are affiliated with major hotel brands. Note two of the six publicly traded company respondents provided separate survey responses, though consolidate as one reporting entity for SEC filing purposes. The survey is focused on the U.S. considering the location of companies' headquarters provides an indication of 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.[8] No respondents were based in the Southeast (except for Florida), Midwest or Canada.

Figure 17. Distribution of companies by headquarters location, 2022



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

[8] 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 June 30, 2022. The current Pulse Survey functions similarly as a timely source of informationon several key statistics, with a focus on the three months ended September 30, 2022. 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 Q3 2021 and Q3 2022 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.

ARDA
American Resort Development Association

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