

**Marriott Vacations Worldwide**  
**Marriott Vacations Worldwide Announces Agreement to Acquire**  
**Welk Resorts For \$430 Million**  
**January 26, 2021**

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**Presenters**

**Steve Weisz, CEO**

**Neal Goldner, VP of Investor Relations**

**John Geller, President and CFO**

**Q&A Participants**

**Jared Shojaian - Wolfe Research**

**Patrick Scholes - Truist Securities**

**Brian Dobson - Jefferies**

**Chris Woronka - Deutsche Bank**

**Ben Chaiken - Credit Suisse**

**Operator**

Greetings and welcome to the Marriott Vacation Worldwide announces agreement to acquire Welk Resorts for approximately \$430 million. At this time, all participants are on a listen-only mode. A question and answer session will follow the formal presentation. If you would like to ask a question, you may press "\*" "1" on your telephone keypad.

If anyone should require operator assistance during the conference, please press "\*" "0" on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host Mr. Neal Goldner. Thank you, sir. Please go ahead.

**Neal Goldner**

Thank you, Donna and welcome to the Marriott Vacations Worldwide conference call to discuss our agreement to acquire Welk Resorts. I am joined today by Steve Weisz, Chief Executive Officer of Marriott Vacations Worldwide, and John Geller, President and Chief Financial Officer. I do need to remind everyone that many of our comments today are not historical facts and are considered forward—and are considered forward looking statements under federal securities law. These statements are subject to numerous risks and uncertainties as described in our SEC filings which could cause future results to differ materially from those expressed and/or implied by our comments.

The press release that we issued this morning as well as the investor presentation that we published on our website and our comments in this call contain forward looking statements.

These statements are effective only today and will not be updated as actual events unfold. Throughout the call, we will make references to non-GAAP financial information. You could find a reconciliation of non-GAAP financial measures referred to in our remarks in the schedule attached to our press release as well as the investor relations page of our website. And now, it's my pleasure to turn the call over to Steve Weisz.

### **Steve Weisz**

Thank you, Neal. And happy New Year to all of you. As Neal mentioned, this morning we announced the agreement to acquire Welk Resorts for approximately \$430 million in cash and stock. Welk is one of the largest privately owned timeshare operators in North America, operating eight upper upscale vacation resorts primarily on the West Coast with approximately 1,400 keys and more than 55,000 existing owners. This strategic acquisition provides us the opportunity to acquire a portfolio of high quality resorts with their exposure to a number of West Coast leisure destinations at an attractive price which, once rebranded, will dramatically increase our Hyatt Residence Club business.

As some of you might recall, ILG originally acquired the Hyatt Residence Club business back in 2014. At that time, the portfolio consisted of 16 resorts with approximately 30,000 owners. Six plus years later, there still 16 resorts with a little more than 33,000 owners. Acquiring and rebranding the Welk Resorts will expand our Hyatt footprint by 50%, increase the number of keys by 90%, more than double the number of owners, and provide us with a larger platform for future growth. In fact, when you look at the map in the investor presentation we posted this morning, you can clearly see that there is a limited overlap between our existing Hyatt locations and those of Welk. In addition, the business will bring to us built inventory in Breckenridge, Cabo, and San Diego, plus land entitled for future development in those locations.

Once integrated, we believe we will have a tremendous opportunity to grow the business, while also improving margins. The integration plan looks very much the same as when we acquired ILG: replace inefficient marketing and sales programs, leverage more effective branded tour channels, increase the penetration of higher VPG programs like Encore, and drive synergy savings primarily in back of the house areas. One significant difference, how—however, is the rebranding of Welk. This will take some time. We first need to close the deal, which we expect to happen early in the second quarter. And then, we'll have to go through the rebranding process, which we expect could take up to nine months. Then, we will need to link the separate clubs and determine the product form for the future, which could take until early 2023. Only at that point will we be able to start selling an integrated product at all Hyatt Residence Club Resorts as well as provide incremental member growth for our interval exchange business.

But during this transition period, we think we can increase contract sales and improved EBITDA margins, which is why this transaction is both strategically compelling and financially attractive. With that, I'm going to turn the call over John to go to the numbers in a little more detail, after which we'd be happy to answer your questions.

