

Statewide Timeshare Performance & Taxes

Hawai'i's timeshare industry achieved an average occupancy rate of 88.2% during the first quarter of 2022, an increase of 33.8 percentage points over the 54.4% occupancy reported for the first quarter of 2021. The traditional hotel and condominium hotel market in the state achieved an occupancy of 70.8% during the first quarter of 2022, according to STR, Inc. data reported by the State of Hawai'i Department of Business, Economic Development & Tourism ("DBEDT").

The 88.2% Q1 2022 timeshare occupancy trailed Q1 2019 timeshare occupancy by 3.6 percentage points. Occupancy at Hawai'i's timeshare resorts has recovered more quickly than that of the state's hotels. The Q1 2022 hotel occupancy of 70.8% trailed pre-pandemic levels by nearly ten percentage points. Statewide hotel occupancy averaged 80.5% during Q1 2019.

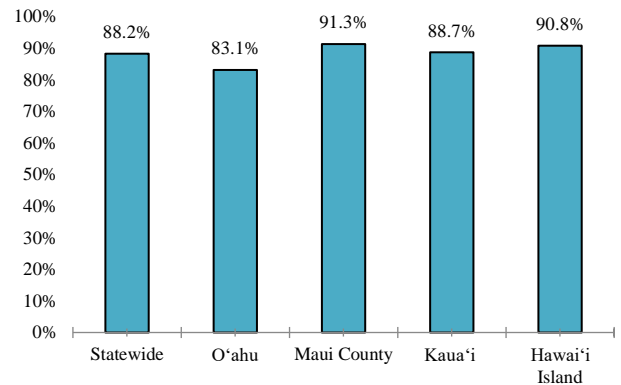
Owners staying in a timeshare they own represented 64.6% of the occupied room nights at Hawai'i's timeshare resorts during the first quarter. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 16.0% of occupied room nights during the quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 12.0% of the occupied room nights. Marketing use represented 7.3% of occupied room nights. The shares of owner use and transient rental increased relative to Q1 2019, while there were less exchange and marketing use.

The first quarter 2022 timeshare survey findings, based on data provided by 55 individual timeshare properties, represent 83.6% of Hawai'i's 12,207 timeshare units.

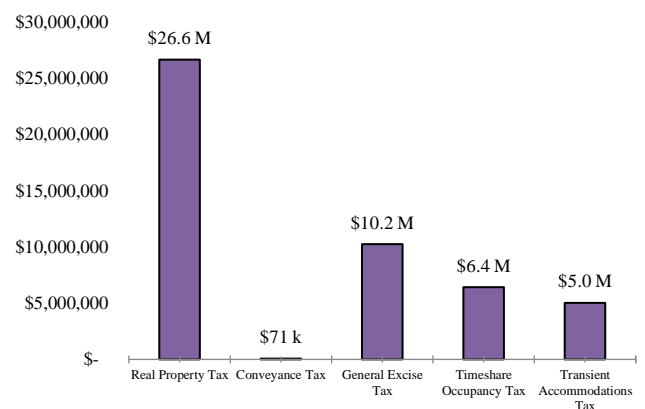
According to DBEDT data, 174,964 visitors to the state chose to stay at timeshare resort for all or part of their stay during the first quarter. Q1 2022 statewide timeshare visitor arrivals nearly doubled from Q1 2021 levels, when they totaled 91,004. The number of

statewide timeshare visitors during Q1 2022 was equal to 91% of the timeshare arrivals during Q1 2019.

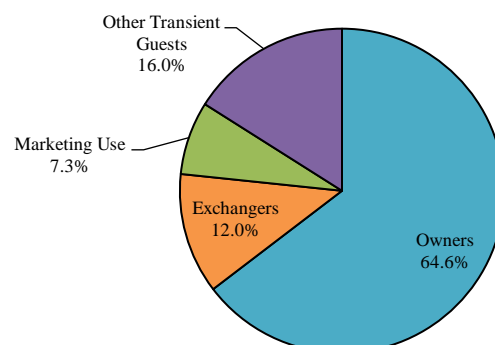
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



