



Hawai'i Timeshare Quarterly January - March 2018

Statewide Timeshare Performance & Taxes

Hawai'i's timeshare industry achieved an average occupancy rate of 92.0% during the first quarter of 2018, a decrease of 0.6 percentage points compared with the first quarter of 2017. The traditional hotel and condominium hotel market in the state achieved occupancy of 82.9% during the first quarter of 2018, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

Owners staying in a timeshare they own represented 58.8% of the occupied room nights at Hawai'i's timeshare resorts during the first quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 17.5% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.2% of occupied room nights during the quarter. Marketing use represented 8.4% of occupied room nights.

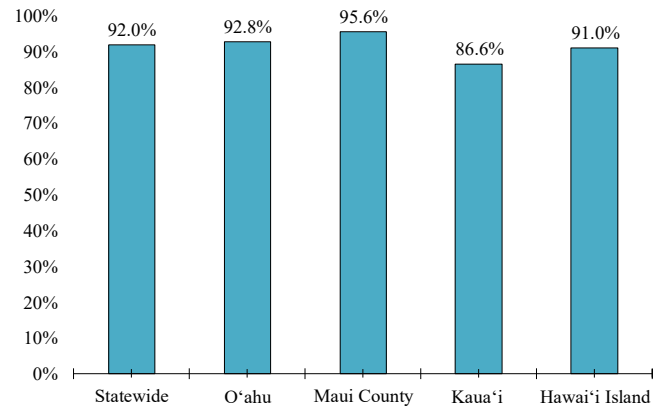
The first quarter 2018 timeshare survey findings, based on data provided by 49 individual timeshare properties, represent 79.3% of Hawai'i's 11,233 timeshare units.

During the first quarter, 192,172 visitors to the state chose to stay at timeshare resort for all or part of their stay, an increase of 8.1% from the previous year. Of the 192,172 timeshare visitors, 75.1% stayed exclusively in a timeshare resort while visiting Hawai'i. Timeshare visitors represented 7.9% of the Hawai'i visitor market during Q1, as reported by the HTA.

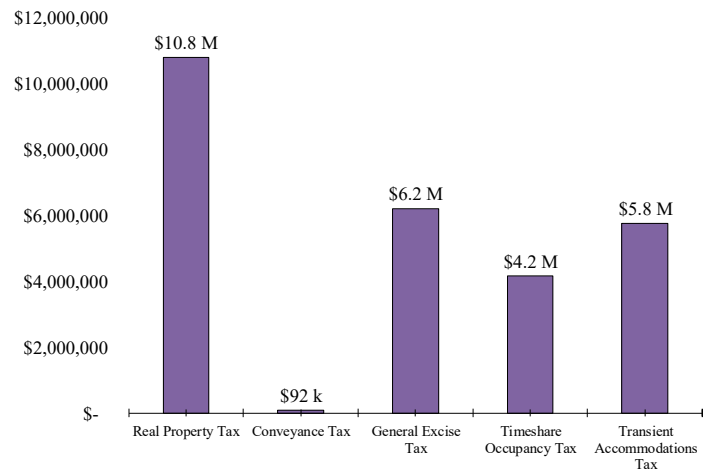
During the first quarter, the average timeshare visitor stayed a total of 11.1 days in the state, down slightly from the 11.4 day average stay during the first quarter of 2017.

Survey participants generated a total of \$27.1 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"),

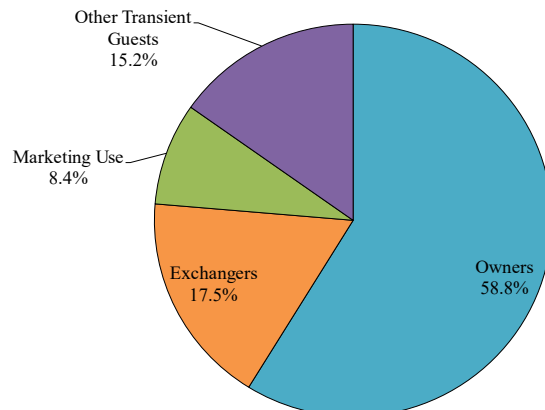
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

