

Statewide Timeshare Performance & Taxes

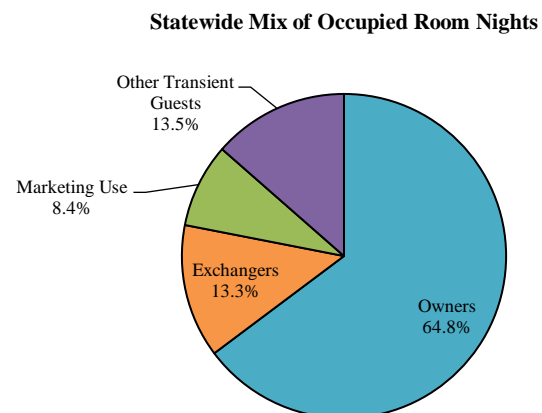
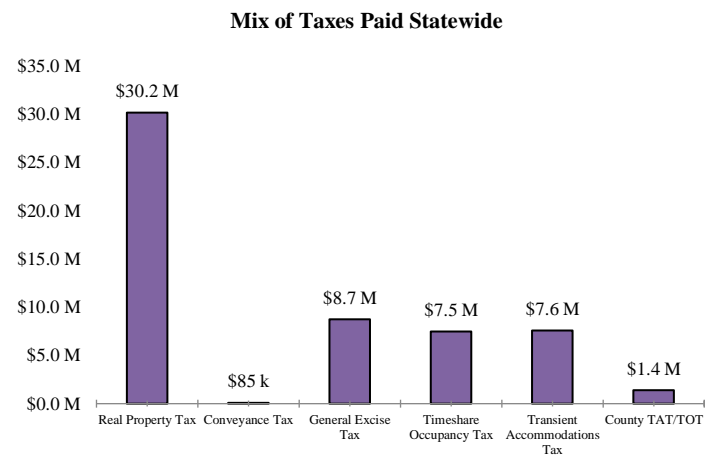
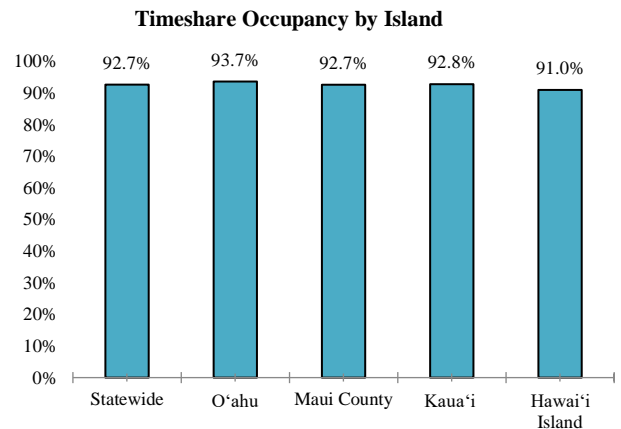
Hawai'i's timeshare industry achieved an average occupancy rate of 92.7% during the third quarter of 2022, an increase of 6.6% points from the 86.1% occupancy reported for the third quarter of 2021. The statewide timeshare occupancy exceeded pre-pandemic levels for the first time, with occupancy during the quarter exceeding Q3 2019's 92.1% occupancy. Each county reported timeshare occupancy greater than 90% during the quarter, a mark that was most recently achieved during Q2 2018. The traditional hotel and condominium hotel market in the state achieved occupancy of 77.4% during the third quarter of 2022, according to STR, Inc. data reported by the State of Hawai'i Department of Economic Development & Tourism ("DBEDT").

Owners staying in a timeshare they own represented 64.8% of the occupied room nights at Hawai'i's timeshare resorts during the third quarter. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 13.5% of occupied room nights during the quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 13.3% of the occupied room nights. Marketing use represented 8.4% of occupied room nights.

The third quarter 2022 timeshare survey findings, based on data provided by 58 individual timeshare properties, represent 83.1% of Hawai'i's 10,148 timeshare units.

According to DBEDT data, 222,526 visitors to the state chose to stay at timeshare resort for all or part of their stay during the third quarter, a 6.6% increase from Q3 2021 timeshare arrivals. Q3 2022 statewide timeshare arrivals equaled 98.5% of Q3 2019 arrivals.