**John Geller**

Thank, Steve and good morning, everyone. I want to reiterate Steve's excitement about this transaction and what we think it means to our Hyatt Residence Club business. With only 16 Hyatt Residence Clubs in the portfolio today, the business clearly has a lot of white space to grow. Not only will acquiring and integrating Welk into our existing business increase the number of Hyatt Residence Club resorts by 50% and more than double the number of owners, but it will add flags and sale centers and new vacation destinations to support future growth.

In addition, with more than three years of built inventory and additional entitled land for future expansion, this acquisition arguably does what otherwise may have taken us 10 years to achieve organically. Steve already discussed the strategic rationale of this transaction, so let me go through some of the numbers. Welk generated around \$123 million in contract sales in 2019 and \$20 million of adjusted EBITDA largely from its financing and resort management businesses. By replacing some of Welk's less efficient marketing channels, introducing our strong sales training, and improving tour mix, by 2024 we believe we can grow Welk's contract sales by 20 to 30% off 2019 base and improve development margins from low single digits currently to 20% plus, closer to our Marriott branded products.

In addition, we also expect to improve rental margins substantially by leveraging Hyatt's global distribution. We also expect to deliver roughly 11 to \$13 million in cost savings in other efficiencies. As a result, we think we can more than double Welk's adjusted EBITDA over the next three to four years. Finally, our free cash flow over the next few years should benefit from Welk's built inventory that we are acquiring.

So let me go through the specifics of the transaction. As you read in this morning's press release, we have agreed to acquire Welk for approximately \$430 million, composed of approximately \$234 million in cash and approximately 1.4 million MVW shares. The acquisition price also includes, roughly, two years of excess built inventory plus entitled land for future expansion which, in total, we valued at roughly \$95 million. That means after transaction costs and anticipated reflagging expenses we are only paying 5.6 times 2024 adjusted EBITDA for a business that strategically is a great fit plus has substantial growth potential.

In summary, what Welk brings to us is a portfolio of upper upscale resorts in attractive vacation markets that will enable us to create additional scale for our Hyatt Residence Club business and allow us to expand it more rapidly. Once integrated, we expect to increase Welk's contract sales by 20 to 30% compared to 2019 and more than double Welk's adjusted EBITDA. And we're able to do this at a very attractive valuation. With that, Steve and I would be happy to answer your questions.

**Operator**

The floor is now open for questions. If you would like to ask a question, please press "\*" "1" on your telephone keypad at that time. A confirmation tone will indicate your line is in the question queue. You may press "\*" "2" if you would like to remove your question from the

queue. For participants using speaker equipment it may be necessary to pick up your handset before pressing the star keys. “\*” “1” to register questions at the time. Our first question is coming from Jared Shojaian of Wolfe Research. Please go ahead.

**Steve Weisz**

Hi, Jared.

**Jared Shojaian**

Hi. Good morning, everyone. Thanks for taking my question.

**Steve Weisz**

Sure.

**Jared Shojaian**

So first question, maybe just so I understand this, when—when you say more than double the 2019 EBITDA, is that entirely from margin expansion and synergies and all the efficiencies you're talking about or are you also assuming that their excess owned inventory translates into additional sales and—and generates EBITDA in that \$60 to \$70 million number that you've provided?

**John Geller**

Yeah, thanks, Jared. No, I mean, remember, similar to what we sell today, this is a point system, right. So having the excess inventory isn't creating incremental sales. Now, to get to that more than double, so in the investor presentation we show kind of a more normalized \$60 to \$70 million of EBITDA. There are higher contract sales we're going to get from higher VPGs, better tour mix, etc., in those numbers, and then the cost improvement that comes with that, right. If you got better finance and profits, you got better development margin, better rental revenues that should help when we use the Hyatt distribution for rentals. All that comes into play. And then, also, you've got call it roughly, \$12 million give or take of synergies and other cost savings that go through that EBITDA number.

**Jared Shojaian**

Okay. I got you. Just to follow up on that, as I look at slide 8, I'm just really trying to make sure that the 5.6 times number you gave is the—the true fair way to look at it because you're backing off the \$95 million in built inventory and land, so by the time you get to 2023, 2024, I think 2024 is what you said, you'll still have that \$95 million of built inventory and land that, that would not have been sold.

