

**Notice of 2018 Annual Meetings
of the
Board of Directors and Members
Disney Vacation Club® Resorts Condominium Associations**

- To: Terri A. Schultz, President and Director
Leigh Anne Nieman, Director
Mahmud Dhanani, Director
- Shannon Sakaske, Director
Yvonne Chang, Director
- To: Disney Vacation Development, Inc. ("DVD"), as Authorized Voting Representative for all units ("Units") declared as part of each project (the "DVC Resorts") for the following associations (the "Associations"):
- Disney's Old Key West Resort Condominium Association, Inc.
 - Disney's Vero Beach Condominium Association, Inc.
 - Disney Vacation Club at Hilton Head Island Owners Association, Inc.
 - Disney's BoardWalk Villas Condominium Association, Inc.
 - The Villas at Disney's Wilderness Lodge Condominium Association, Inc.
 - Disney's Beach Club Villas Condominium Association, Inc.
 - Disney's Saratoga Springs Resort Condominium Association, Inc.
 - Disney's Animal Kingdom Villas Condominium Association, Inc.
 - Bay Lake Tower at Disney's Contemporary Resort Condominium Association, Inc.
 - Ali'i Nui Vacation Owners Association, Inc.
 - Ali'i Nui Villas Condominium Association, Inc.
 - Ali'i Nui Hotel Condominium Association, Inc.
 - The Villas at Disney's Grand Floridian Resort Condominium Association, Inc.
 - Disney's Polynesian Villas & Bungalows Condominium Association, Inc.

Under the terms of the Master Cotenancy Agreements (the "Agreements") for each DVC Resort among DVD, Disney Vacation Club Management, LLC or Disney Vacation Club Hawai'i Management Company, LLC, as applicable, and each owner of an Ownership Interest in a Unit (the "Owners"), DVD has been designated as the Authorized Voting Representative for each Unit in each DVC Resort for any meeting of any of the Associations.

Pursuant to the Agreements and to the applicable provisions of the bylaws of each Association (the "Bylaws"), notice is hereby given to DVD, as the Authorized Voting Representative, the Owners and the members of each Board of Directors for each of the Associations (the "Boards") that **the 2018 Annual Meetings of the Board of Directors and the 2018 Annual Meetings of the Members will take place at 2:00 p.m. EST and 2:10 p.m. EST, respectively, on Thursday, December 13, 2018, at Disney's Coronado Springs Resort Convention Center**, located at 1000 West Buena Vista Drive, Lake Buena Vista, Florida 32830. The purposes of the meetings are to conduct all business properly brought before the Boards and the Associations, including to elect the members of the Boards and to review and adopt the proposed 2019 Estimated Annual Budget for each Association (the "Budgets"). The meetings of each of the Boards and Associations will be jointly and simultaneously held.

The following items of business will be conducted at the meetings:

(1) Resolution to be Adopted. The following resolution will be presented for adoption for each Association:

- (a) Excess Assessments. Any assessments collected by or paid to the Association in excess of operating expenses for the year ended December 31, 2018, shall be set aside for future major repairs and replacements and allocated to capital components as provided by the guidelines established by the Internal Revenue Code under IRC Section 118 and Revenue Rulings 75-370 and 75-371. Such amounts shall be deposited into insured interest-bearing accounts and shall be allocated to the various components at the discretion of the Board.

(2) 2019 Estimated Annual Operating and Reserves Budgets. The proposed 2019 Estimated Annual Operating and Reserves Budgets for each of the Associations will be reviewed and presented for adoption.

The resolution outlined above and the 2019 Estimated Annual and Operating Reserves Budgets will be presented at the Member Annual Meetings. As the authorized Voting Representative for each Unit of each DVC Resort, DVD has reviewed the proposed resolution and budgets and intends to cast each Unit's vote to approve the resolution and budgets when presented for approval at the Member Annual Meetings.

In addition to the matters listed above, an election will be held at the Member Annual Meetings to elect directors to each Board. DVD, as the authorized Voting Representative for each Unit of each DVC Resort, intends to elect the following individuals to each Board:

Terri A. Schultz
President and Director

Shannon Sakaske
Director

Leigh Anne Nieman
Director

Mahmud Dhanani
Director

Yvonne Chang
Director

Board of Directors Annual Meeting Agenda:

1. Call to Order
2. Declaration of Chairperson of the Meeting
3. Calling of the Roll
4. Verification of Quorum
5. Proof of Notice of Meeting
6. Approval of 2017 Minutes
7. New Business:
 - a. Presentation of Budgets
8. Adjournment

Members Annual Meeting Agenda:

1. Call to Order
2. Election of Chairperson of the Meeting
3. Calling of the Roll
4. Verification of Quorum
5. Proof of Notice of Meeting
6. Approval of 2017 Minutes
7. Election of Directors
8. New Business:
 - a. Presentation of Resolution for Approval
 - b. Presentation of Budgets
9. Adjournment