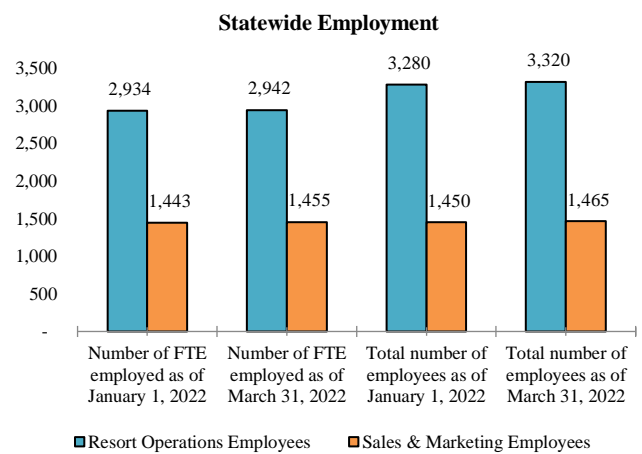
During the quarter, timeshare visitors represented 8.9% of all Hawai'i statewide visitor arrivals, compared to a 7.7% share during Q1 2019. Hawai'i's timeshare industry continued to recover from the COVID-19 travel slowdown faster than other accommodation types during the first quarter of 2022. During the first quarter, the average timeshare visitor stayed in the state a total of 11.1 days, compared with a 9.5-day average stay during the first quarter of 2019.

Survey participants generated a total of \$48.4 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient accommodations tax ("TAT") and conveyance tax. Participants reported paying real property taxes totaling \$26.6 million or 55.0% of the total. General excise tax accounted for \$10.2 million of the total during the quarter, or 21.2%. 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 increased by 1.2% during the quarter, to 3,320. The number of sales and marketing employees increased by 1.0% to 1,465.

Statewide payroll expenses for timeshare survey participants totaled \$69.7 million during the first quarter of 2022, including \$39.5 million for resort operations employees and \$30.2 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu achieved 83.1% occupancy during the first quarter of 2022, the lowest timeshare occupancy among the counties during the quarter, due likely to continuing restrictions on international travel. Historically, international visitors have represented a larger share of O'ahu's market than the Neighbor Islands. O'ahu's Q1 2022 timeshare occupancy trailed the 93.8% occupancy reported for Q1 2019 by more than ten percentage points. During Q1 2022, O'ahu's hotel occupancy averaged 70.2%.

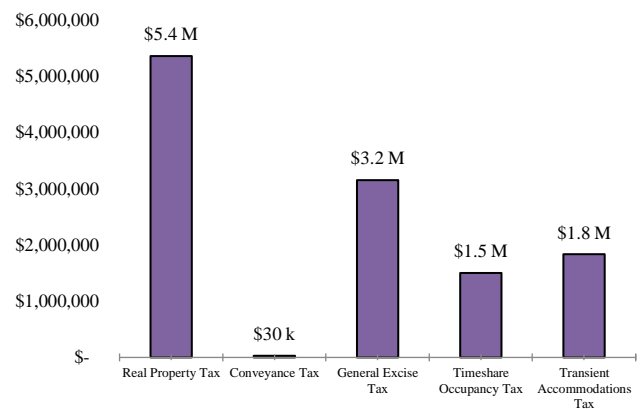
Owner occupied room nights represented 54.7% of total occupied room nights at O'ahu's timeshare resorts during the quarter, the lowest share among the counties. Transient use represented 24.7% of occupied room nights during the quarter, highest among the counties. Exchange use accounted for 13.6% of occupied room nights at O'ahu's timeshare resorts. Marketing use represented 7.0% of occupied room nights on O'ahu during the quarter. Compared to Q1 2019, O'ahu's timeshare occupancy during Q1 2022 was comprised of less owner use and more Transient use. This was likely due to international travel restrictions, which tended to dissuade Japanese owners of O'ahu timeshares from staying in their timeshare units. With less owner use, timeshare operators had more inventory to rent as transient use.

O'ahu welcomed 59,902 timeshare visitors during the quarter, more than double the 29,271 timeshare visitors during Q1 2021 but well short of the 70,889 Q1 timeshare visitors during the first quarter of 2019. Q1 O'ahu timeshare visitor arrivals equalled 85% of the pre-pandemic level, placing O'ahu last among the counties in terms of recovery. A total of 4.8% of O'ahu's visitors planned to stay in a timeshare resort during the first quarter, by far the lowest share among the counties. The average O'ahu timeshare visitor spent 7.9 days on the island, the shortest length of stay in the state.