During the third quarter of 2022 timeshare visitors represented 9.1% of all Hawai'i statewide visitor arrivals, higher than the 8.5% share the timeshare industry saw during Q3 2019.



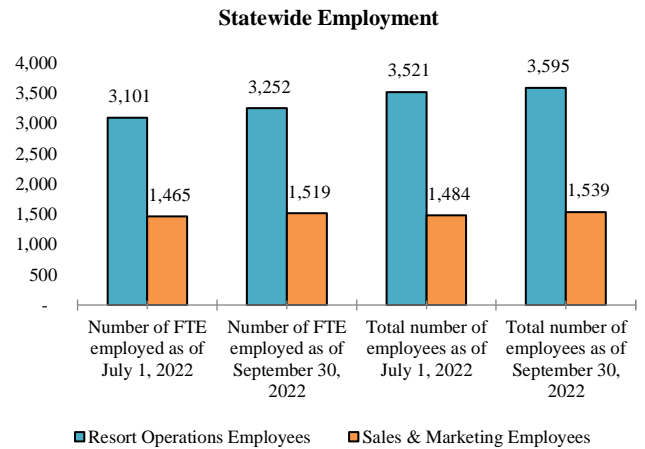
Hawai'i's timeshare industry has recovered from the COVID-19 travel slowdown faster than other accommodation types in the state. During the third quarter, the average timeshare visitor stayed in the state a total of 9.7 days, slightly longer than the 9.3-day average stay during the third quarter of 2019.

Survey participants reported a total of \$55.4 million in state and county taxes, including real property tax, general excise tax ("GET"), timeshare occupancy tax ("TOT"), transient accommodations tax ("TAT") and conveyance tax. Real property taxes represented the largest share, with a reported \$30.2 million paid during the quarter, or 54.4% of the total. Participants reported paying GET totaling \$8.7 million, followed by TAT of \$7.6 million and TOT of \$7.5 million.

Statewide Employment & Payroll

The total number of resort operations employees increased by 2.1% during the quarter, to 3,595. The number of sales and marketing employees increased by 3.7% to 1,539.

Statewide payroll expenses for timeshare survey participants totaled \$73.1 million during the third quarter of 2022, including \$39.9 million for resort operations employees and \$33.2 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu achieved 93.7% occupancy during the third quarter of 2022, the highest timeshare occupancy among the counties during the quarter and a 8.6% point increase from Q3 2021. O'ahu's Q3 2022 timeshare occupancy trailed the 95.7% occupancy reported for Q3 2019. During Q3 2022, O'ahu's hotel occupancy averaged 81.6%.

Historically, international visitors have represented a larger share of O'ahu's market than the Neighbor Islands. Because of COVID-related international travel restrictions, which continued during Q3 2022, O'ahu's lodging market has lagged the Neighbor Islands in recovering from the pandemic-driven travel slowdown.

Owner occupied room nights represented 67.6% of total occupied room nights at O'ahu's timeshare resorts during the quarter. Transient use represented 16.2% of occupied room nights during the quarter, highest among the counties. Exchange use accounted for 10.1% of occupied room nights at O'ahu's timeshare resorts. Marketing use represented 6.2% of occupied room nights on O'ahu during the quarter, the lowest share among the counties.