**John Geller**

— That's correct

**Jared Shojaian**

—Got you.

**John Geller**

Yeah. since it is a points product, right, inventory is more just in time, right. Said another way, if they just had roughly a year and a half to two years of inventory, which is what we normally need, as we've talked about, to operate the business, and they didn't have the excess entitled land that we could build on, that's your \$95 million. We would have paid \$95 million, arguably, right, less for the purchase because of that benefit is going to come through in excess cash flow, right, in the future because we're going to be able to monetize that purchase price, right, by not spending as much on inventory in the future.

**Jared Shojaian**

Great. Thank you. And then, can you just help us understand how the customer profile of a Welk owner compares to a VAC owner, maybe if it's in default rates, if it's in, household income, net worth, you know, some of the stats you've given before for legacy VAC. How does that compare to a Welk owner?

**Steve Weisz**

Yeah, , Jared, this is Steve. Their FICO scores, run around 715 or so versus a typical Hyatt FICO score, which is around 740. Their default rates run about 18%. The rating agencies, when they look at, you know, our—how we perform, in terms of our financing and everything else, our default rates are between 10 and call it almost 13%. So I guess in sum, what you'd say is, I mean, they've got a great owner base. We believe that by putting the Hyatt name on these resorts and expanding the Hyatt portfolio, not only will it be attractive to the Welk owners because they will have access to a broader portfolio of resorts in the Hyatt system, eventually, as we put them all together, but also, we believe that, they'll have—we'll have more access to Hyatt owners because we've got a broader portfolio to talk to through, all the Hyatt marketing channels and everything else that we can utilize. So, we think it's a win-win for both sides.

**Operator**

Thank you. Our next question is coming from Patrick Scholes of Truist Securities. Please go ahead.

**Steve Weisz**

Hi Patrick.

**Patrick Scholes**

Hi. good morning. I'm sorry if I just missed it. Did you—did you say what the average sale price for comparable weeks was for Welk versus Hyatt and Marriott?

**Steve Weisz**

No. However—

**Patrick Scholes**

You gave a lot out there. I'm writing fast here.

**Steve Weisz**

Let me see if I can give you a little color. If you want to look at VPGs as an example, let's look at 2019 given the anomalous year of 2020. The Welk's VPG was around \$2400 versus ours was around \$3500. So, a material difference. Now, I will also say to you that in 2019, the Hyatt VPG number was a little south of that, of ours, but there is a considerable spread between what Welk ran as a VPG versus what we expect to be able to run with this business.

**Patrick Scholes**

As far as the difference there, do you see that as reflective of the ability to close and, you know, getting the quality of qualified leads in there and/or is it reflective of the quality of the product or the resorts?

**Steve Weisz**

First of all let me answer the second part of that first. Having had an opportunity to physically see, quite a few of these resorts, I can tell you there's nothing wrong with the quality of these resorts. They're very well done. It's principally about where they source their customers. They do a lot of tour generation through sports marketing, and, other kinds of tour generation only because, quite frankly, as a private company without a branded hospitality name behind it, they didn't have access to the same kind of tour generation channels that we enjoy, and both on the Marriott, Westin, and Sheraton side and on the Hyatt side.

As a result, I think they end up with a lot more tours which may or may not, fit their profile, which obviously affects things like closing rates, which ultimately translates into things like lower VPGs. So obviously, we think that's one of the huge opportunities for us here is to—as just as we did in particularly in the Sheraton side of the business, start to change out, when we acquired ILG, start to change out, some of those, kind of, low yield high costs tour channels into higher yield low-cost channels, which we obviously think will get us, better VPGs and better cost efficiencies.

**Patrick Scholes**

Okay. Thorough there. So you will be able to, obviously, market what had been Welk resorts to Hyatt, Hyatt customers. Will you be able to market the Welk resorts to Marriott and Bonvoy customers?

