

November 2020

Dear Fellow Members,

Greetings from the Marriott Vacation Club, Asia-Pacific (Club) Advisory Committee. We hope you are all safe following this ongoing global pandemic that will be engraved in our minds and remembered for generations. On behalf of the Advisory Committee, as Chairman, I would like to share with you the 2020 update:

AP Advisory Committee Members & Duty

The Advisory Committee would like to thank Aki Yamanaka and Allan Choy for their years of service which started in 2008 when the Club's Advisory Committee was first created. Their experience and valuable insight into the complexity of our Club will be greatly missed.

Following this year's nominee election result, to rotate two Advisory Committee members, we are delighted to welcome Christopher NG from Singapore and Yang Jian from China as new members to serve a 3-year term.

The Advisory Committee would like to thank all members who submitted their election volunteer form in 2020, a testimony of their best interest in the Club. We strongly encourage all members to cast their on-line votes in September/October 2021 when one member seat will be up for election.

As Advisory Committee members, our duty is to approval or rejection of the Club's annual Operating budget that the Club Manager, MVCI Asia Pacific Pte. Ltd. (MVCI), proposes that translates to members' annual maintenance fees. This budget reflects costs associated with managing your Club Membership, including the costs of operating and maintaining the Club Resort Properties, resorts, and funds the reserve for future projects.

Club 2020 Key Facts

- Our Club membership grew slightly below forecasted budget by 1.69%.
- Member's point usage was down 64% compared to 2019 with the majority of points converted to Marriott Bonvoy points as travel restrictions and resort closure significantly impacted our members.
- The pandemic has hit the Club hard with overall resort occupancy in Asia Pacific down to 30%.
- The Club Manager froze numerous projects, imposed strict cost savings that generated USD 4.2Mil in budget surplus.

Due to on-going international traveling restrictions or quarantines, domestic holiday opportunities are an option for consideration. We would like to remind members that if you have an Interval International membership, you may use it to access options available through Interval International. Additionally, you may be able to take advantage of the Explorer Collection options and/or conversion of your Club Points to Marriott Bonvoy points to stay at Marriott hotel properties. *The Advisory Committee strongly encourages members to call Owner Services who can advise on use options, including domestic and international holiday opportunities across the Marriott and Interval International networks.*

Club 2020 Budget

The 2020 Operating budget is running at 16.5% surplus or ~ USD 4.2 million primarily due to:

1. **Resort Operations:**
Natural savings from low occupancy, lower labour costs from resizing teams and closure of Marriott's Mai Khao Beach in Thailand and Marriott's Bali Nusa Dua Gardens in Indonesia as well as receiving some Government grants in different countries.
2. **Foreign Exchange:**
USD appreciation versus THB & IDR, offset USD weakening versus AUD and SGD therefore generating a positive net FX contribution of USD 145,000.
3. **Inventory Management:**
The delay in adding 11 units from Surfers Paradise, in Australia, into the Club's inventory has generated USD 245,000 in net inventory savings versus 2020 budget.
4. **Vendors:**
The cancellation of outsourced services with tasks completed by MVC staff also contributed to the budget surplus.

Financial Strategy

The Advisory Committee reviewed existing provisions for reserves and future anticipated maintenance/capital projects over the next ten years. After reviewing the plan, it is prudent to allocate additional funds of ~ USD 4.0Mil to the Club's Reserves and to retain the funds within the Club's balance sheet.

This strategy will derive greater Member's benefits and should allow for more flexibility in the coming years as well as ease short-term pressure on future maintenance fee increases in 2022 and 2023.

The Club also presented a Foreign Exchange (FX) strategy to allocate USD 145,000 in FX gains to a newly created and dedicated FX Reserve Account, as a provision for future FX losses. Given the Club is subject to FX volatility in multiple currencies, this reserve should help reduce the impact on the budget and future maintenance fees.

Club 2021 Budget Decision

During the November 9th, 2020 meeting, the Club Manager presented the 2021 Operating Budget to keep Maintenance Fees flat in 2021. This proposed budget was unanimously accepted by the Advisory Committee. The Club Manager will endeavour to manage maintenance fee increases in 2022 and 2023.

On behalf of the Marriott Vacation Club, Asia-Pacific Advisory Committee, Bernadette Dennis, Allan Choy, Akihiko Yamanaka, Daniel Jackman and myself, please be assured that we will ensure that members' interest continues to be at the forefront of the Advisory Committee's decision throughout 2021.

We hope this pandemic will be rapidly contained, for a return to travel, allowing our members to enjoy the domestic and international benefits associated with the Club.

Best wishes and stay safe.

Duncan Klein
Chairman of Marriott Vacation Club, Asia-Pacific Advisory Committee