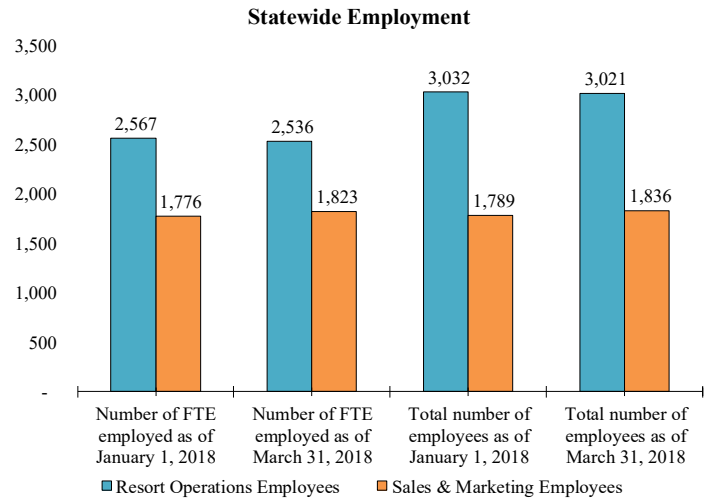


transient accommodations tax (“TAT”) and conveyance tax. Real property taxes accounted for \$10.8 million, or 40.0% of the total. We note that not all properties reported taxes for the first quarter and that some respondents chose not to report certain taxes for this survey.

Statewide Employment & Payroll

The total number of resort operations employees decreased by 0.4% during the quarter, while the number of sales and marketing employees increased by 2.6%.

Statewide payroll expenses for timeshare survey participants totaled \$86.8 million during the first quarter of 2018, including \$38.9 million for resort operations employees and \$48.0 million for sales and marketing employees. These figures reflect payroll expenses of survey respondents that provided payroll expense data.



O'ahu

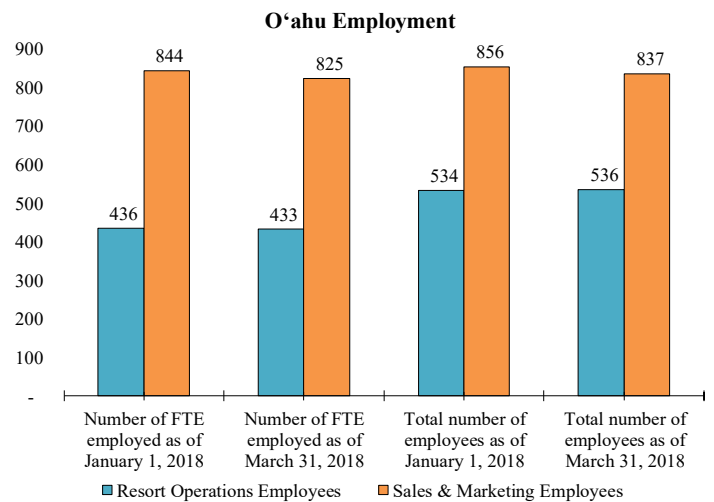
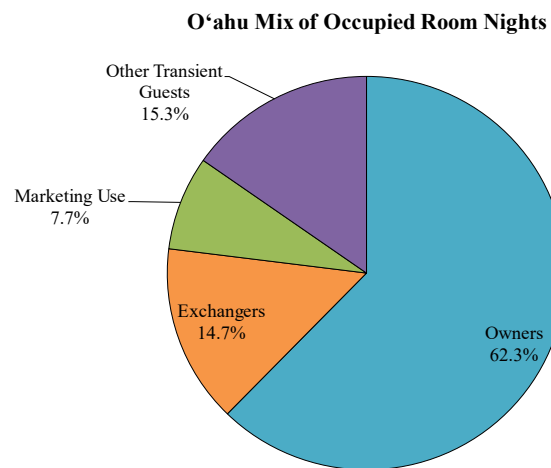
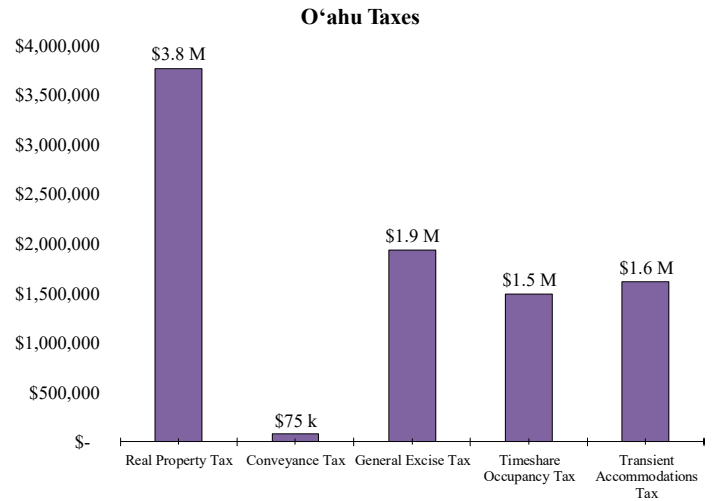
Timeshare resorts on O'ahu averaged 92.8% occupancy during the first quarter of 2018, a 0.1 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy was 84.3%.