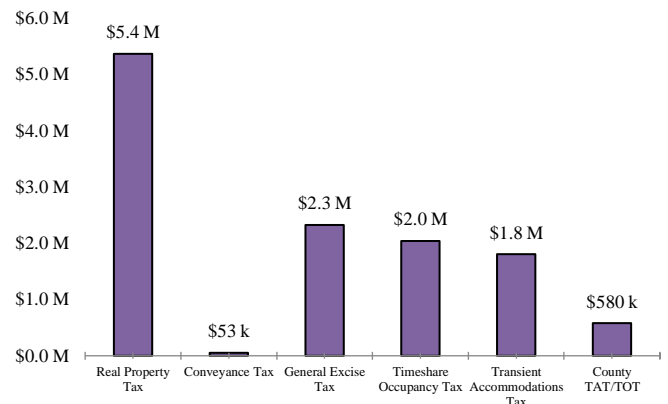
O'ahu welcomed 78,702 timeshare visitors during the quarter, 17.6% more than Q3 2021 but below pre-pandemic levels. Q3 O'ahu timeshare visitor arrivals equalled 88.8% of the pre-pandemic level, placing O'ahu last among the counties in terms of recovery and the only county where timeshare arrivals continue to lag pre-COVID levels. Continuing COVID-related restrictions on international travel during the quarter affected O'ahu more than the Neighbor Islands, due to O'ahu traditionally attracting a larger share of international visitors than the Neighbor Islands. During the quarter, 5.6% of O'ahu's visitors planned to stay in a timeshare resort, by far the lowest share among the counties. The average O'ahu timeshare visitor spent 7.1 days on the island, the shortest length of stay among the counties.

Participating properties on O'ahu reported a total of \$12.2 million in taxes during the third quarter,

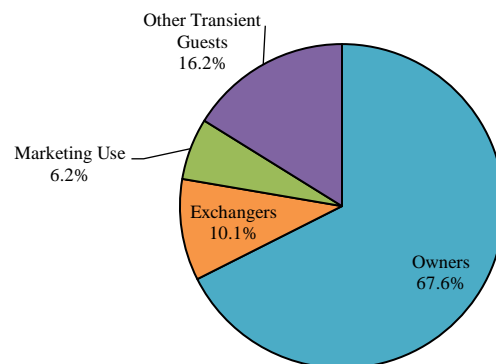
including \$5.4 million in real property taxes, followed by \$2.3 million in GET.

During the quarter, O'ahu timeshare resorts reported a 0.5% decrease in the number of resort operations employees and a 6.8% increase in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$23.7 million during the third quarter of 2022, of which sales and marketing payroll accounted for \$14.5 million.

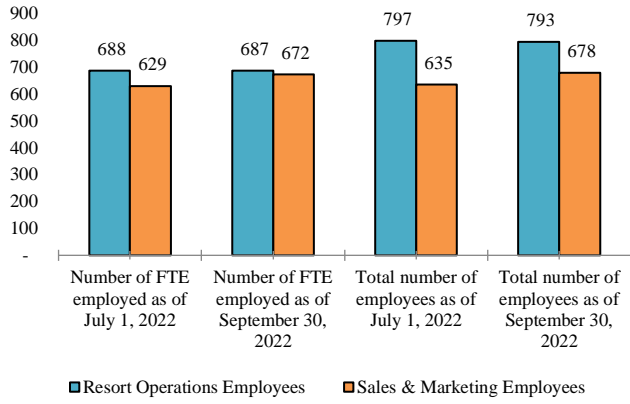
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties achieved an average occupancy of 92.7% during the third quarter of 2022, a 3.1% point increase from Q3 2021’s 90.7% timeshare occupancy and 1.0% point below the pre-pandemic occupancy achieved during Q3 2019. During the third quarter of 2022, Maui’s hotel occupancy averaged 68.1%.

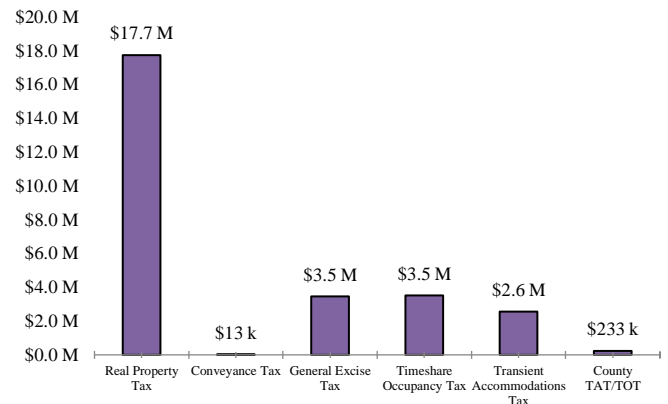
Maui County welcomed 84,438 timeshare visitors during Q3 2022, the greatest number of timeshare visitors among the counties. Maui timeshare visitor arrivals during the quarter equaled 102.4% of the pre-pandemic level achieved during the third quarter of 2019. The additional timeshare supply on Maui likely contributed to the county’s increase in timeshare visitor arrivals, with Hilton Grand Vacations’ Maui Bay Villas having opened during late 2021. The average Maui County timeshare visitor had a 8.7-day length of stay during the third quarter, comparable to the 8.8-day average reported for the same period in 2019. Timeshare visitors represented 10.5% of Maui County’s visitor market during the quarter, compared with a 10.2% share during Q3 2019.