**Steve Weisz**

No, so couple things. Once rebranded and, as I mentioned in my remarks, we've got to get the thing closed, which we think is—call it early second quarter, and it's probably going to take us, you know, nine months or so to get the properties rebranded. Once they're rebranded, we'll be able to market them as Hyatt resorts but that will be to Hyatt customers etc. As I think you'll recall, there is a—there is a fairly strong wall between, what we can represent by virtue of our

license agreements both with Marriott and with Hyatt. We can't represent Hyatt products to Marriott customers. We can't represent Marriott customers to Hyatt, customers. So, this will be a Hyatt product which we will be focusing on the Hyatt channels.

**Patrick Scholes**

Okay. thank you. One last question, here. And I may jump back in queue. Do you foresee any large maintenance increases to any of the existing Welk unit owners?

**Steve Weisz**

No. We've had a good look at it, I think they're reserved by and large which is, you know, makes up a portion of the annual maintenance fee. I think they're generally in pretty good shape. And in terms of, you know, the actual cost to operate the resorts, in fact, if anything, I would hope that some of our purchasing power will be a little bit more powerful than what Welk is going to be able to take advantage of, which may yield some, you know, modest, operating efficiencies there. But no, I don't see any huge increases coming to Welk owners for what they have. John may want to add to that.

**John Geller**

Yeah, you'll see we've got, I think, roughly about 10, \$12 million in our multiple that we gave you, which goes to Steve's point there. That's kind of your rebranding. I mean, we've been working with the Hyatt, hotel company on getting these rebranded already. They've seen them. It goes to the, you know, to Steve's earlier comment about the quality of these resorts. They are fabulous, in great shape, ready to grow. The rebranding, or investment costs, we've put in there is primarily signage, some fire-life safety things that are required from a branded perspective.

But we see very little in terms of having to do, any type of real investment to rebrand these Hyatt, which is great and another great reason why it's such a good fit to the existing Hyatt Residence Club. And then, to Steve's point, longer term, no different than our COAs. There's part of the maintenance fee that's been collected that sits in, FF&E reserves for new roofs and refurbishments and all that. So they're well capitalized on that front going forward. So we're in good shape.

**Patrick Scholes**

Okay. that's it for the moment. Congratulations. Thank you.

**Steve Weisz**

Thanks, Patrick.

**Operator**

Thank you. Our next question is coming from Brian Dobson of Jefferies. Please go ahead.

**Steve Weisz**

Good morning, Brian.

**Brian Dobson**

Hey. Good morning. Congratulations on the acquisition. So I just got a follow up question on the sales channel. So you'll be able to use those Hyatt leads once the properties are fully transitioned. But in the meantime, can you expand a little bit on what sales channels you'll be using, to move the product in the interim, and can you convey to consumers that these will be rebranded into higher properties? And then, I guess, just touching upon what you mentioned in terms of rentals, at what point can you start to use the Hyatt platform to list those rental rooms as well?

**Steve Weisz**

Yeah, so there's a kind of a multipart question. Let me see if I can answer each piece.

**Brian Dobson**

Sorry about that.

**Steve Weisz**

No. Not—not a problem. The easiest part of that question is we obviously can't put these on to the Hyatt distribution channels until they're actually physically rebranded as Hyatt. I think the question will come down to, do we wait to get all eight rebranded and then put them all up? Or do we do them one at a time because, obviously, they'll come in in some sort of a sequence in terms of how long it takes to get things like signage and everything else done? But that will happen, obviously, as soon as possible. As far as what we're going to do, keep in mind for the next, you know, until the thing closes, they're operating their business independently just as we are operating our business independently.

But once we close, we will, very proactively start to look at every single channel that they're sourcing tours out of. So, let me give you example. They did a lot of, I mentioned, things like sports marketing. And they would have, contact locations in a lot of things like, baseball stadiums and basketball arenas and the like. Well, you can imagine just how productive those were for the last year or so. Some of those things are a little longer-term agreements, although I think, within a reasonable period time, there'll be some that are producing well and we'll continue those. Those that aren't, we'll obviously—we'll look to figure out how we can transition away from those to something more productive.

