WorldMark SOUTH PACIFIC CLUB BY WYNDHAM

BUDGET SUMMARY 2018

We are pleased to provide an overview of the 2018 WorldMark South Pacific Club annual budget for your information.

Key Highlights

The 2018 budget is predicting continued growth for the Club. The bottom line is a projected net profit before tax of AU$203,533 (2017 budget was a projected net profit of AU$354,068). This modest profit is driven by improved income streams coupled with strong cost controls.

We continue to focus on the delivery of high quality resorts and facilities while at the same time minimising overall levies increases. The 2018 levy increase will again be limited to just 3.9% which is in-line with the 2017 increase and compares favourably to 4.25% in 2016 and 4.8% in 2015. For our New Zealand Owners, the increase equates to 2.93% due to movements in the exchange rate year on year.

Housekeeping charges have increased from between $2 to $5 per room, depending on room types. No room type increase is greater than 2.5% over the prior year rates.

Key Financial Drivers - 2018 Budget

Revenue	$'000's
Owner Levy Income	70,721
Bonus Time Income	357
Food and Beverage Income	2,603
Housekeeping Fees Income	4,728
Rental Income	2,654
Interest Income	967
Other Income	5,851
Total Revenue	**87,881**

Expenditure	
Resort Operations Costs	61,951
Administration Costs	10,656
Management Fees	6,898
Depreciation	8,173
Total Expenditure	**87,678**

Net Profit	204

Club Revenue
Total operating revenues for the Club are projected to increase in 2018 by 8% or AU$6.62M over the forecast 2017 result. The Club is anticipating that over 3,280 new Owners will join the Club in 2018. In addition to this we project that our current Owners will continue to expand their holiday options by investing in additional Credits which helps to drive the expansion of the Club into new resort locations.

The Club has plans to continue to add additional resort locations in 2018. We were recently very excited to advise you of the acquisition of holiday weeks at apartments in two amazing resorts (WorldMark Bali Hai Villas and WorldMark Ka 'Eo Kai) on the island of Kauai, Hawaii. We are always proud to increase the options available to our Owners, but even more-so when we can obtain inventory in new locations such as this. We anticipate that we will be able to add additional Club properties throughout 2018 and the 2018 budget has included an allowance of a moderate addition of 75 apartments.

The Club rents out apartments to the public when they are not being used by Owners. We expect the rental revenue that the Club receives to reduce by approximately AU$728,000 in 2018 mainly as a result of a projected reduction in rental availability.

Club Expenses
Expenses will understandably increase as the number of units and individual resorts in our Club increases. Costs associated with additional units include land tax, utilities and Body Corporate charges. We are also projecting an increase in occupied room nights of 31,000 which adds variable costs to the equation such as maintenance, unit supplies, housekeeping wages and on-costs. However, we have continued to exercise tight control over our operating expenses and we are again only forecasting minimal increases based on CPI or federal wage increases across the majority of our key expense lines.

Electricity charges are proving to be a challenge. Our procurement department has negotiated future contracts with a range of Energy retailers to ensure the best possible results for the Club despite significant increases in both fixed and variable energy charges across most states.

The Management Fee to be paid to the Responsible Entity is again budgeted at 9.5% of total expenses which is well below the maximum 15% allowable to be charged under the Club Constitution.

The facilities and sustainability team continue to focus on cost savings and efficiencies through the implementation of green initiatives across Club resorts. We are currently installing new water saving shower-heads across a selection of resorts and expect significant cost savings from this initiative while being careful to ensure your guest experience is not compromised in any way. Providing these trial sites are successful, we plan to introduce this initiative throughout the Club during 2018.

Capital Enhancements and Refurbishments
The Club has scheduled some major refurbishment projects in 2018 including a comprehensive refurbishment at our Sydney property that is budgeted at approximately AU$5.4M. In total we expect to spend in excess of AU$10M on refurbishment projects at Sydney, Seven Mile Beach, Ballarat, Port Stephens, Lakes Entrance and Northpoint (Port Macquarie). In addition to these projects, our Property Development team has plans to refurbish a mock room at Port Douglas. These mock rooms are the prelude to a full refurbishment and ensure the proposed interior design and room upgrades are the best offering in terms of quality and value before the commencement of a full refurbishment.

The Club is also budgeting a further AU$2.3M for replacement of capital items and the provision of new capital assets across our resort portfolio.

Budget Summary
WorldMark South Pacific Club will deliver a moderate surplus of AU$203,533 in 2018. These funds remain in retained earnings for future use. The Club is projecting total cash assets at the end of 2018 of more than AU$46.7M, the bulk of which is quarantined for refurbishment projects and purchase of replacement capital assets. Gross assets are projected to exceed AU$605M by the end of 2018.

In 2017 we acquired 29 new chalets at Dinner Plain Mount Hotham which has expanded the room types available at this unique destination. We also invested in the expansion of our popular resorts at Shoal Bay (22 new units), Surfers Paradise (11 new units) Torquay (six new units) and Sea Pearl Phuket, Thailand (five new units), so as to improve availability at these sought after locations. Units were also added to our Marcoola, Wanaka and Phillip Island properties.

The addition of Hawaiian units into our portfolio is a game changer for the Club. This represents our first resorts in a North American state and is a good indication of the expansionary vision which will drive the Club throughout the coming years. We plan to announce at least two new resorts in 2018 adding yet more destinations to your WorldMark bucket list.

We thank all of our Owners for their continued support and look forward to helping you create personalised and memorable experiences in 2018.

WYNDHAM GREEN

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