Owner occupancy accounted for 68.3% of occupied room nights at Maui timeshare resorts during the quarter, the highest share among the counties. Transient Guests contributed 11.6% of occupied room nights, lowest among the counties during the quarter. Marketing use represented 10.6% of occupied room nights in Maui County timeshares, the highest share among the counties. Exchange use accounted for 9.4% of occupied room nights, lowest among the counties.

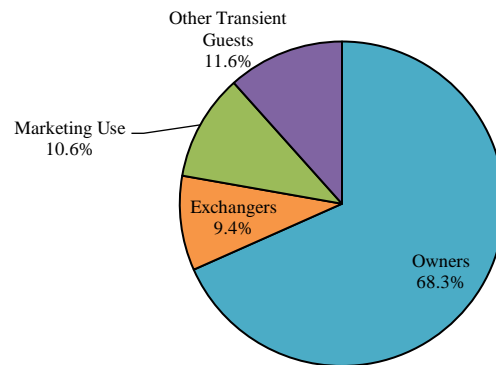
Maui County timeshare properties that provided survey data reported a total of \$27.5 million in state and county taxes during the third quarter. Properties reported generating real property taxes of \$17.7 million during the quarter, 64.5% of the total taxes. TOT totaled \$3.5 million, the greatest amount of TOT among the counties and consistent with the high owner use during the quarter. Maui County properties also reported generating \$3.5 million of GET during the quarter.

In the third quarter, Maui County timeshare properties reported a 3.9% increase in the total number of resort operations employees during the quarter, while the number of sales and marketing employees increased by 1.0%. Maui timeshare properties providing survey data reported \$15.0 million in total payroll expense during the quarter, of which resort operations employee payroll accounted for \$9.1 million.

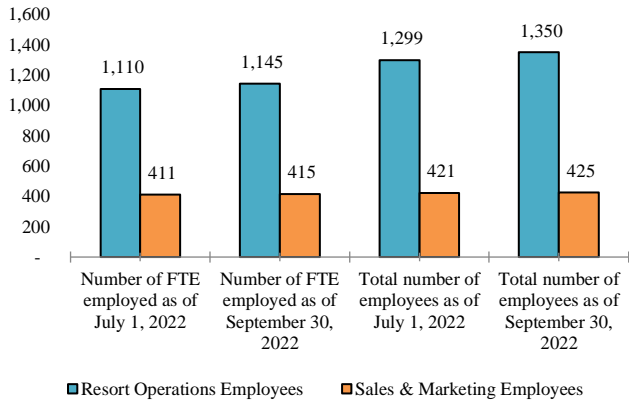
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Timeshare resorts on Kaua'i averaged 92.8% occupancy during the third quarter of 2022, and a 4.0% point increase compared to prior year's 88.8% occupancy. Q3 2022 also represented the fourth consecutive quarter in which occupancy at Kaua'i's timeshare resorts exceeded pre-pandemic levels. Kaua'i's Q3 2019 timeshare occupancy averaged 87.8%. Kaua'i's hotels and condominium hotels reported average occupancy of 80.8% during the quarter.