Owner occupied room nights represented 62.3% of total occupied room nights at O'ahu's timeshare resorts during the quarter, the highest share of owner use among the islands. Exchange use accounted for 14.7% of occupied room nights at O'ahu's timeshare resorts, the lowest share among the islands. Marketing use represented 7.7% of occupied room nights on O'ahu during the quarter, the lowest share among the islands.

O'ahu welcomed the largest number of timeshare visitors among the Hawaiian Islands. During the first quarter, O'ahu received 75,319 timeshare visitors, an increase of 8.9% from the 69,178 timeshare visitors during Q1 2017. Additional timeshare capacity on O'ahu contributed to the increase in timeshare visitor arrivals. The 411-unit Hilton Grand Islander resort in Waikiki opened in 2017. A total of 5.3% of O'ahu's visitors planned to stay in a timeshare resort during the first quarter, an increase from Q1 2017's 5.2% share. Despite the increase, O'ahu's timeshare market reported the lowest share of the overall visitor market among the islands.

Participating properties on O'ahu reported a total of \$8.9 million in taxes during the first quarter, including \$3.8 million in real property taxes.

During the quarter, O'ahu timeshare resorts reported a 0.4% increase in the number of resort operations employees and a 2.2% decrease in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$19.0 million during the first quarter of 2018.



Maui County

Maui County's timeshare properties achieved an average occupancy of 95.6% during the first quarter of 2018, the highest occupancy among the islands and a 1.5 percentage point increase compared to the prior year. During the same period, Maui's hotel occupancy was 80.2%.

The average Maui County timeshare visitor had a 10.2 day length of stay during the first quarter, the highest among the islands. Maui County welcomed 70,042 timeshare visitors during the first three months of 2018, a 4.5% increase from the prior year. Timeshare visitors represented 9.7% of Maui County's visitor market during the quarter.

Owner occupancy accounted for 61.6% of occupied room nights at Maui timeshare resorts during the quarter. Marketing use represented 9.0% of occupied room nights in Maui County timeshares, the highest share among the islands. Transient Guests contributed 13.8% of occupied room nights, the lowest share among the islands during the quarter.