November 13, 2018

Aulani, Disney Vacation Club® Villas, Ko Olina, Hawai'i
2019 Dues Assessments

Association	Annual Dues Per Vacation Point (all amounts expressed in 2019 dollars)
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Ali'i Nui Vacation Owners Association, Inc.	
Operating	\$3.9515
Reserve	\$0.8169
Ali'i Nui Villas Condominium Association, Inc.	
Operating	\$2.2130
Reserve	\$0.2647
Ad Valorem Taxes	\$0.6142
TOTAL	<hr/> <hr/> \$7.8603

Ali'i Nui Vacation Owners Association, Inc.

The 2019 Budgets were calculated based on the Association's 2018 fiscal year operating experience and anticipated or known changes in costs for 2019. Please direct Annual Dues questions to Member Accounting at 800-800-9800 or 407-566-3800, Option 3.

Estimated Operating Budget For January 1, 2019 Through December 31, 2019

<u>279 Vacation Homes</u>		
Revenue Components	2019 Annual Budget	2019 Annual Budget (Per Vacation Point)
Member Late Fees and Interest	\$220,695	\$0.0334
Breakage Income	1,653,874	0.2503
Member Annual Dues Assessment	26,112,764	3.9515
TOTAL REVENUES AND INCOME	\$27,987,333	\$4.2352
Cost Components		
Administration and Front Desk	\$6,608,251	\$1.0001
Annual Audit	15,153	0.0023
Master Association Fees	430,425	0.0651
DVC Reservation Component	34,373	0.0052
General Excise Tax	1,502,372	0.2273
Housekeeping	6,441,384	0.9748
Income Taxes	456,251	0.0690
Insurance	834,035	0.1262
Legal	1,045	0.0002
Maintenance	3,016,207	0.4564
Management Fee	3,517,558	0.5323
Member Activities	168,021	0.0254
Resort Access Fee	1,754,651	0.2655
Security	673,959	0.1020
Utilities	2,533,648	0.3834
TOTAL OPERATING EXPENSES	\$27,987,333	\$4.2352

Estimated Capital Reserves Budget For January 1, 2019 Through December 31, 2019

Replacement Fund Components	279 Vacation Homes	
	2019 Annual Budget	2019 Annual Budget (Per Vacation Point)
Capital Reserves	\$9,540,049	\$1.4436
Interest Income	(24,000)	(0.0036)
Developer Contribution	(4,117,348)	(0.6231)
TOTAL CAPITAL RESERVES BUDGET	\$5,398,701	\$0.8169

Capital Reserve Analysis For The Year Ended December 31, 2018

Replacement Fund Components	Estimated Fund Balance as of December 31, 2018	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs (279 Vacation Homes)
Roof Replacement/Repair	\$ -			\$ -
Interior Refurbishment		1 - 28	1 - 23	96,653,305
External Building Painting				-
Common Element Renovation				-
Pavement Resurfacing				-
Capital Reserves	\$30,379,705			
TOTAL	\$30,379,705			\$96,653,305

Ali'i Nui Villas Condominium Association, Inc.

The 2019 Budgets were calculated based on the Association's 2018 fiscal year operating experience and anticipated or known changes in costs for 2019. Please direct Annual Dues questions to Member Accounting at 800-800-9800 or 407-566-3800, Option 3.

Estimated Operating Budget For January 1, 2019 Through December 31, 2019

Revenue Components	Total	Air Space Units	Standard Commercial Units	279 Vacation Homes	
				Vacation Ownership Units	2019 Annual Budget (Per Vacation Point)
Condominium Commercial Facilities Revenue	\$4,615,677	\$41,453	\$214,060	\$4,360,164	\$0.3785
Shared Area Income	\$3,282,986	29,484	152,254	3,101,248	0.2692
Member Annual Dues Assessment	26,963,742	210,954	1,261,434	25,491,354	2.2130
TOTAL REVENUES AND INCOME	\$34,862,405	\$281,891	\$1,627,748	\$32,952,766	\$2.8607

Cost Components

Administration	\$879,004	\$7,894	\$40,765	\$830,345	\$0.0721
Annual Audit	\$15,153	136	703	14,314	0.0012
Master Association Fees	266,254	2,391	12,348	251,515	0.0218
General Excise Tax	355,440	3,192	16,484	335,764	0.0291
Custodial	2,345,839	7,584	114,250	2,224,005	0.1931
Income Taxes	553,757	4,973	25,681	523,103	0.0454
Insurance	963,701	8,655	44,694	\$910,352	0.0790
Legal	1,045	9	48	988	0.0001
Maintenance	2,582,703	10,059	123,990	2,448,654	0.2126
Management Fee	3,325,321	25,279	155,491	3,144,551	0.2730
Member Activities	13,252,005	119,016	614,585	12,518,404	1.0868
Security	375,704	3,374	17,424	354,906	0.0308
Utilities	1,416,098	12,718	65,674	1,337,706	0.1161
Hotel Condominium Assessment	373,887	3,358	17,340	353,189	0.0307
Shared Area Expenses	8,156,494	73,253	378,271	7,704,970	0.6689
TOTAL OPERATING EXPENSES	\$34,862,405	\$281,891	\$1,627,748	\$32,952,766	\$2.8607

