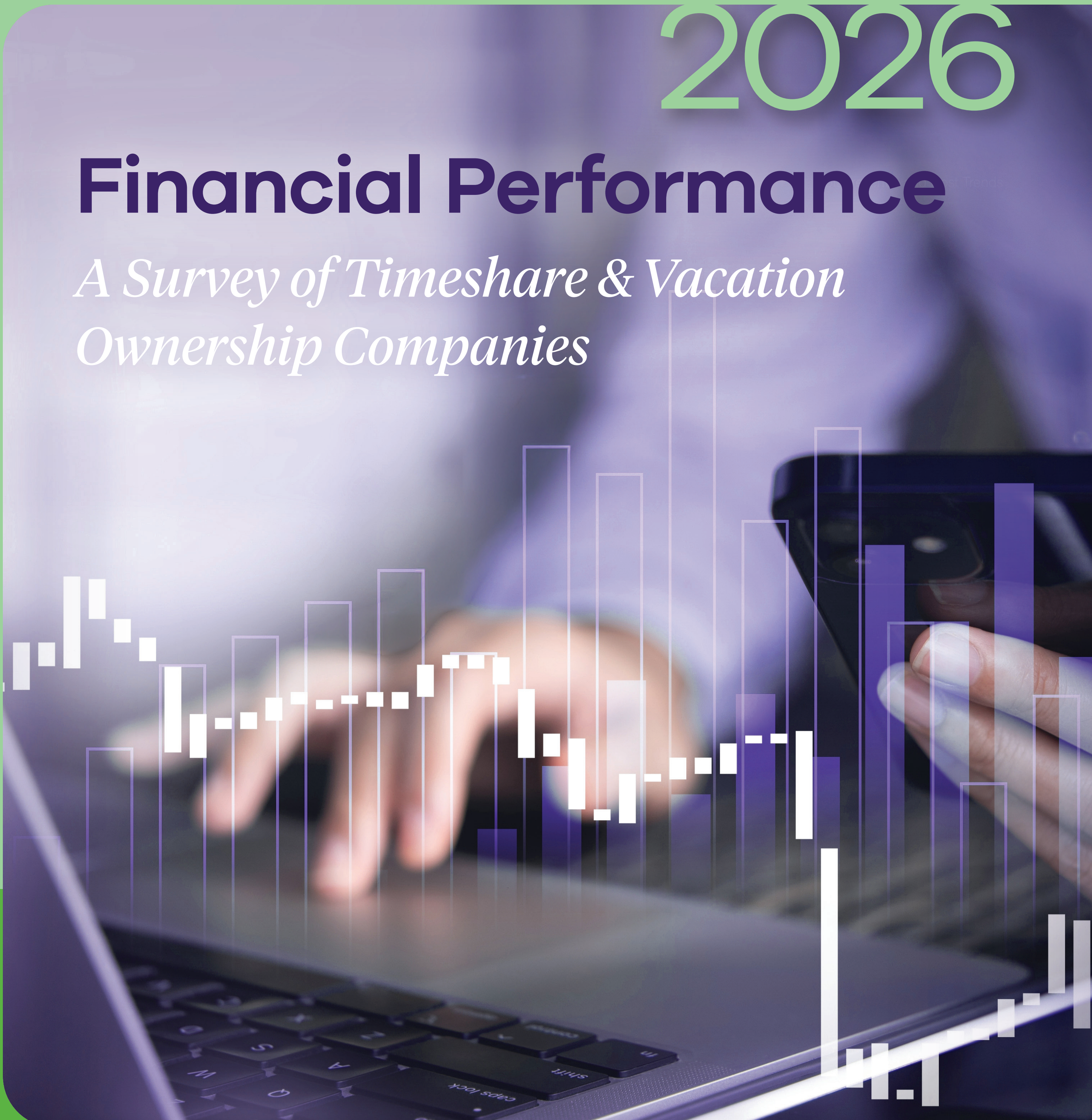
EXECUTIVE SUMMARY



2026

Financial Performance

A Survey of Timeshare & Vacation Ownership Companies

ARDA
Research & Insights

Financial Performance

A Survey of Timeshare & Vacation Ownership Companies

EXECUTIVE SUMMARY

Sales activity

Strong top-line sales growth continued in 2025

Net originated sales excluding fee-for-service arrangements increased 4.9% in 2025, reaching $7.783 billion. Including fee-for-service arrangements, total net originated sales increased 4.5%, from $8.077 billion in 2024 to $8.445 billion in 2025. Average net originated sales per active U.S. resort reached $28.5 million.

Points products continue to dominate sales activity

Points-based products represented 90.9% of total net originated sales, accounting for $7.072 billion of the $7.783 billion reported by participating companies. Interval sales represented the remaining 9.1%, totaling $711 million.