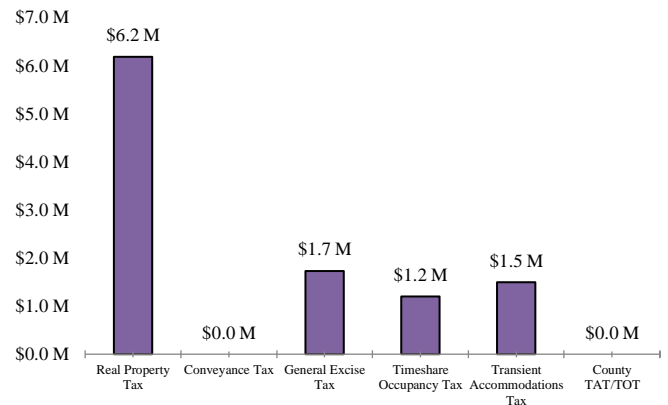
During Q3 2022, Kaua'i welcomed 56,452 timeshare visitors, which was equal to 102.1% of the Q3 2019 level. Kaua'i continued to be the island welcoming the highest proportion of timeshare visitors, with 15.5% of the island's visitors choosing to stay in a timeshare resort during the quarter and matching the island's pre-pandemic timeshare market share. Kaua'i timeshare visitors spent an average of 8.8 days on Kaua'i during Q3, the longest length of stay among the counties and comparable to the pre-pandemic LOS of 8.7 days.

Owner use represented 59.9% of the occupied room nights during the third quarter. Exchange use contributed 16.7% of occupied timeshare room nights on Kaua'i. Transient use represented 14.7% of occupied room nights during Q3, while marketing use represented 8.7% of room nights.

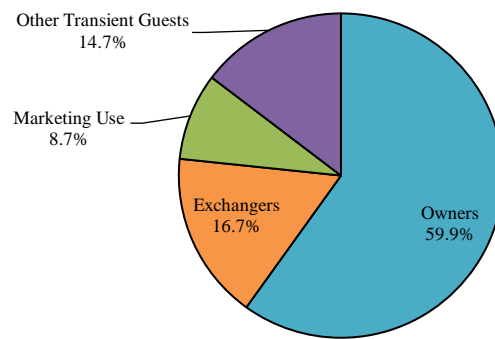
The Kaua'i timeshare resorts that provided survey data reported \$10.6 million in taxes during the third quarter, with the largest contributor being property taxes at \$6.2 million.

Kaua'i timeshare properties reported the total number of resort operations employees increased 2.2% while the number of sales and marketing employees increased by 0.5%. Participating respondents reported total payroll expense of \$19.1 million during Q3, of which \$12.5 million was resort operations payroll.

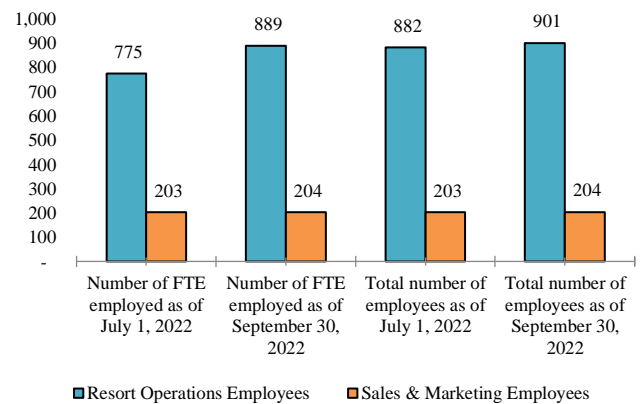
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Timeshare resorts on Hawai'i Island reported average occupancy of 91.0% during the third quarter of 2022, compared with 77.8% during the Q3 2021 and exceeding the 88.0% timeshare occupancy during Q3 2019. During the same period, hotel occupancy on Hawai'i Island was 74.6%.

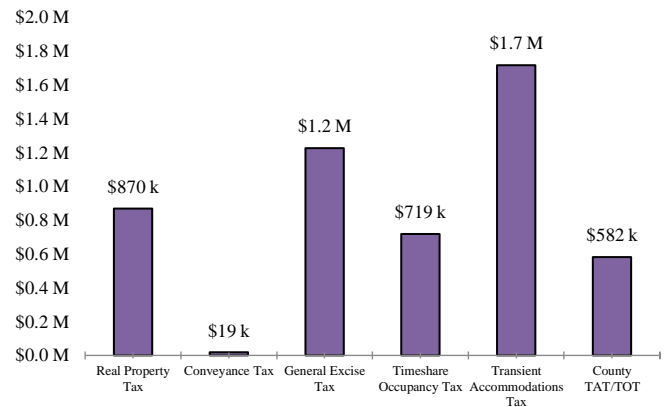
Owner use accounted for 59.6% of occupied room nights at timeshare properties on Hawai'i Island, the lowest share among the counties. Exchange use accounted for 21.4% of occupied room nights, highest among the counties during the quarter. Transient use contributed 11.3% of occupied room nights. Marketing use represented 7.7% of occupied room nights.