Estimated Capital Reserves Budget For January 1, 2019 Through December 31, 2019

Replacement Fund Components	Total	Air Space Units	Standard Commercial Units	279 Vacation Homes	
				Vacation Ownership Units	2019 Annual Budget (Per Vacation Point)
Capital Reserves	\$4,927,994	\$34,384	\$229,006	\$4,664,604	\$0.4049
Hotel Condominium Assessment	18,139	163	841	17,135	0.0015
Shared Area Expense	316,911	2,846	14,697	299,368	0.0260
Interest Income	(14,601)	(131)	(677)	(13,793)	(0.0012)
Shared Area Income	(2,030,818)	(18,239)	(94,183)	(1,918,396)	(0.1665)
TOTAL CAPITAL RESERVES BUDGET	\$3,217,625	\$19,023	\$149,684	\$3,048,918	\$0.2647

Capital Reserve Analysis For The Year Ended December 31, 2018

Replacement Fund Components	Estimated Fund Balance as of December 31, 2018	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Roof Replacement/Repair		20 - 40	13 - 32	\$13,591,248
Interior Refurbishment				-
External Building Painting		7 - 10	1 - 4	11,730,382
Common Element Renovation		1 - 30	1 - 24	41,514,605
Pavement Resurfacing		3 - 20	1 - 13	717,612
Shared Area Expenses		5 - 30	1 - 24	4,122,632
Capital Reserves	\$17,704,179			
TOTAL	\$17,704,179			\$71,676,479

Budget Notes For 2019 Estimated Operating And Reserve Budgets For

Ali'i Nui Vacation Owners Association, Inc. ("Vacation Owners Association")
Ali'i Nui Villas Condominium Association, Inc. ("Vacation Ownership Condominium Association")

These budget notes are for the 2019 Estimated Operating and Reserve Budgets for Aulani, *Disney Vacation Club*® Villas, Ko Olina, Hawai'i Condominium (the "**Vacation Ownership Condominium**" or "**Condominium**"), and Aulani, *Disney Vacation Club Villas*®, Ko Olina, Hawai'i Vacation Ownership Plan ("**Vacation Ownership Plan**" or "**Plan**"). All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Second Amended and Restated Declaration of Condominium Property Regime for Aulani, *Disney Vacation Club*® Villas, Ko Olina, Hawai'i Condominium (the "**Vacation Ownership Condominium Declaration**"), or the *Disney Vacation Club*® Villas, Ko Olina, Hawai'i Vacation Ownership Plan Declaration of Covenants, Conditions and Restrictions, and Grant and Reservation of Easements (the "**Vacation Ownership Plan Declaration**"), as applicable. The budgets have been prepared on an accrual basis. See also Additional Budget Notes.

Aulani Description

The overall property comprising the Aulani Resort is subject to an Amended and Restated Declaration of Covenants, Conditions, Easements and Restrictions (the "**Master Declaration**") and contains: (i) the Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Condominium (the "**Hotel Condominium**") and (ii) the Vacation Ownership Condominium which includes units subject to the Vacation Ownership Plan. In addition, the Hotel Condominium and Vacation Ownership Condominium include (i) properties that are subject to separate ownership and control (e.g., Commercial Units); and (ii) areas (e.g., support walls, roofs, building systems, sidewalks and amenities) that are commonly-used or integral to the structure, operation, use, or enjoyment of the Aulani Resort as a whole even though such areas are located on portions of the property that are under separate ownership and control (the "**Shared Areas**"). See Additional Budget Note 2.

