

PRESIDENTS MESSAGE to IHVC OWNERS

MARCH 11, 2025, AGM

Aloha and Good morning, everyone. Welcome to the Annual General Meeting of IHVC Timeshare Owners. The IHVC Board of Directors offers a very warm welcome to all our Timeshare Owners at our Annual General Meeting of the Imperial Hawaii Vacation Club. Thank you for attending today's meeting.

The timeshare industry has matured from its beginning in 1960's Europe into today's \$35.7 billion dollar per year international hospitality business having an owner satisfaction rating of 91% favorable in a very recent survey reported by the Wall Street Journal. The industry has changed significantly since its initial inception. Today many international corporate models use a variety of points-based systems. However, your Imperial Hawaii Vacation Club continues to have the most flexible program for any deeded week-based program available in the entire industry. The owner perceived advantages of a points-based system promote higher corporate profitability by selling additional points to their current owners year after year for incremental upgrades or higher points base for listed opportunities. The member owned independent Imperial Hawaii Vacation Club is self-managed specifically for the interest of the owners and not for corporate profits. The IHVC has the most flexible non-points-based system in the industry. This year the Imperial Hawaii Resort Vacation Club celebrates 45 years of successful independent timeshare operation as one of the best resort values available. I would like to stop for a moment, and ask if there are any original owners from 1980 -1981 here with us today? (Please stand up or raise your hand to be recognized). Thank you!

I also extend a very special welcome to our New Imperial Owners and any Owners attending your very first AGM. Please raise your hand if you are a new owner or if you are a first-time attendee so we can welcome you. Thank you very much for your attendance.

I will give you a few highlights of the past year's operations and projects before we conduct other business on today's agenda. I promised our Parliamentarian Steve on my right to make this year's presentation at 5 minutes.....correction, not 5 minutes but 5 minutes shorter.

Last year, 2024, Imperial's overall occupancy averaged 79% and is anticipated to remain near that level in 2025. Free Independent Travelers, referred to as FIT bookings in our hotel operations, remains constant at 43 %. In 2024 our Reservations Department FIT Hotel operations continued to exceed budget and greatly contributed to our free cash flow and our continued success as an independent Timeshare entity. All 2024 controllable Departmental Expenses were within budget as we continued to adjust operations to higher inflation rates. As noted last year, the Board recognizes high occupancy potentially contributes to incremental wear and tear, but our team aggressively approaches upkeep, repairs and housekeeping to prevent any impacts on our property or owner units. By consistently maintaining or increasing

hotel side revenue and hotel rental margins we have profitably offset incremental upkeep expenses to the benefit of our Owners.

Each year we utilize the additional hotel operating income to complete several capital projects, reducing owners' assessment contributions needed for the Capital Projects Reserve Fund. Our Imperial team continues to utilize our in-house resources with effective scheduling of manpower whenever possible to control costs of these Resort upgrades.

Our Timeshare Sales program continues to be very successful and timeshare sales have continued at a steady pace since 2021. Last year, we increased the base price of all our Timeshare sales offerings by \$500 and have not seen a decrease in sales or prospects.

Owner maintenance assessment delinquencies have been reasonably stable. We did not complete any foreclosures in 2024 as previously announced but are now determining which owners will be foreclosed on before the end of this year.

In a few moments IHVC Board Treasurer, John Tokarcsik will give his 2024 financial report, but I will highlight a few 2024 items worth mentioning here that he will report on:

We have maintained a good IHVC operating cash balance throughout the year and overall operations continue with positive results. The Capital Reserve Fund has been essentially static for the last three years and as I just noted, a significant number of projects are being completed by capitalizing those projects from current FIT income. The Resort continues to be on sound financial footing with adequate reserves for future capital projects.

Beginning in December 2024, the hospitality services sector's hourly wages increased significantly. We budgeted 2025 conservatively to minimize this inflationary impact on our owners.

Economic pressure may not be increasing prices as fast now, but they remain elevated. And while Inflation is not increasing dramatically, prices cannot come down fast enough for the consumer. In a nutshell prices are still high but not increasing as fast as a year ago but that does not help the average consumer. However, hospitality industry bookings have not been severely affected yet, as the desire for travel and vacation experiences has remained reasonably constant. Our forward 2025 reservation bookings continue in line with expectations. We remain vigilant to observe any rapid changes in traveler's choices and we can all hope for a moderation of cost increases later in 2025.

Our increased timeshare sales, high hotel occupancy and positive cash flow each year confirm we continue to perform well for the benefit of all owners. The Imperial is a legacy timeshare operation, but we strive strongly in positioning for continued success as the best timeshare and resort value in the Islands. Imperial's high ratings in 2024 by Hawaii Magazine are a testimony to our accomplishments and we expect to be highly rated again by Hawaii Magazine in 2025.

For the last six years as your IHVC President, I and your Board of Directors, along with our capable management team, have accomplished a great deal from a time of the very low inflation pre-Covid era through Covid's major impact on the hospitality industry and now into and through the recent period of very high inflation. We have worked diligently during those very different times to keep the Imperial the most successful independent timeshare operation and protect the interests of all our owners. The IHVC Board and all the Imperial team are proud of this accomplishment. We will continue to look forward to constantly improving our service to all our dedicated owners. The IHVC Board thanks each of you and all our Owners for the continuing support, constructive comments, and ideas that the Board receives.

In closing, I remind everyone you can always find additional information in various sections in the owner's login of the Imperial Website. Also please be sure we have your current email address so you can receive the monthly Imperial newsletter with all the current news and interesting stories of the Imperial, especially as we celebrate our 45 years of Imperial's timeshare history. Help us move forward by telling your friends what great resort value you have as an Imperial owner and by inviting them to visit our website to book a great vacation at the Imperial and take that opportunity to become part of the Imperial Ohana.

I hope each of you are enjoying your vacation at the Imperial. I look forward to seeing each of you again next year. Let us all continue the spirit of Aloha as part of our Imperial Ohana. Thank you again and Mahalo for your attendance today at the 2025 AGM of IHVC Owners.

J. Preston James, President

Imperial Hawaii Vacation Club