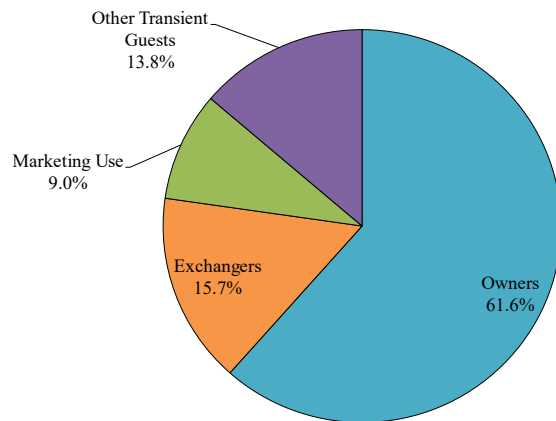
Maui County timeshare properties that provided survey data reported a total of \$8.5 million in state and county taxes during the first quarter. Property taxes accounted for \$2.5 million of the total taxes during the quarter.

In the first quarter, Maui County timeshare properties reported a 0.2% decrease in the total number of resort operations employees during the quarter and a 17.1% increase in the number of sales and marketing employees. Maui timeshare properties providing survey data reported total resort operations payroll expense of \$21.0 million during the first quarter and another \$11.4 million in sales and marketing payroll expense for a total of \$32.4 million in total payroll expense.

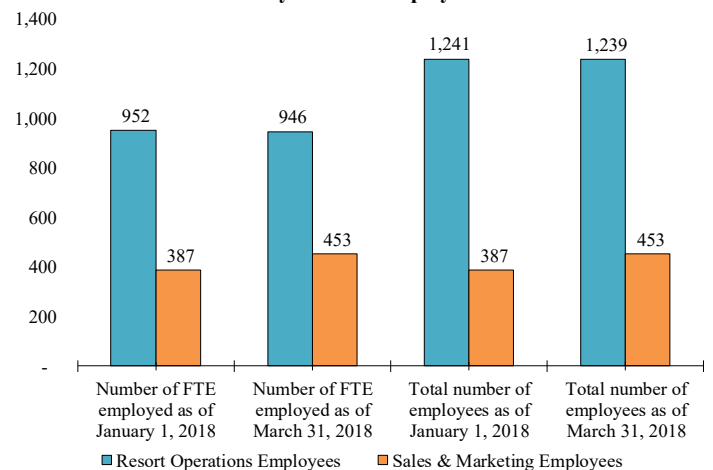
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

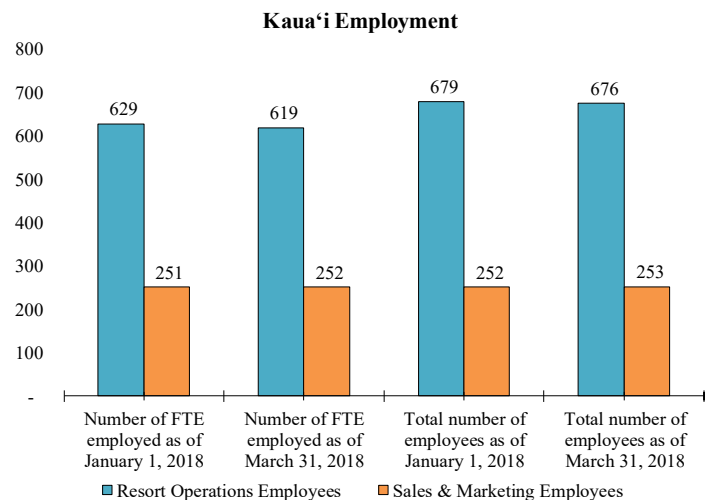
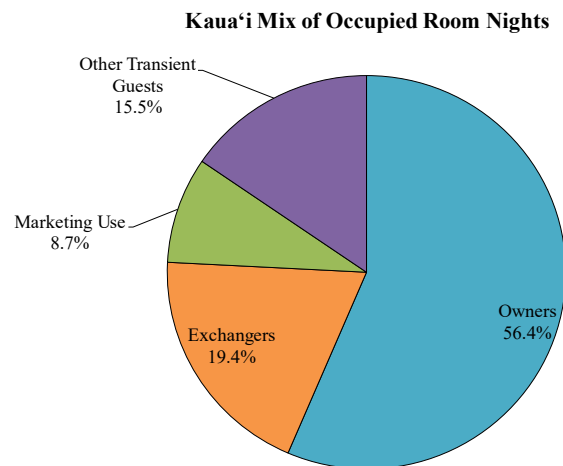
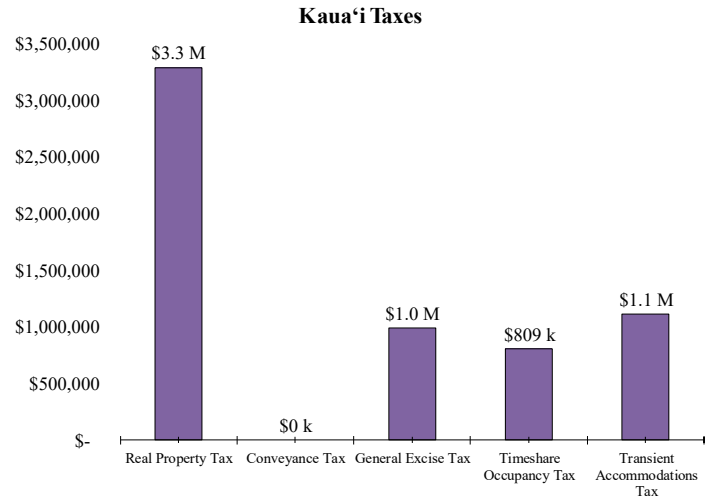
Timeshare resorts on Kaua'i averaged 86.6% occupancy during the first quarter of 2018, a 4.9 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 81.1%.