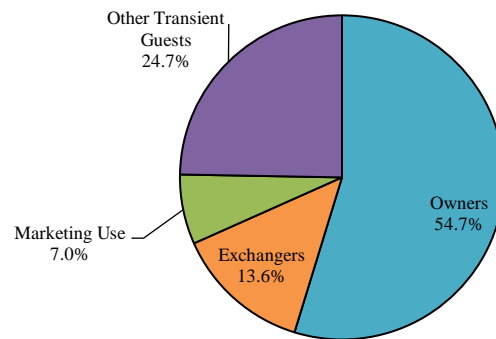
Participating properties on O'ahu reported a total of \$11.9 million in taxes during the first quarter, including \$5.4 million in real property taxes.

During the quarter, O'ahu timeshare resorts reported a 0.1% increase in the number of resort operations employees and a 1.0% decrease in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$17.9 million during the first quarter of 2022, of which resort operations payroll accounted for \$10.3 million.

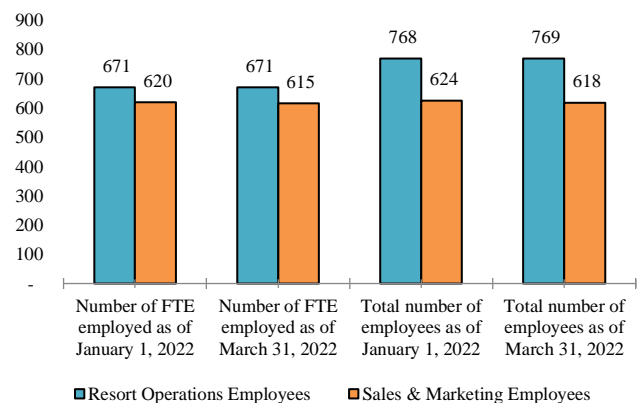
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County's timeshare properties achieved an average occupancy of 91.3% during the first quarter of 2022, highest among the counties and a 19.4 percentage point increase from Q1 2021's 71.9% timeshare occupancy. The Q1 2022 occupancy compares with the 95.5% timeshare occupancy achieved during Q1 2019. During the first quarter of 2022, Maui's hotel occupancy averaged 67.7%.

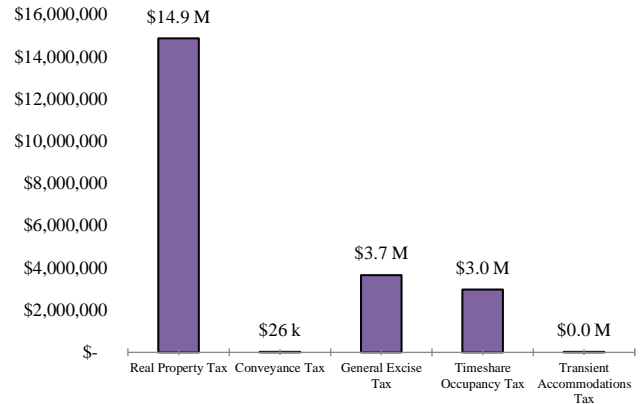
Maui County welcomed 66,946 timeshare visitors during the first three months of 2022, compared with 47,170 during Q1 2021. Q1 2022 Maui timeshare visitor arrivals equaled 96% of the pre-pandemic level. The average Maui County timeshare visitor had a 10.3-day length of stay during the first quarter, the longest average stay among the counties. Timeshare visitors represented 10.7% of Maui County's visitor market during the quarter.

Owner occupancy accounted for 72.0% 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 8.3% of occupied room nights in Maui County timeshares, the highest share among the counties. Exchange use accounted for 8.1% of occupied room nights, lowest among the counties.

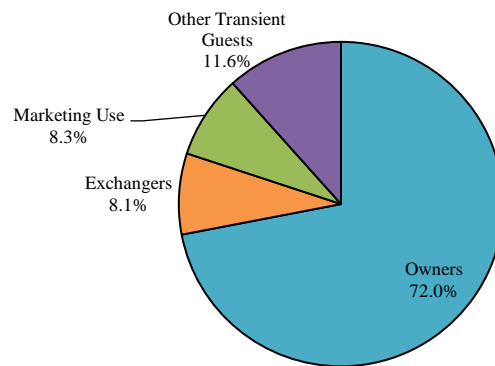
Maui County timeshare properties that provided survey data reported a total of \$21.6 million in state and county taxes during the first quarter. Real property taxes accounted for \$14.9 million of the total taxes during the quarter or 69.0% of taxes paid.