In the same fashion, there are certain things that happen on site today. You may recall that within the Marriott Vacation Club business and in the Sheraton and the Westin business now, we do something called Encore. It's called something different the other two but that's not important. But Encore is when you have a tour that, likes the product but for whatever reason, hasn't made a decision to make a purchase, we'll sell them an opportunity to, return either to that resort or to another resort. And then, once we've talked them again, generally speaking,



those have very high VPGs. They have a program that does something of that nature but, quite frankly, it doesn't perform at the levels that we would expect to perform.

So once we go through the process of looking at each one of those things, go through, some reeducation or retraining that will be necessary for the sales and marketing folks within Welk, we expect to see, some of those things take place. So, it will be a gradual transition. It's not going to be, hey, we're going to turn everything off because we have something to plug and play right away. But then, we will begin to dial up. Once the Hyatt name is on these properties that's when, for instance, we can start to access the World of Hyatt program, which is Hyatt's, frequency program. I'm sure you're aware of that. And just as we do on the Marriott side with the Bonvoy program. So, we will transition this way. It's not a flip a switch thing but we feel as though we can get at some of this stuff relatively quickly.

**Brian Dobson**

Great. Thank you. That's very helpful. And then, in terms of footprint, you know, there's a big expansion for the brand here. You know, as you look at the map, are there any areas where you think that brand should be that it currently isn't? And would you address that in a similar fashion at some point in the future?

**Steve Weisz**

Yeah, well, I mean one of the obvious examples I'll give you, and you may have heard us talk about this in the past, you look at a place like Orlando, which is one of the biggest timeshare markets in the world, there is no Hyatt product. And you know, we have said that over time we would like to do something there. I will tell you that the need to do that is probably going to be less immediate than it would have been had we not made this acquisition only because, as John mentioned, we've got, you know, call it three years' worth of inventory and so, you know, what you try to do is match up, inventory coming into the system with inventory going out of the system through sales.

So, we will continue to target those markets where we think the Hyatt name, can represent the brand very well, in terms of a vacation ownership product. But so that long term development path, remains in place. It probably got pushed out a little bit just in some of those locations. But you know, as you looked at the map, which is on page six of our presentation, you can see that, basically, there's still some great markets out there that we don't have a presence in the Hyatt brand and we'll continue to look to build.

**Brian Dobson**

Great. Thank you very much.

**Steve Weisz**

Thank you.

**Operator**

Thank you. Our next question is coming from Jared Shojaian of Wolfe Research. Please, go ahead with your follow up.

**Steve Weisz**

Welcome back.

**Jared Shojaian**

Hi. Thank you for taking my follow-up. I appreciate it.

**Steve Weisz**

Sure.

**Jared Shojaian**

Can you just help us understand the timing of this announcement. I guess, why now? Is it that the deal pipeline is finally starting to pick up? Is it you're feeling more confident in the 2021 recovery? what was that thought process? And anything you can tell us on the back story, did you approach them, did they approach you? Anything you can share would be helpful.

**Steve Weisz**

Yeah. I'll give you a little bit of the, kind of, high level background and let John jump in further. As we mentioned, it's a family owned business, today. I think, the family had decided that at some point in time, it probably made sense to look at a liquidity event. They signaled, through their investment banker, in, I don't know, October-ish, maybe late September, I can't recall exactly, that they were looking for strategic alternatives.

We engaged through our investment bankers, some conversations. And it went through a process where I believe there were a number of different parties that expressed interest in making the acquisition. Ultimately, we entered into a—what is the word I'm looking for? An exclusivity. That's the word I was going for. Sorry about that. An exclusivity agreement with them. We've gone through the process of trying to get, all the various, appropriate due diligence done and everything else to get to a point where we can make an announcement.

**John Geller**

Yeah, I mean I—the only thing I'd add to Steve's, if you think about, historically, where we've talked about these types of opportunities. They're very limited, right. There are very few, you know, upper upscale luxury chains of any scale that don't have a hotel brand on them, today. So for us, it was the opportunistic side. That said to the latter part of your question, we do feel we are optimistic just based on what you've seen in our business as we come through and come out the other side of COVID to get back to contract sales and growth and all that. So would we have otherwise gone looking in this environment? probably not, right? We're focused on the recovery but you can't when something comes to market and there's just a short list of ones that we knew ahead of time we would always be interested in. That's how the timing fell out.