Description of Revenue Components (applicable to both the Plan and Condominium Budgets except where noted):

1. Member Late Fees and Interest - All delinquent Annual Dues payments are subject to a late fee of \$25 per Ownership Interest, plus interest up to the maximum rate permitted by law (currently 12 percent) accrued on the amount outstanding from the original due date.
2. Breakage Income - As stated in the Plan Documents, Disney Vacation Club Hawai'i Management Company, LLC ("DVCHMC") rents, during the Breakage Period, certain accommodations that have not been reserved by Members. The Vacation Owners Association is entitled to receive, as breakage income, the proceeds of such rentals not to exceed 2.5 percent of the aggregate of (i) the Vacation Ownership Plan Estimated Operating Budget and Capital Reserve Budget less non-assessment revenue, plus (ii) the share of the Condominium Estimated Operating Budget and Capital Reserve Budget assessed to Owners in the Plan less non-assessment revenue. This revenue component is only included in the Plan Budget.
3. Condominium Commercial Facilities Revenue - The Common Elements of the Vacation Ownership Condominium include parking garages, cabanas and beach facilities that generate revenue. The revenue generated from these facilities (less a separate management fee to DVCHMC of 10% of the revenues, plus tax, as compensation for operating the facilities) is used to offset Common Expenses of the Vacation Ownership Condominium. This revenue component is only applicable to the Condominium Budget.
4. Shared Area Income - Shared Area income consist of funds received from the owners of interests or parcels in the Resort that are not part of the Vacation Ownership Condominium as their share of the Shared Area Expenses for the Shared Areas located as part of the Vacation Ownership Condominium. See Additional Budget Note 2. This revenue component is only applicable to the Condominium Budget.
5. Member Annual Dues Assessment - The amounts assessed to Owners under the Plan Budget or Condominium Budget, as applicable.

Description of Cost Components (applicable to both the Plan and Condominium Budgets except where noted):

1. Administration and Front Desk - Administrative costs of resort management, including operating supplies and equipment rental and operational, IT and administrative support, plus, in the case of the Vacation Ownership Plan, front desk operations and bell services.
2. Annual Audit - Fee for the independent audit of each of the Association's financial statements.
3. Master Association Fees - Fees paid to Ko Olina Community Association, Inc. and the Ko Olina Resort Operators Association, Inc. for security, maintenance, landscaping and other services for the Ko Olina Resort.
4. DVC Reservation Component - Fee paid to Buena Vista Trading Company for providing the exchange component of the Club central reservation system. This cost component is only applicable to the Plan Budget.
5. Custodial - Cost of cleaning public areas - only applicable to the Condominium Budget.
6. Housekeeping - Cost of cleaning Vacation Homes and cost of disposable amenities placed in each Vacation Home. Also includes the purchase, replacement and cleaning of linens and towels. This cost component is only applicable to the Plan Budget.
7. Income Taxes - Federal and state income taxes. Condominium and vacation owners associations may not claim non-profit status for federal income tax purposes under current regulations.
8. Insurance - Cost of insurance premiums for property coverage, general liability, workers' compensation, crime and Director's and Officer's liability.
9. Legal - Cost of legal counsel regarding Association business.
10. Maintenance - Cost of interior and exterior maintenance and repairs of the Common Elements of the Condominium and of Units included in the Vacation Ownership Plan not paid for out of replacement reserves. Also includes landscaping, pest control and fire alarm monitoring.
11. Management Fee - Fee paid to DVCHMC for providing management services to each of the Associations according to the Property Management Agreement for each Association. The fee is equal to 12 percent of the total Operating and Reserve Budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself.
12. Shared Area Expenses - The Member's share of the Shared Area Expenses charged through the Vacation Ownership Condominium Association, for the Shared Areas that are not included in the Vacation Ownership Condominium. This cost component is only applicable to the Condominium Budget.
13. Member Activities - Cost of recreation operations, certain Member activities and events at *Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Resort (the "Resort")*. Cost of quarterly Member newsletter, annual Association meetings and printing and postage for Association legal mailings.
14. Resort Access Fee - Fee paid to Ko Olina Club, LLC for providing to Members certain rights of access to and benefits associated with certain Ko Olina Resort entertainment facilities and services. This cost component is only applicable to the Plan Budget.
15. Security - Cost of security for the Resort.
16. Utilities - Cost of electricity, gas, water, sewer, solid waste disposal and cable television.

17. Hotel Condominium Assessment - The assessment billed to the Vacation Ownership Condominium Association by the Ali'i Nui Hotel Condominium Association, Inc. for the Vacation Ownership Condominium Association's share of the common expenses of the Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Condominium. See those Budgets for more details. This cost component is only applicable to the Condominium Budget.
18. General Excise Tax - State tax that is a privilege tax imposed on business activity in the State of Hawai'i and the City and County of Honolulu. The estimated total tax due to the State of Hawai'i and the City and County of Honolulu on the items of expenses and revenues that are subject to the tax.