In the first quarter, Maui County timeshare properties reported a 1.3% increase in the total number of resort operations employees, while the number of sales and marketing employees increased by 5.3%. Maui timeshare properties providing survey data reported \$20.7 million in total payroll expense during the quarter, of which sales and marketing employee payroll accounted for \$12.5 million.

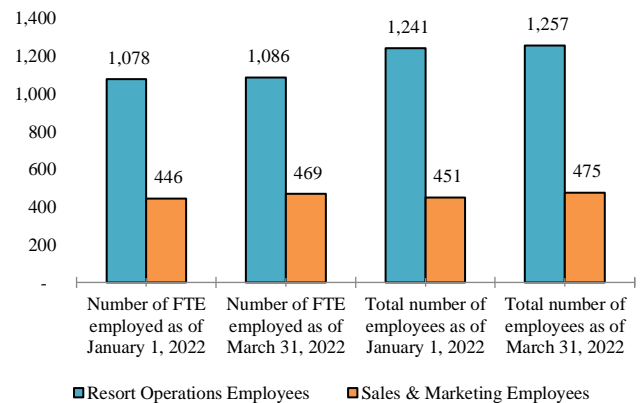
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Timeshare resorts on Kaua'i averaged 88.7% occupancy during the first quarter of 2022, compared to 24.0% during the same period in 2021. For the second consecutive quarter, occupancy at Kaua'i's timeshare resorts exceeded pre-pandemic levels. Q1 timeshare occupancy was 85.1% during Q1 2019. During the first quarter of 2022, Kaua'i's hotels and condominium hotels reported an average occupancy of 74.6%.

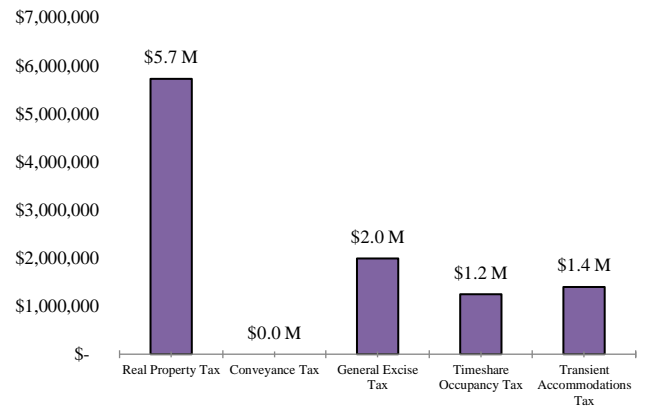
During Q1, Kaua'i continued to be the island with the highest proportion of timeshare visitors, with 15.7% of the island's visitors choosing to stay in a timeshare resort. For the quarter, Kaua'i welcomed 43,879 timeshare visitors, a dramatic increase from the island's 4,685 timeshare arrivals during Q1 2021. Kaua'i had opted out of the state's Safe Travels Hawai'i program, which resulted in the island welcoming far fewer visitors than other islands during Q1 2021. Kaua'i's first quarter 2022 timeshare arrivals amounted to 92% of pre-pandemic levels. Kaua'i timeshare visitors spent an average of 9.8 days on Kaua'i during Q1, the second longest length of stay among the counties.

The Kaua'i timeshare resorts that provided survey data reported \$10.4 million in taxes during the first quarter, of which \$5.7 million were real property taxes.

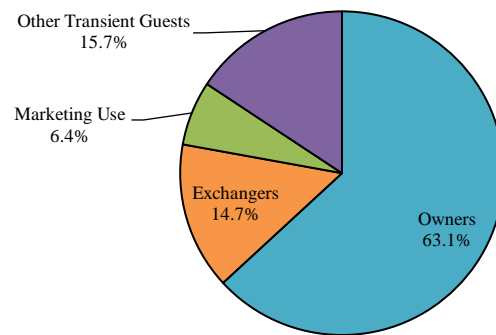
Kaua'i timeshare properties reported that the total number of resort operations employees increased 3.4% while the number of sales and marketing employees decreased by 1.2%.

