



RESORT DEVELOPMENT ORGANISATION

MEDIA PACK

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RDO BACKGROUND

RDO (Resort Development Organisation) was formed in 1998 and is the sole trade association for timeshare and vacation ownership across the European Union. Its role is to represent reputable companies within the industry, promote ethical practices and foster business development and growth.

Its members, which include resort developers, exchange companies, management and marketing companies, trustees, finance providers and resale companies, provide high quality holiday accommodation around Europe and beyond.

RDO is a direct membership organisation and its members include major hospitality groups such as Hilton, Marriott Vacation Club, Pestana Group and Melia Hotels, as well as large independent timeshare developers including Club La Costa, Diamond Resorts International®, Holiday Club Resorts and Seasons Holidays. RCI (part of the Wyndham Group) and Interval International, the leading US timeshare exchange companies, are also members.

RDO members represent the best in European vacation ownership and are committed to high service standards and integrity. They are bound by a Code of Conduct and an independent mediation and arbitration scheme, providing levels of protection beyond those required by law.

RDO's primary responsibilities are:

- Promoting best practice and fair-trading in all areas of the vacation ownership industry.
- Working closely with governments, consumer bodies and relevant NGOs to ensure that legislation is appropriate and fair.
- Through its seminars and conferences, RDO provides educational and business networking opportunities for its members.
- Protecting consumers via its code of conduct - RDO offers a complaint resolution service and a dispute resolution scheme. The dispute resolution scheme is independently administered by IDRS
- Liaising closely with the police, consumer bodies and enforcement agencies, RDO helps the authorities combat fraudulent practices affecting consumers.



RDO OFFICES

RDO has administrative offices in London and Madrid:

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NATIONAL CHAPTERS

The former timeshare Associations throughout Europe act as 'National Chapters' of the organisation, and represent RDO in their respective markets. In addition to Spain and the UK, RDO is also represented in Germany, Greece, Finland (covering the Nordic Region and the Baltics) and Malta.

GENERAL INFORMATION

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TIMESHARE FACTS AND FIGURES

ARDA International Foundation Worldwide Study (2015)

AIF (The ARDA International Foundation) has released its worldwide study of the vacation ownership industry, revealing that the industry is an economic force, supporting nearly 1.3 million jobs around the world, 388,000 of which are direct, and generating approximately \$146 billion in direct, indirect and induced impacts. The total economic output of North America is more than \$109 billion, representing 75% of the global total and in EMEA (Europe, Middle East & Africa), \$24.5 billion, representing 17% of the total worldwide economic impact.

There are 5,357 resorts worldwide in 121 countries, with 527,441 units, generating 18 million bed-nights. With 2,482 resorts, North America represents 46% of all worldwide resorts, followed by EMEA, with 1,342 resorts, representing 25%.

In terms of growth, there have been steady improvements following the recession. Globally, sales have increased from \$16.9 billion in 2013 to \$19.7 billion in 2015.

Occupancy levels have increased since 2013, now averaging 79.4% worldwide, with 80% in North America and 76.4% in EMEA.

Worldwide, 2015

- * Direct economic output \$ 57 billion
- * Total economic impact, direct and indirect: just under \$146 billion
- * Total number of resorts: 5357, in 121 countries across the globe
- * Total number of owners: approximately 22 million
- * Total accommodation units: 527,000
- * Most common unit sizes are one and two bed
- * Sales volumes \$19.7 billion
- * Weeks/points-equivalent sold: 1 million
- * Sales price per week/points-equivalent: \$18,626
- * Total direct employees: 388,000
- * Occupancy levels: 79.4%
- * Total nights rented: 18.1 million
- * Average Maintenance fee: \$690

Europe, Middle East and Africa 2015

- * Total resorts 1,342 (178 in UK and Ireland)
- * Total accommodation units: 92,238
- * Average units per resort: 69
- * Weeks/points-equivalent sold: 151,329



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- * Sales price per interval \$16,765
- * Sales volumes: \$2.5 billion
- * Direct employees: 94,222
- * Total nights rented: 2.58 million
- * Average maintenance fee: \$542
- * 76.4% year round occupancy levels
- * Total nights rented: 2.58 million
- * Direct economic output \$ 10.6 billion
- * Total economic impact, direct and indirect: \$24.5 billion

ARDA International Foundation Worldwide Study (2010)

ARDA International Foundation (AIF) conducted a comprehensive study of the worldwide timeshare industry for the year 2010. The study analysed the industry's size, its economic impact, the number of owners, sales volumes, employee numbers etc. It revealed the following:

Worldwide, 2010

- * Direct economic impact \$45 billion
- * Total economic impact, direct and indirect: just under \$114 billion
- * Total number of resorts 5,316
- * Total number of owners: approx. 20 million
- * Total accommodation units 497,107
- * Most common unit sizes are one and two bed
- * Sales volumes \$14 billion
- * Weeks/points-equivalent sold 784,500
- * Sales price per week/points-equivalent \$18,001
- * Total direct employees 498,457
- * Occupancy levels 76%
- * Total nights rented 14.7 million
- * Average Maintenance fee \$588