Kaua'i continued to be the island with the highest proportion of timeshare visitors, with 14.0% of the island's 338,572 visitors choosing to stay in a timeshare resort during the first quarter. Kaua'i timeshare visitors spent an average of 9.9 days on Kaua'i during Q1, second longest length of stay among the islands but a slight decrease from the 10.0 day average stay during the prior year.

Owner use represented 56.4% of the occupied room nights during the first three months of 2018. Exchange use contributed 19.4% of occupied room nights on Kaua'i, the second highest percentage of exchange use among the islands, while Transient use contributed 15.5% of occupied room nights.

The Kaua'i timeshare resorts that provided survey data reported \$6.2 million in taxes during the first quarter, of which \$3.3 million were property taxes. Real property tax represented 53.0% of all taxes reported by Kaua'i's timeshare properties during the quarter, the highest proportion among the islands.

Kaua'i timeshare properties reported a 0.4% decrease in the number of resort operations employees during the quarter and a 0.4% increase in the number of sales and marketing employees. Participating respondents reported total resort operations payroll expense of \$10.0 million during the quarter, in addition to \$7.3 million in sales and marketing payroll expense, for a total of \$17.3 million.



Hawai'i Island

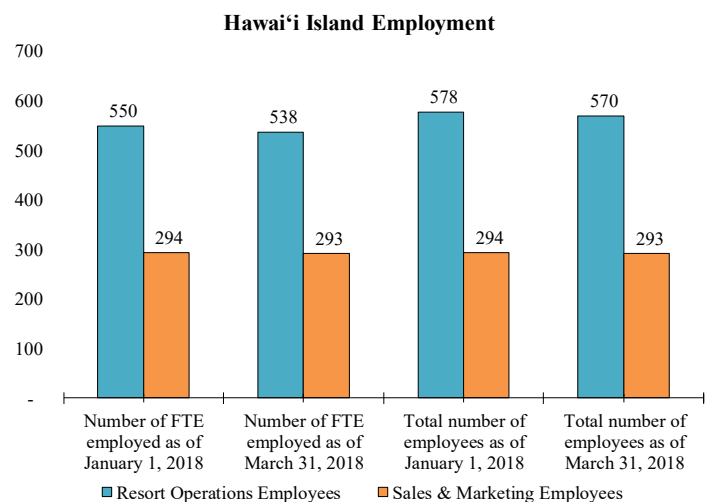
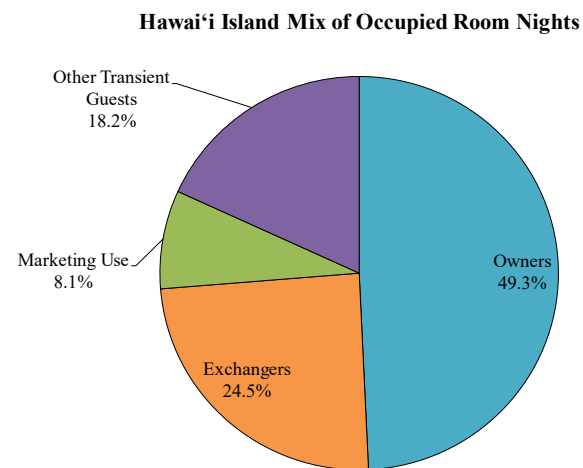
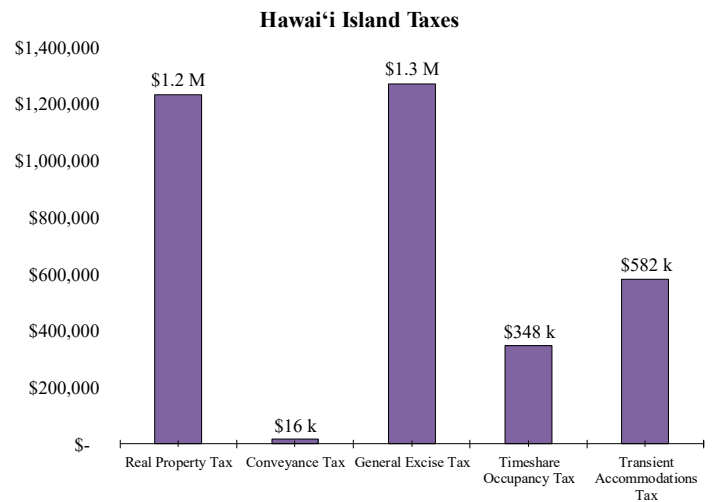
Timeshare resorts on Hawai'i Island reported average occupancy of 91.0% during the first quarter of 2018, a 0.1 percentage point decrease compared to the prior year. During the same period, hotel occupancy on Hawai'i Island was 82.6%.