General Notes:

Developer Subsidy (guarantee) for Plan Assessments - Pursuant to a Limited Subsidy Agreement between DVD and the Vacation Owners Association, DVD has agreed that each Purchaser and Owner will pay an annual assessment for operating expenses of the Vacation Ownership Plan of \$3.9515 per Vacation Point through December 31, 2019 (exclusive of ad valorem taxes). DVD will pay the difference between the actual costs incurred in operating the Plan (excluding ad valorem taxes) and the sum of the amount of operating assessments assessed to all Owners other than DVD with respect to such operating costs (excluding ad valorem taxes) and income from other sources. Provided DVD timely performs its obligation under the Limited Subsidy Agreement, DVD's payments thereunder to the Vacation Owners Association shall satisfy fully its obligation to pay assessments attributable to each Ownership Interest owned by DVD. Notwithstanding the foregoing, any expenses incurred as a result of (i) any new category of imposition that comes into effect after the date of the Limited Subsidy Agreement which is levied or assessed by any local, county, state or federal government, no matter how characterized, or (ii) any increase in transient accommodation taxes and any Special Assessments for capital expenditures, insurance policy deductibles, underinsured losses, or uninsured losses, will be assessed against all Owners owning Ownership Interests, their successors or assigns, including DVD as to its unsold Ownership Interest. The Limited Subsidy Agreement shall automatically be renewed for successive one-year periods with respect to the estimated annual operating expense assessment for the Plan (as it may be adjusted from year to year) for each such successive one-year period unless DVD elects to terminate the agreement upon thirty (30) days prior written notice. DVD reserves the right to discontinue offering this subsidized operating assessment in the future. This developer subsidy is limited to Plan assessments and does not apply to Condominium assessments.

See also Additional Budget Notes.

Budget Notes For Estimated Capital Reserves

1. Funds Covered - The annual budgets for Capital Reserves covers funds set aside for the repair or replacement of major items pertaining to the Vacation Homes and Common Elements with a useful life of greater than one year. The interest earned on these funds remains in the Capital Reserves accounts and is not absorbed into the Operating Budgets.
2. Shared Area Income - Shared Area income consist of funds received from the owners of interests or parcels in the Resort that are not part of the Vacation Ownership Condominium and is their share for Capital Reserves for the Shared Areas located in the Vacation Ownership Condominium. Shared Area Income reduces the amount of the reserve assessment payable by Owners. See Additional Budget Note 2.
3. Developer Reserves Contribution - Prorated share of reserves for 28 Vacation Homes, placed into service in 2013, that will become Active Units in the Plan during 2019.
4. Developer Subsidy (guarantee) for Plan Assessments - Pursuant to a Limited Subsidy Agreement between DVD and the Vacation Owners Association, each Purchaser and Owner will pay an annual assessment for Plan reserve expenses of \$0.8169 per Vacation Point through December 31, 2019. DVD will pay the difference between the actual amount budgeted for Plan reserve assessments and the sum of the amount of Plan reserves assessments collected from all Owners and income from other sources to be applied against reserve assessments. Notwithstanding the foregoing, any expenses incurred as a result of (i) any new category of imposition that comes into effect after the date of this Agreement which is levied or assessed by any local, county, state or federal government, no matter how characterized, or (ii) any increase in transient accommodation taxes and any Special Assessments for capital expenditures, insurance policy deductibles, underinsured losses, or uninsured losses, will be assessed against all Owners owning Ownership Interests, their successors or assigns, including DVD. The Limited Subsidy Agreement shall automatically be renewed for successive one-year periods with respect to the estimated annual reserve assessment for the Plan (as it may be adjusted from year to year) for each such successive one-year period unless DVD elects to terminate the agreement upon thirty (30) days prior written notice. DVD reserves the right to discontinue offering this subsidized reserves assessment in the future. This developer subsidy is limited to Plan assessments and does not apply to Condominium assessments.

Additional Budget Notes

1. 2019 Dollars - All costs are stated in 2019 dollars unless otherwise indicated.
2. Expenses Generally and Cost Sharing - As a general rule, each owner of a Unit in the Condominium or the Hotel Condominium (or the owners association's on such owner's behalf) must account for, and is liable to pay, expenses attributable to such owner's interest or parcel separate from owners of the other interests or parcels. However, pursuant to the Master Declaration each owner is responsible for a share of the expenses and reserves for Shared Areas ("**Shared Area Expenses**") whether or not such Shared Areas are part of the property owned by such owner. The Shared Area Expenses are allocated and shared pursuant to the Master Declaration. Further, pursuant to the Master Declaration and the Property Management Agreements, certain goods, materials, services, labor or operational or maintenance functions are or may be provided on a consolidated basis to the entire Resort ("**Shared Services**") and those expenses are allocated and shared by the various owners on the same basis that expenses are allocated and shared for the Shared Areas ("**Shared Service Expenses**"). If an Association was required to obtain such Shared Services solely for its members, the operating costs for that Association could increase. As an example, Administration, Insurance, Maintenance, Security and Utilities are Shared Service Expenses.

3. Books and Records - The books and records for the Associations are maintained at: 1390 Celebration Boulevard, Celebration, Florida 34747. The person responsible for the upkeep and custodianship of the books and records of each Association is the Treasurer of each Association (407) 566-3000.