Europe, 2010

- * Total resorts 1,345 (178 in UK and Ireland)
- * Total accommodation units 87,832
- * Average units per resort 65
- * Weeks/points-equivalent sold 84,447
- * Sales price per interval \$18,538
- * Total nights rented 3,279,033
- * Average maintenance fee \$503
- * 73% year round occupancy levels
- * Total nights rented: just under 3.3 million

THE POSITIVE EFFECT OF TIMESHARE ON LOCAL ECONOMIES

There has been considerable debate recently over the adverse effect all-inclusive holidays can have on local economies, to the extent that tourists staying at these resorts tend to stay on site and put little if nothing back into the local economy.

By contrast, as timeshare is self-catering (although most resorts have restaurants etc) owners are encouraged and incentivised to explore and enjoy the area in which the resort is located, thereby directly putting money into the local economy.

In terms of employment, timeshare resorts employ some 94,222 staff around EMEA. With 76% occupancy levels all year round, many resorts are located in areas of outstanding natural beauty and may be in fairly remote areas or areas where there are few employment opportunities.

Timeshare is therefore an important major local all year round employer in some of the more remote areas of the UK such as in the Highlands of Scotland, the West Country and Wales. As an example, the Hilton Grand Vacations resort of Craigendarroch brought a new lease of life to the Highland town of Ballater, which previously had a declining commercial community and reducing tourism appeal. It is now a thriving community with numerous restaurants and shops and a year round, rather than seasonal, appeal. The resort and its employees have aided population retention and the number of pupils at the primary school.

THE FUTURE OF TIMESHARE

In 2012, Bournemouth University School of Tourism carried out a study on the needs and aspirations of younger timeshare buyers, the 30 to 40 year olds (one of a number of final year study projects for its students).

The on-line survey carried out by the students, provided a picture of the younger age group respondents interested in timeshare; they are well educated, highly sociable, and enjoy sun, sea and sand holidays! They are more than open to the idea of timeshare, although shorter-term products are more appealing. Short-term products are being actively marketed by the industry to those who do not wish to commit to longer-term ownership.

The students also came up with proposals as to how the industry could attract this younger age group, such as integrating the latest technology throughout timeshare resorts, using modern media to communicate with the younger demographic and developing a wider range of shorter term products. The industry is currently analysing these findings and no doubt RDO will be commissioning further research in this area.

Traditional timeshare has delivered outstanding lifestyle choices for millions of families worldwide since the mid 1970s but with changing consumer demands, as outlined above, more and more developers are moving to short-term products as an alternative to traditional timeshare. These products are not only marketed to the new generation of buyer but also to existing owners, many of whom choose to trade up their traditional timeshare for a more flexible product.

In perpetuity, which was so attractive to those who bought in the 70s and 80s, is rarely sold today; the industry is dealing with a generation of buyer that is sophisticated, computer savvy and looking for short-term deals.

Fractional ownership is also growing in popularity as those who cannot afford to buy a luxury second home outright see the benefits of owning a share of a property that would otherwise be out of their reach.

The years of the recession have been tough for the industry, as in all areas of tourism, but the industry is adept at adapting to shifting consumer demands and feedback from the industry to date is proving encouraging.

TIMESHARE LEGISLATION

Timeshare has been subject to consumer protection legislation since the implementation across Europe of the 1994 Timeshare Directive. In 2011, a new EU Timeshare Directive to strengthen consumer protection in respect of certain aspects of timeshare, long-term holiday products, resale and exchange services was introduced across Europe.

Included in the new EU Timeshare Directive is a universal 14-day cooling off period for prospective purchasers, which allows them the right of withdrawal without any cost obligation during this period. Other requirements include a ban on taking upfront deposits and the introduction of greater transparency in the contract documentation, which should be drafted in the purchasers' own language and incorporate clear definitions of the product being sold.

NB: Fractional property transactions also come under the remit of the new legislation and fractional purchasers are offered the same consumer protection as that enjoyed by the buyers of timeshare.

Holiday Clubs are also subject to this legislation, but must additionally provide the consumer with the right to withdraw from the contract on an annual basis.

ENFORCEMENT

The growth of the Internet has, as with many industries, led to an increase in fraud and deceptive activity by companies operating on the fringes of the industry, for example bogus holiday clubs, companies claiming to offer a way out of timeshare ownership or self styled class action schemes. These companies are causing owners to lose considerable sums of money and inevitably damaging the image of the legitimate industry.

In 2013 RDO set up the Timeshare Task Force, an initiative that brings together Europe's leading timeshare resorts, industry and consumer organisations, timeshare owners and law enforcement agencies across Europe. At the top of its priority list is assisting consumers and challenging businesses that appear to be in breach of Consumer Protection Regulations in respect of dealings with timeshare owners.