Owner use accounted for 49.3% of occupied room nights at timeshare properties on Hawai'i Island, the lowest share among the islands. Exchange use accounted for 24.5% of occupied room nights, the highest percentage among the islands. Marketing use represented 8.1% of occupied room nights, the highest proportion among the islands. Hawai'i Island also reported the highest share of occupied room nights from transient use, 18.2% of room nights.

Hawai'i Island reported a total of 41,978 timeshare visitors during the first quarter. The 10.7% increase from the prior year was the fastest timeshare arrival growth rate among the major islands. The increase in timeshare arrivals was offset by a sharp decrease in length of stay, 8.9 days in Q1 2018, compared to 9.3 days in 2017.

Hawai'i Island timeshare properties reporting data paid \$3.5 million in state and county taxes during the first quarter. General Excise Tax accounted for the largest share of the taxes, at \$1.3 million.

During the first quarter, Hawai'i Island timeshare properties reported a 1.4% decrease in the total number of resort operations employees as well as a 0.3% decrease in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total resort operations payroll expense of \$7.1 million during the first quarter and \$10.3 million in sales and marketing payroll expense, for a total of \$17.4 million.



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Survey Overview

Kloninger & Sims Consulting LLC was engaged by the Hawai'i Tourism Authority 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 the HTA's monthly visitor statistics. While this survey is based on actual operating data, accommodation choice data reported by the HTA 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, HTA does not report the number of nights spent at each accommodation type.

Survey Participation

Participation rates in the statewide timeshare survey was 79.3 percent of registered timeshare units statewide, which represents 49 participating properties and 8,912 units.