4. Related Party Transactions -

Ali'i Nui Vacation Owners Association, Inc. ("Vacation Owners Association" or "Association"):

DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired a term-of-years interest in certain property, located in Ko Olina, Hawai'i. DVD developed the Condominium on the property, and sells Ownership Interests in Condominium Units, as part of the Vacation Ownership Plan. Unless otherwise extended, the term-for-years interest will expire on January 31, 2062, and vest to the benefit of ABC, Inc., a New York corporation. ABC, Inc. is also a subsidiary of TWDC.

Certain directors or officers of DVD or DVCHMC serve on the Board or as officers of the Association. Certain directors or officers of the Association are also employees of TWDC or its affiliates.

During the year ended December 31, 2017, DVD annual dues paid to the Association were \$6,330,343.

During the year ended December 31, 2017, DVD voluntarily subsidized the operations of the Association of the common expenses incurred in the amount of \$532,395.

As of December 31, 2017, the amount due from DVD of \$1,040,478 is primarily related to the operating subsidy and the developer's converter reserve contribution.

DVCHMC, a Florida limited liability company, is the manager of each Association and is also a subsidiary of TWDC.

Management fees payable to DVCHMC are 12 percent of the total operating and reserve budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself. Management fees incurred during the year ended December 31, 2017, were \$2,705,926.

DVCHMC has entered into an agreement with the Association whereby DVCHMC may operate a resort hotel operation with respect to the rental of unreserved accommodations in the Condominium. Gross proceeds, resulting from the rental of unreserved accommodations, are retained by the Association up to an amount equal to 2.5 percent of the adjusted operating and reserve budget, as defined, in each calendar year, as breakage revenue. During the year ended December 31, 2017, the Association received \$1,338,267 in breakage revenues.

Substantially all operating expenses have been allocated to the Associations from DVCHMC, and certain operating expenses have been rendered by or incurred through other TWDC entities.

Amounts due to or from DVCHMC are payable in full and due on demand. As of December 31, 2017, the amount due to DVCHMC of \$753,663 related to allocable expenses, net of annual dues collected but not yet remitted to the Association.

Related Party Transactions -

Ali'i Nui Villas Condominium Association, Inc. ("Vacation Ownership Condominium Association"):

DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired a term-for-years interest in certain property, located in Ko Olina, Hawai'i. DVD developed the Condominium on the property, and sells Ownership Interests

in Condominium Units, as part of the Vacation Ownership Plan. Unless otherwise extended, the term-for-years interest will expire on January 31, 2062, and vest to the benefit of ABC, Inc., a New York corporation. ABC, Inc. is also a subsidiary of TWDC.

Certain directors or officers of DVD or DVCHMC serve on the Board or as officers of the Vacation Ownership Condominium Association. Certain directors or officers of the Vacation Ownership Condominium Association are also employees of TWDC or its affiliates.

During the year ended December 31, 2017, DVD annual dues paid to the Association were \$15,905,835.

As of December 31, 2017, the amount due from DVD of \$1,205,656 is primarily related to annual dues and portion of real estate taxes.

DVCHMC, a Florida corporation, is the manager of the Association and is also a subsidiary of TWDC.

Management fees payable to DVCHMC are 12 percent of the total operating and reserve budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself. Management fees incurred during the period ended December 31, 2017, were \$2,970,716.

Substantially all operating expenses have been allocated to the Association from DVCHMC, and certain operating expenses have been rendered by or incurred through other TWDC entities.

Amounts due to or from DVCHMC are payable in full and due on demand. As of December 31, 2017, the amount due to DVCHMC of \$1,341,485 related to allocable expenses, net of annual dues collected but not yet remitted to the Association. In addition, DVCHMC is responsible for the management and operation of the Association's commercial facilities and the Association pays DVCHMC a management fee equal to 10% of all gross receipts received through or in connection with these services. Management fees incurred during the year ended December 31, 2017 related to commercial facilities was \$506,157 and are included in member activities.

5. Property Management Agreement - Each Association currently has a three-year management agreement with DVCHMC. Thereafter, each management agreement automatically renews for successive periods of three (3) years each, upon its scheduled expiration, unless either party gives the other written notice of nonrenewal, as stipulated in the agreement. DVCHMC provides on-site management and maintenance services, and off-site administrative and accounting services.

Pursuant to each management agreement, DVCHMC has been delegated the authority by each Association to provide all services, through employees and experts retained by it, incidental to the management and operation of each Association. However, certain operating expenses may be incurred through other TWDC entities.

6. Vacation Homes - Wherever used throughout the budgets or these notes, the term Vacation Home does not include studio or one bedroom accommodations that comprise part of a two bedroom lockoff Vacation Home.