But, you know, like we've always said, this type of opportunity, as you can tell where, especially in this case, to brand it Hyatt, more than double its scale in the future of our Hyatt Residence Club. The way the points products work, right, the bigger scale you have the faster you can grow because I'm doing more sales, which means I need more inventory. That was the comment, if you think about it more organically to add one-off resorts to get to this type of scale and ownership base, you know, it could have taken up to 10 years, right? So the ability to get it now at what we think is a very favorable EBITDA, just made all the sense in the world. And we are confident as we come out of COVID, here, about the recovery of the business based on what we've seen so far.

### **Jared Shojaian**

Okay. thank you. That's really helpful. And then, this will be my last question, and if I could just, cram a couple of questions in this one but, can you talk about why you chose the Hyatt brand specifically, how we should be thinking about the value of using Hyatt as opposed to one of the—the legacy MVW brands? And then, should we assume that, you are or you are not still interested in additional M&A in the—in the near term, as you look to digest this acquisition? And is Hyatt the logical brand to use in the future if you were to pursue additional acquisitions?

### **Steve Weisz**

Yeah, the answer to your—there was three questions there. The middle question is, are we still interested in M&A and I guess I would answer the question in a way that you would probably expect me to answer it, which is, you know, we'll always look at things. Obviously, as you start to go through some acquisitions and you start to digest things there becomes a capacity issue both in terms of, you know, your financing resources as well as, quite frankly, the human capital, capacity to do these things. So I guess, if the huge M&A opportunity were to present itself tomorrow, we'd have to think pretty hard about it. But, with that said, we're not closing the door on that topic.

The reason why Hyatt. so part of our license agreement with Hyatt had certain development responsibilities and certain growth responsibilities affiliated with that license agreement. Well this helps fill that bill very nicely. In fact, it does it, more than what we needed. The other point is that when you look at where these things are physically—properties in Welk are physically located, it's a very nice compliment to the existing Hyatt portfolio.

There are other properties, with—if you look at the—the Marriott and the Sheraton and the Westin brands where there would have been a little bit more overlap. So that's why we thought the fit was the best thing. So there's three reasons: overlap from a physical standpoint, the opportunity to meet some commitments that we have the Hyatt, in terms of future development, and we actually think it's a great addition to the brand to be able to double, you know, almost double the number of owners, etc., going in, and—and 90% more keys and all that kind of stuff. John, you want to add anything to that?

**John Geller**

No, I think that's right. I think for us, like we've said before, there's, of this type of opportunity, they're somewhat limited. And we've got plenty on our plate to make these integrations work and made great progress still on the ILG acquisition. We got some work to do there. So, we think we're well positioned to grow both brands.

And as Steve said, in terms of the, picking the Hyatt, it just—it makes all the sense in the world. I mean if you remember, and we talked about this, the 16 resorts and Hyatt, ILG, not long after, buying the Hyatt brand then bought the Vistana and for a variety of reasons, it wasn't tended to. And then, obviously, we bought ILG. we had to work through with Hyatt, get their consent. And we were getting ready to start really focusing on the Hyatt brand when COVID hit. So once again, the timing couldn't be better and—and to really, increase the footprint here as we come out of COVID, we just think we've got huge opportunity to grow this combined portfolio.

**Operator**

Thank you. Our next question is coming from Chris Woronka of Deutsche Bank. Please go ahead.

**Chris Woronka**

Hey.

**Steve Weisz**

—Morning, Chris—

**Chris Woronka**

—Good morning, guys.

**John Geller**

Morning.

**Chris Woronka**

Good morning. thanks for taking the question. If you guys look this portfolio top to bottom, as it stands right now, is there a lot of variance in terms of owner occupancy or transient occupancy. Is this more of a lumpy portfolio or is the performance pretty consistent?

**John Geller**

No, we don't see today, but it's pretty close. The year round, kind of, pre-COVID resort occupancies is probably slightly lower than our 90% that we run on the branded side. But no, I mean, no different than most timeshare products. Because of the ownership, you run a very high occupancy rate on a year round basis. So, nothing really different.

**Chris Woronka**

Okay.

**John Geller**

Yeah.