Hawai'i Island reported a total of 44,554 timeshare visitors during the third quarter, equal to 102.0% of Q3 2019 levels. Timeshare visitors represented 10.2% of Hawai'i Island visitor arrivals during the quarter, higher than the pre-pandemic share of 9.8%. The average Hawai'i Island timeshare visitor had a 8.1-day length of stay during the quarter, longer than the pre-pandemic LOS of 7.6 days.

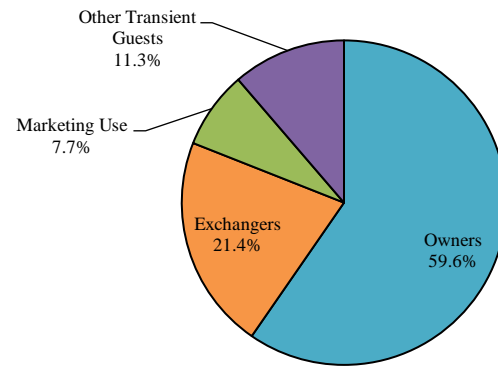
Hawai'i Island timeshare properties reporting data paid \$5.1 million in state and county taxes during the third quarter. Transient Accommodation Tax accounted for the largest share of the taxes, at \$1.7 million.

Timeshare resorts on Hawai'i Island reported a 1.5% increase in the number of resort operations employees and a 3.1% increase in the number of sales and marketing employees during the quarter. Timeshare properties on the island providing survey data reported paying a total of \$15.3 million in payroll and benefits, of which resort operations payroll represented \$9.1 million.

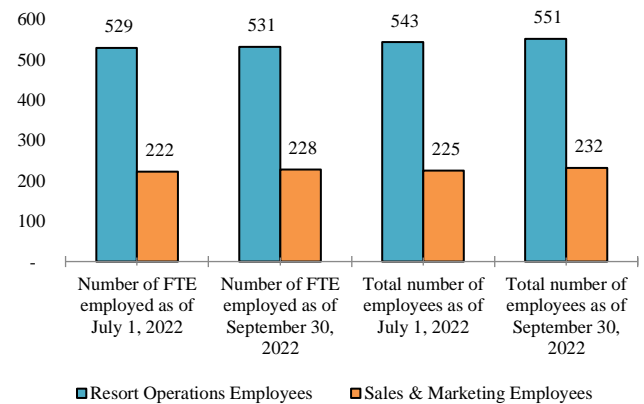
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



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Survey Overview

Kloninger & Sims Consulting LLC was engaged by the State of Hawai'i Department of Business, Economic Development & Tourism to conduct a recurring quarterly market performance survey of Hawai'i's timeshare industry. The purpose of the survey was to provide research and analysis in regards to the state of Hawai'i timeshare industry including the following:

- Overall Property Occupancy
- Occupancy Mix
- Taxes Generated
- Employment and Payroll

We acknowledge the American Resort Development Association ("ARDA") for their continued support and cooperation with this survey.

The information provided in this report represents the aggregated actual operating results of the participating properties. No estimations were made for non-participants. Please also note that the methodology for this survey varies from DBEDT's monthly visitor statistics. While this survey is based on actual operating data, accommodation choice data reported by DBEDT are self-reported and visitors who are not part of a timeshare/exchange program may possibly select "hotel" or "condominium" as their accommodation type. In addition, DBEDT does not report the number of nights spent at each accommodation type.

Survey Participation

Participation rates in the statewide timeshare survey was 83.1 percent of registered timeshare units statewide, which represents 58 participating properties and 10,148 units.