

January 2022

Dear Fellow Members,

Greetings from the Marriott Vacation Club, Asia-Pacific (Club) Advisory Committee. We hope you are all safe despite a 2nd year of the global pandemic. On behalf of the Advisory Committee, as Chairman, I would like to share with you the 2021 update:

AP Advisory Committee Members & Duty

The Advisory Committee would like to thank Bernadette Dennis for her 3-year term of service. Her extensive hospitality management experience was invaluable, especially during the COVID-19 pandemic in working with the Advisory Committee to assess the Club Manager's long term cost savings strategy to maximise Members' interest whilst weighing Club usage versus Club cashflow.

Following the 2021 nominee election result, to replace one Advisory Committee member, we were delighted to welcome Gina Liza Meim Bataoil from the Philippines as a new Advisory Committee member who will serve a 3-year term.

The Advisory Committee would like to thank all members who submitted their election volunteer form in 2021, a testimony of their best interest in the Club. We strongly encourage all members to cast their on-line votes in September/October 2022 when two Advisory Committee member seats will be up for election.

As Advisory Committee members, our duty is to recommend the 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 reserves for future projects.

Club 2021 Key Facts

- The Club membership growth was flat, in-line with a realistic 2021 forecast considering the ongoing pandemic.
- Marriott's domestic holidays gained in popularity and saw a decent Club point usage pickup in 2021 versus 2020, pre-dominantly in Japan and Australia. Overall, conversion to Marriott Bonvoy points was the Member's most used behaviour.
- The Club Manager continued its cost savings approach that generated USD 3.6Mil in budget surplus, bringing a total surplus of USD 8.33Mil between 2020 and 2021.

Due to prolonged international traveling restrictions or quarantines, domestic holiday opportunities continue to be a realistic option for consideration. We would like to remind members that if you have an Interval International membership, you may also 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 2021 Budget

The 2021 Operating budget ran at a 15% surplus or ~ USD 3.7 million primarily due to:

1. **Resort Operations:**
Natural savings from low occupancy, contingency planning (salary cuts, regional reorganisation) and closure of Marriott's Mai Khao Beach in Thailand for a second year.

The Advisory Committee was presented with a case that Mai Khao Beach would open in Dec 2021 and remain open going forward. The plan made financial and operational sense in light of the current Covid environment. While the situation is fluid, there are many factors that are being taken into account to properly open and run the facilities and the Committee supports opening Mai Khao Beach when economically and operationally feasible.
2. **Foreign Exchange:**
USD continued its appreciation versus THB, offsetting USD weakening versus AUD and IDR therefore generating a positive net FX contribution of USD 68,000.
3. **Inventory Management:**
No additional Inventory was added into the Club versus 2021 budget generating a positive savings of USD 67,000.

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 continue to allocate additional funds of ~ USD 3.6Mil to the Club's Reserves, to retain the funds within the Club's balance sheet and maximise this unique opportunity to build up a solid reserve fund by 2028.

This strategy will result in greater Member's benefits and should allow for more flexibility in the coming years as well as ease short-term pressure on future maintenance fees in 2023 and 2024.

The Club also presented a Foreign Exchange (FX) strategy to allocate USD 68,000 in FX gains to a dedicated FX Reserve Account, as a provision for future FX losses. Given the Club is subject to FX volatility in multiple currencies, this reserve could help reduce the impact on the budget and future maintenance fees.

Club 2022 Budget Decision

During the November 8th, 2021 meeting, the Club Manager presented the 2022 Operating Budget to keep Maintenance Fees flat in 2022. This proposed budget was unanimously accepted by the Advisory Committee. The Club Manager will endeavour to manage maintenance fees in 2023 and 2024.

On behalf of the Marriott Vacation Club, Asia-Pacific Advisory Committee, namely, Bernadette Dennis, Christopher Ng, Jian Yang, 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 2022.

We hope this pandemic will come to end, 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