The Timeshare Task Force is managed on our behalf by an organization called KwikChex. Its website www.timesharebusinesscheck.org, which was created to provide information on businesses that timeshare owners and other consumers have dealt with, has resulted in the exposure of a number of suspect and controversial companies.

RDO is one of the very few European trade bodies to employ its own enforcement team and the need to do this reflects the current pressure law enforcement is under around the EU.

RDO AND THE CONSUMER

Through its websites www.rdo.org and www.gotimeshare.org RDO provides up to the minute news and advice on all matters relating to vacation ownership.

The sites include guidance on how to buy and sell safely, who are members are, how customers of our members are protected, information about new resorts that consumers can buy/exchange into as well as warnings about practices to avoid. www.gotimeshare.org also includes a blog by travel enthusiast, Simon Turkas.

Strengthening the code of conduct

RDO has been aware of the problems faced by some timeshare owners, who bought their timeshare back in the 1980's and 90's, the so-called "legacy cases" when timeshare weeks were sold in what was called "perpetuity" and could be up to 80 years in length. RDO has therefore updated its Code of Conduct to provide more options to owners who wish to dispose of their timeshare.

RDO's new requirements, recently approved by the Board, go over and above those covered by law and in addition to it now being mandatory for members to have an exit programme in place, the following specific new elements have been adopted (although in the case of some members and their clubs such practices have been in place already for a number of years):

- In the event of the death of a joint owner, the surviving owner can surrender their timeshare if they wish and additionally, the beneficiaries of a will are not obliged to take on the timeshare if they do not wish to do so.
- A timeshare owner who has been declared bankrupt may hand back the timeshare without charge.
- If a sole owner or either of the joint owners is suffering from a long-term illness that prevents them from travelling to their resort for the foreseeable future, the timeshare interest may be surrendered.
- In all other cases, an owner may surrender their timeshare interest at any time, subject to the agreement of the RDO member. In such cases any surrender fee shall not exceed a sum equivalent to 3 years current maintenance fees.

"Whilst one of timeshare's greatest selling points in the past was that it gave owners many years of high quality holidays with the possibility of passing this on to their children, the recession, coupled with a change in buyers' commitments to long -term ownership, ultimately led us to review and update our Code. We will continue to revisit this regularly to ensure that owners' concerns are always properly addressed," said Paul Gardener Bougaard, RDO's Chief Executive.

**Maintenance fees must be up to date for the surrender to be accepted and any on-going loan repayments will be the responsibility of the owner.*

ANNUAL MAINTENANCE FEES

There is a common misconception that annual maintenance fees are used by the developer to extract extra income from owners and are too high.

The average annual maintenance fee for EMEA in 2015 was \$542.

Fees have risen with inflation over the last few years and major factors affecting fees are the rise in employment costs in the countries where the resorts are based (Spain saw particularly steep rises in 2008/9) and the Euro/Sterling exchange rate, which has been poor from the Sterling perspective.

It should however be emphasized that maintenance fees need to be looked at in the light of what it would cost the owner of a holiday home in terms of annual running costs and a comparison made on that basis.

RDO has also recommended that developers and resort management companies could and should do more to educate and inform owners as to how resort budgets are made up and what factors have to be allowed for in setting these fees.

Developers have no incentive to set fees any higher than they need to be to ensure owners receive a high standard of accommodation and facilities and of course annual fees are inevitably reviewed and approved by the Owners Committees where there is one and subsequently approved at the Owners 'Annual General Meeting.



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REASONS TO BUY TIMESHARE

Quality - timeshare offers superior accommodation at top-of-the-range resorts with excellent on-site facilities such as golf courses, leisure complexes, tennis courts & spas. 73% of owners saying that their timeshare is better than other self catering holidays and 87% state they are satisfied or very satisfied with their timeshare (Nottingham University Business School research, released 2009) – these figures speak for themselves!

More than just a hotel room – timeshare accommodation tends to be far more spacious than other accommodation types. Apartments range in size from studios sleeping two, to three-bedded apartments sleeping eight - with three bathrooms, kitchen and sizeable living/dining room. Some may even have a private sauna or pool.

The world's your oyster - you're not restricted to going to the same resort each year. Through the exchange system, a global network of accommodation will give you access to some of the most beautiful places in the world.

It's family orientated – as well as kids' clubs, nannies and play facilities, many resorts offer exceptional entertainment for both children and adults such as bands, magicians, dancers and local art and cultural events.

Flexibility - with the advent of points, timeshare is more flexible than ever and you can take a number of short breaks instead of a week or two week holiday.

Many operators are now offering shorter-term timeshare contracts of, say 10 or 15 years, appealing to the new generation of buyers.

Versatility – it's not just cottages, villas, apartments and lodges that are available to stay at if you own timeshare. How about a catamaran, a houseboat or a cruise ship?

It's hassle free – unlike owning a property outright, the maintenance of the resort is taken care of by the management company, so owners are free to relax & enjoy their holidays.

Price - you're paying for tomorrow's holidays at today's prices.

It's personal – many owners like to go back to resorts they know well to meet up with friends they have made over the years.