Participating respondents reported total payroll expenses of \$16.5 million during Q1, of which \$12.0 million was resort operations payroll.

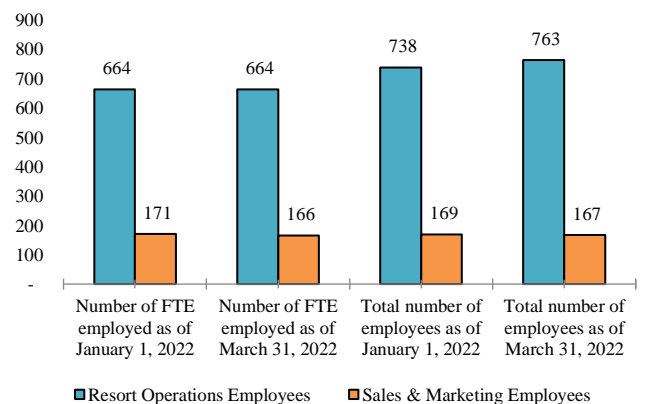
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Timeshare resorts on Hawai'i Island reported an average occupancy of 90.8% during the first quarter of 2022, compared with 61.5% during the prior year and equal to the 90.8% timeshare occupancy during Q1 2019. Hawai'i Island became the second county to match or exceed its pre-pandemic timeshare occupancy level, joining Kaua'i. During the same period, hotel occupancy on Hawai'i Island was 76.5%.

Owner use accounted for 68.1% of occupied room nights at timeshare properties on Hawai'i Island. Exchange use accounted for 13.6% of occupied room nights. Hawai'i Island reported the lowest share of occupied room nights from transient use during the quarter, at 11.2% of occupied room nights. Marketing use represented 7.1% of occupied room nights.

Hawai'i Island reported a total of 37,664 timeshare visitors during the first quarter, double the level of Q1 2021 and equal to 89% of Q1 2019 levels. Timeshare visitors represented 10.0% of Hawai'i Island visitor arrivals during the quarter. The average Hawai'i Island timeshare visitor had a 9.6-day length of stay during the quarter.

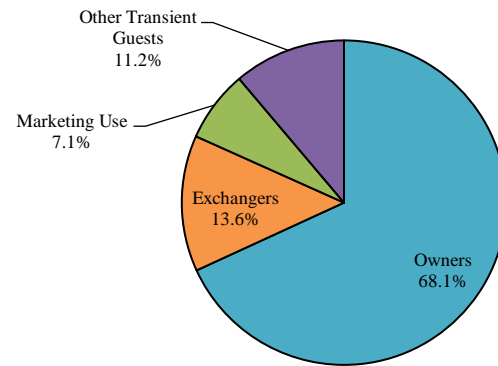
Hawai'i Island timeshare properties reporting data paid \$4.6 million in state and county taxes during the first quarter. Transient accommodation tax accounted for the largest share of the taxes at \$1.8 million.

Timeshare resorts on Hawai'i Island reported a 0.4% decrease in the number of resort operations employees and a 0.5% decrease in the number of sales and marketing employees during the quarter. Timeshare properties on the island providing survey data reported paying a total of \$14.6 million in payroll and benefits, of which resort operations payroll represented \$9.0 million.

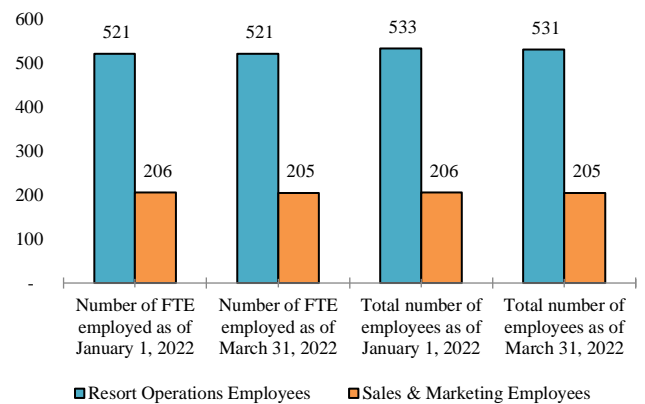
Hawai'i Island Taxes



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 83.6 percent of registered timeshare units statewide, which represents 55 participating properties and 10,208 units.