Inventory investment and pricing metrics improved

Capital expenditures related to completed timeshare inventory increased 65.0%, rising from $115.1 million to $190.0 million. At the same time, the weighted average yield per week increased 9.2% to $34,316, indicating continued strength in pricing and product value realization. Total capital expenditures, however, declined from $776.9 million to $711.6 million.

Sales productivity strengthened across most measures

Sales tours increased slightly to 1.876 million, while the weighted average net closing rate improved to 14.8%. Volume per guest (VPG) increased to $4,060 and weighted average transaction value increased to $28,435. Existing owners continued to drive sales growth, accounting for 70.5% of sales volume compared with 68.0% in 2024.

SALES TOURS METRICS, 2025, U.S.

Average yield per week	All respondents
Number of tours	1,875,719
Number of sales transactions	272,332
Net close rate	14.8%
Net originated sales excluding telesales (mill)	$7,498.2
Volume per guest ("VPG")	$4,060
Average transaction value	$28,435

Based on five company survey responses.

Existing owners generated significantly larger transactions

Average transaction value increased across both customer segments. New-owner transactions increased modestly to $20,382, while the average transaction value for existing owners increased to $49,862 from $42,617 in the prior year.

Rescission rates remained relatively stable

Gross sales rescissions increased modestly from 15.6% to 15.9% of gross sales.

KEY RATIOS AS A % OF NET ORIGINATED SALES VALUE, 2025, U.S.

	All respondents
Estimated uncollectible sales	19.5%
Cost of sales, also referred to as product cost	12.4%
Sales commissions	15.9%
Other sales and marketing costs to sell timeshare intervals or points	26.8%
Sub-total: Sales commissions and other sales and marketing costs	**42.7%**
General and administrative costs related to timeshare sales operations	9.3%
HOA subsidies and/or maintenance fees	4.4%
Pre-tax margin of timeshare sales operations	11.7%
Total	**100.0%**

Based on five company survey responses.

Key ratios

Operational performance remained generally stable during 2025. Other sales and marketing costs remained the largest expense category, while operating profit margin averaged 11.7% of net originated sales. Existing owners represented 64.4% of net originated sales on a dollar-value basis.

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Hypothecation of receivables

Hypothecation activity totaled $583.7 million during 2025. Financing conditions improved as the average interest rate declined from 8.1% to 6.6%. The average advance rate decreased slightly from 79.9% to 78.9%.

Portfolio sales and securitizations

Respondents completed five securitization transactions totaling approximately $1.9 billion during 2025. While average transaction sizes decreased 3.8% to $381.6 million, overall financing conditions remained favorable. Average advance rates increased to 98.0%, while average interest rates declined from 5.3% to 5.0%.

Consumer financing and receivables portfolio performance

Financing activity remained consistent

Approximately $3.768 billion (53.3% of the dollar value) of net originated sales were financed. Weighted average consumer loan interest rates were approximately 14.1% (14.1% including servicing fees and 14.2% excluding servicing fees), while average down payments was 17.1% for non-upgrade purchases and 51.2% for upgrades.

Receivable quality improved modestly during the year.

Current receivables increased to 86.2%, while accounts more than 120 days delinquent declined. Gross defaults decreased to 8.3% of portfolio balances.

Loan portfolio metrics remained stable

The allowance for uncollectible accounts increased 1.0 percentage points to 22.2% of outstanding receivables. Weighted average interest rates on loans held in portfolio were approximately 14.0% exclusive of servicing fees and 14.1% inclusive of servicing fees. Average remaining term increased to 98.5 months. Financing-related general and administrative costs declined slightly to 1.2% of portfolio balances.

PERFORMANCE OF CONSUMER RECEIVABLES PORTFOLIOS AT YEAR-END, 2024 AND 2025, ALL GEOGRAPHIES

	2024	2025
Current	85.9%	86.2%
31 to 60 days	2.0%	1.9%
61 to 90 days	1.2%	1.3%
91 to 120 days	1.2%	1.2%
More than 120 days	9.7%	9.4%
	100.0%	100.0%

Based on six company survey responses for 2025 and seven company responses for 2024.

FICO Scores

Underwriting practices remained unchanged

All respondents continued to utilize FICO scores in underwriting decisions during 2025.

Credit quality improved

Weighted average FICO scores on loans held in portfolio increased from 720 to 724. Average FICO scores on new financings increased from 730 to 733, reflecting modest improvement in borrower quality.

Static pool defaults increased modestly

The weighted average static pool default rate increased from 23.1% to 23.7%. Default performance increased across all FICO score bands relative to 2024.

Occupancy Bookings and Cancellations

Booking trends were mixed during 2025. Standard bookings increased slightly to 4.54 million, although cancellation rates rose to 30.1%. Sales and marketing package bookings declined 6.1% to 1.26 million; however, cancellation rates improved from 33.8% to 31.7%.

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