Estimated Ad Valorem Taxes For January 1, 2019 Through December 31, 2019

The amount of ad valorem taxes assessed against each Unit and the Common Elements and Shared Areas of the Resort will be determined by the Real Property Assessment Division, City and County of Honolulu. Each Owner's share of the estimated ad valorem tax assessments to be included on each Owner's 2019 Annual Dues billing statement will be \$0.6142 per Vacation Point. This is an annual amount based in part on the actual ad valorem taxes assessed against the Resort for the first half of 2019 (January 1st to June 30th). This is DVCHMC's best estimate of the actual taxes which will be assessed for the tax year 2019. DVCHMC does not certify this ad valorem tax estimate. Each Owner is responsible for his or her per Vacation Point share of the actual ad valorem taxes billed each year by the tax collector's office. Any difference between the tax estimate and actual taxes paid on the Owner's behalf will be applied towards the Owner's subsequent year's tax assessment.

2019 Estimated Annual Dues Assessment

The estimated Annual Dues for the year January 1, 2019 through December 31, 2019 are \$7.8603 per Vacation Point, which is comprised of the estimated Annual Operating Budget (\$3.9515 per Vacation Point), and Capital Reserves Budget (\$0.8169 per Vacation Point) for the Vacation Owners Plan; plus the estimated Annual Operating Budget (\$2.2130 per Vacation Point) and Capital Reserves Budget (\$0.2647 per Vacation Point) for the Vacation Ownership Condominium and the estimated ad valorem taxes (\$0.6142 per Vacation Point). The total amount of Annual Dues (including estimated ad valorem taxes) for the Vacation Plan paid by a Purchaser or Owner is determined by multiplying the total number of Vacation Points represented by the Ownership Interest purchased by \$7.8603. For example, if the Ownership Interest is represented by 230 Vacation Points, the estimated Annual Dues would be \$1,807.87.

Developer Credit For Owners Who Purchased Before July 27, 2011: DVD has agreed to provide each Owner who entered into or received a purchase agreement for an Ownership Interest prior to July 27, 2011 with an annual credit. This credit will be provided to all such Owners and their successors in title every year until the earlier of the termination or expiration of the Vacation Ownership Plan or January 31, 2062. For 2019, the annual credit is equal to \$1.9515 per Vacation Point. As a result, in 2019, each such Owner's Annual Dues Assessment for Plan and Condominium Expenses (Operating and Capital Reserve Expenses) and ad valorem taxes shall be \$5.9088 per Vacation Point. The amount of the credit will be adjusted (increased or decreased) annually by an amount equal to the year over year change (increase or decrease) in the total dues assessment as a result of inflation or deflation. This credit shall only apply to those Ownership Interests for which a purchase agreement was entered into or received by a purchaser prior to July 27, 2011 and shall not apply to any Ownership Interests (including add-on Ownership Interests) purchased subsequent to that date. The obligation of DVD to pay this credit is a matter of private contract between DVD and Owners who entered into or received a purchase agreement prior to July 27, 2011. DVD does not offer this credit to Owners who enter into or receive purchase agreements on or after July 27, 2011.

Ali'i Nui Hotel Condominium Association, Inc.

The 2019 Budgets were calculated based on the Association's 2018 fiscal year operating experience and anticipated or known changes in costs for 2019. Please direct Annual Dues questions to Member Accounting at 800-800-9800 or 407-566-3800, Option 3.

Estimated Operating Budget For January 1, 2019 Through December 31, 2019

Revenue Components	Total	Hotel Units	279 Vacation Homes
			Vacation Support Units
Member Annual Dues Assessment	\$795,319	\$421,432	\$373,887
TOTAL REVENUES AND INCOME	\$795,319	\$421,432	\$373,887
Cost Components			
Administration	\$152,267	\$80,685	\$71,582
Annual Audit	15,153	8,030	7,123
Insurance	110,484	58,544	51,940
Legal	1,045	554	491
Maintenance	213,040	112,887	100,153
Management Fee	93,087	49,326	43,761
Security	44,084	23,360	20,724
Utilities	166,159	88,046	78,113
TOTAL OPERATING EXPENSES	\$795,319	\$421,432	\$373,887

The Owners' Share Of This Budget Is Included In The Vacation Ownership Condominium Budget.

Estimated Capital Reserves Budget For January 1, 2019 Through December 31, 2019

Replacement Fund Components	Total	Hotel Units	<u>279 Vacation Homes</u>
			Vacation Support Units
Capital Reserves	\$38,585	\$20,446	\$18,139
TOTAL CAPITAL RESERVES BUDGET	\$38,585	\$20,446	\$18,139

The Owners' Share Of This Budget Is Included In The Vacation Ownership Condominium Budget.