**Chris Woronka**

okay. And then I know there's a, I think, one hotel in there that's not a resort, right, in Branson. Is that the plan to make that a Hyatt hotel or you going to do something different?

**John Geller**

We're not in the hotel ownership business, although by virtue of the ILG acquisition we still have a couple of hotels that are in there and on our disposition list. So, we'll look to figure out how to monetize that hotel. Whether it becomes a Hyatt brand or not, that'll really be up to Hyatt, and what the new hotel owner would choose to do there. But, we'll obviously want to maintain, the marketing presence, that we have there, in Branson, to allow us to continue to generate tours out of that location.

**Chris Woronka**

Okay. Great. And, one last one. I am not super familiar with the geography of the Cabo property. How close—do you know how close that is to the—I think there's a Hyatt Ziva hotel down in Cabo. Are they proximate or further away, do you know?

**Steve Weisz**

To be honest with you, I don't I'm not that familiar with the geography there, either. We can try to come back to you with an answer on that.

**Chris Woronka**

Okay. Very good. thanks guys.

**Steve Weisz**

Thank you.

**Operator**

Thank you. Our next question is coming from Brian Dobson of Jefferies. Please, go ahead.

**Brian Dobson**

Oh, thanks for taking my follow up.

**Steve Weisz**

Sure.

**Brian Dobson**

I guess just a final question from us. You know, as you're looking out over the next two years at the recovery in leisure travel demand, could you give us some color about your expectations and how you see that shaping up and taking hold?

**Steve Weisz**

Yeah, I wish I could tell you I had a great crystal ball here in Orlando that I could look into and give you anything of precision. I can tell you in generalities what we believe to be true. We believe that and most all of you have written similar comments so this is not going to come as a great epiphany, but we believe that leisure transient will be the first to recover. We have seen that already in terms of the kind of occupancies that we are running in leisure destinations. Still not back to the kind of 90 plus occupancy levels that we've enjoyed pre-COVID but is certainly coming back a lot faster than the regular lodging business, which relies heavily on both business transient and group customers.

Obviously the quicker the vaccine rollout can get accelerated and the, better level of acceptability in terms of leisure travel continues to grow, we actually think that you know, '21 is a good recovery year and then, we would hope that 2022 is going to be much more representative of what things looked like in 2019. Now again, that's our supposition at this point. But that's as close as I can come to giving you our perspective. Every day that, you know, a state or a locality announces either a relaxing or an increasing of travel restrictions obviously changes the near-term perspective on that. But I think those are kind of anomalous and overtime I think that'll get itself sorted out too.

**Brian Dobson**

Excellent. Thank you very much.

**Steve Weisz**

Thank you.

**Operator**

Thank you. Our next question is coming from Ben Chaiken of Credit Suisse. Please go ahead.

**Steve Weisz**

Hi, Ben.

**Ben Chaiken**

Hey, how's it going? Two, two quick ones for me. Thanks. I guess, I may have missed this. Does Hyatt already have or, I guess historically, a call transfer or digital transfer program in place? I guess, number one. And number two is, the mix of—I don't know if you can provide a mix of, fixed versus points owners at Welk. That'd be super helpful. Thank you.

**John Geller**

Yeah, on the second question, about 70% of the owners own points. They've been in the points world longer than we have, you know, call it about 15 years. But that's the current mix. In terms of the marketing side, no. In fact, we had, when we agreed to the consent to transfer the licensing agreement with Hyatt, as we had talked about back then, we also talked about expanding marketing opportunities to grow the Hyatt brand. And one of those was a pilot program on the call transfer.

Obviously, COVID hit and that didn't get launched so, we'll be working with Hyatt on that as well as longer term. As we think about getting these rebranded, you know, more marketing channels, etc., as we work to our marketing plan with Hyatt. So we're excited. They're excited based on, they've been with us seeing these resorts and getting them rebranded. So, we look forward to expanding our marketing platform there.

**Ben Chaiken**

Awesome. That's all for me. Appreciate it.

**Steve Weisz**

Thank you.

**John Geller**

Great. Thanks.

**Operator**

Ladies and gentlemen, this brings us to the end of our Q&A session and of our call for today. We thank you all for your participation and interest. You may disconnect your lines at this time and have a wonderful day.