Capital Reserve Analysis For The Year Ended December 31, 2018

Replacement Fund Components	Estimated Fund Balance as of December 31, 2018	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Roof Replacement/Repair				\$ -
Interior Refurbishment				-
External Building Painting				-
Common Element Renovation		1 - 30	1 - 24	836,528
Pavement Resurfacing		3 - 20	1 - 13	13,154
Capital Reserves	<u>\$454,328</u>			
TOTAL	<u>\$454,328</u>			<u>\$849,682</u>

Budget Notes For 2019 Estimated Operating and Reserve Budgets For
Ali'i Nui Hotel Condominium Association, Inc. ("Hotel Condominium Association")

These budget notes are for the 2019 Estimated Operating and Reserve Budgets for Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i (the "**Hotel Condominium**"). All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Amended and Restated Declaration of Condominium Property Regime for Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Condominium (the "**Hotel Condominium Declaration**"). The budgets have been prepared on an accrual basis. See also Additional Budget Notes.

Description of Revenue Components:

1. Member Annual Dues Assessment - The amounts assessed to Owners of units in the Hotel Condominium.

Description of Cost Components:

1. Administration - Administrative costs of resort management, including operating supplies and equipment rental and operational, IT and administrative support.
2. Annual Audit - Fee for the independent audit of the Hotel Condominium Association's financial statements.
3. Insurance - Cost of insurance premiums for property coverage, general liability, workers' compensation, crime and Director's and Officer's liability.
4. Legal - Cost of legal counsel regarding Hotel Condominium Association business.
5. Maintenance - Cost of interior and exterior maintenance and repairs of the Common Elements of the Hotel Condominium not paid for out of replacement reserves. Also includes landscaping, pest control and fire alarm monitoring.
6. Management Fee - Fee paid to DVCHMC for providing management services to the Hotel Condominium Association according to the Property Management Agreement for the Hotel Condominium Association. The fee is equal to 12 percent of the total Operating and Reserve Budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself.
7. Security - Cost of security for the Resort.
8. Utilities - Cost of electricity, gas, water, sewer, solid waste disposal and cable television.

See also Additional Budget Notes.

Budget Notes For Estimated Capital Reserves

1. Funds Covered - The annual budget for Capital Reserves covers funds set aside for the repair or replacement of major items pertaining to the Common Elements with a useful life of greater than one year. The interest earned on these funds remains in the Capital Reserves accounts and is not absorbed into the Operating Budget.

Additional Budget Notes

1. 2019 Dollars - All costs are stated in 2019 dollars unless otherwise indicated.
2. Books and Records - The books and records for the Hotel Condominium Association are maintained at: 1390 Celebration Boulevard, Celebration, Florida 34747. The person responsible for the upkeep and custodianship of the books and records of the Hotel Condominium Association is the Treasurer of the Association (407) 566-3000.
3. Related Party Transactions - DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired a term-for-years interest in the property, located in Ko Olina, Hawai'i. DVD developed the Condominium on the property, and sells ownership interests in Condominium units, as part of the vacation ownership plan. Unless otherwise extended, the term-for-years interest will expire on January 31, 2062, and vest to the benefit of ABC, Inc., a New York corporation. ABC, Inc. is also a subsidiary of TWDC.

Certain directors or officers of DVD or DVCHMC serve on the Board or as officers of the Hotel Condominium Association. Certain directors or officers of the Hotel Condominium Association are also employees of TWDC or its affiliates.

During the year ended December 31, 2017, DVD voluntarily subsidized the operations of the Association of the common expenses incurred in the amount of \$126.

During the year ended December 31, 2017, DVD annual dues paid to the Association were \$213,172.

DVCHMC is the manager of the Association and is also a subsidiary of TWDC.

Management fees payable to DVCHMC are 12 percent of the total operating and reserve budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself. Management fees incurred during the year ended December 31, 2017, were \$84,586.

Substantially all operating expenses have been allocated to the Association from DVCHMC, and certain operating expenses have been rendered by or incurred through other TWDC entities.

Amounts due to or from DVCHMC are payable in full and due on demand. As of December 31, 2017, the amount due to DVCHMC of \$19,622 related to allocable expenses, net of annual dues collected but not yet remitted to the Association.

4. Property Management Agreement - The Hotel Condominium Association currently has a five-year management agreement with DVCHMC. Thereafter, the management agreement automatically renews for successive periods of three (3) years each, upon its scheduled expiration, unless either party gives the other written notice of nonrenewal, as stipulated in the agreement. DVCHMC provides on-site management and maintenance services, and off-site administrative and accounting services.

Pursuant to the Agreement, DVCHMC has been delegated the authority by the Hotel Condominium Association to provide all services, through employees and experts retained by it, incidental to the management and operation of the Hotel Condominium. However, certain operating expenses may be incurred through other TWDC entities.

