

Statewide Timeshare Performance & Taxes

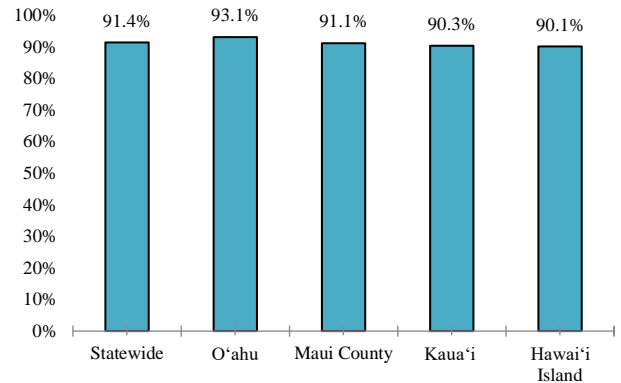
Hawai'i's timeshare industry achieved an average occupancy rate of 91.4% during the fourth quarter of 2022, an increase of 5.5 percentage points from the 85.9% occupancy reported for the fourth quarter of 2021. Notably, Q4 2022 Hawai'i timeshare occupancy exceeded the pre-pandemic Q4 2019 timeshare occupancy of 90.1%. The traditional hotel and condominium hotel market in the state achieved occupancy of 71.3% during the fourth quarter of 2022 according to STR, Inc. data reported by the State of Hawai'i Department of Business, Economic Development & Tourism ("DBEDT").

With statewide timeshare occupancy exceeding pre-pandemic levels, Hawai'i's timeshare occupancy had fully recovered from the COVID-19 pandemic and associated global travel slowdown. By comparison, the Q4 2022 statewide hotel occupancy of 71.3% lagged pre-pandemic levels by 8.3 percentage points, where statewide hotel occupancy averaged 79.6% during Q4 2019.

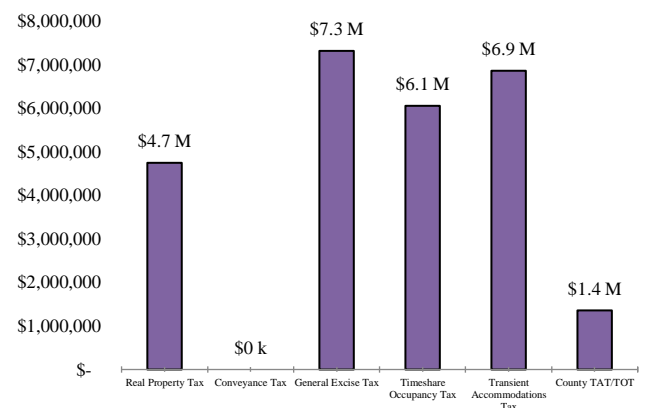
Owners staying in a timeshare they own represented 67.6% of the occupied room nights at Hawai'i's timeshare resorts during the fourth quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 13.4% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 12.5% of occupied room nights during the quarter. Marketing use represented 6.5% of occupied room nights.

The fourth quarter 2022 timeshare survey findings, based on data provided by 59 individual timeshare properties, represent 84.5% of Hawai'i's 12,207 timeshare units.

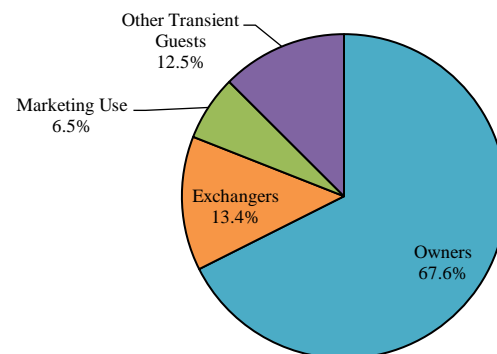
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



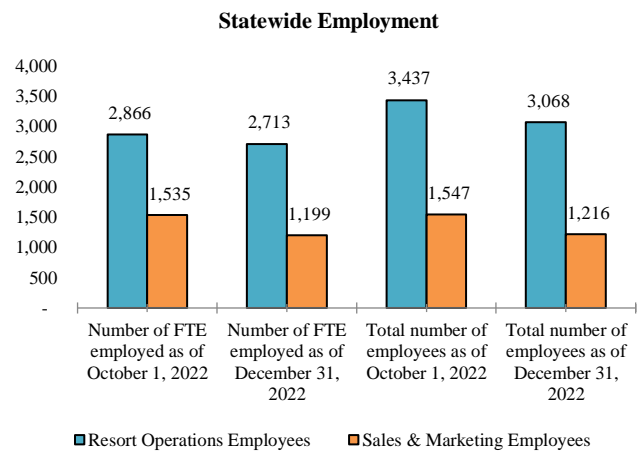
According to DBEDT data, 205,994 visitors to the state chose to stay at timeshare resort for all or part of their stay during the fourth quarter, an increase from the 193,302 timeshare visitors reported for Q4 2021 and just shy of the 208,440 timeshare visitors reported for Q4 2019. During Q4 2022, 8.9% of all Hawai'i visitors stayed in a timeshare property, a higher percentage than the 8.3% share reported for the pre-pandemic Q4 of 2019. Hawai'i's timeshare resorts have recovered faster than other accommodation types during the recovery from the COVID-19 travel slowdown. During the fourth quarter, the average timeshare visitor stayed a total of 10.1 days in the state, slightly longer than the 9.8-day average stay during the fourth quarter of 2019.

Survey participants generated a total of \$26.4 million in state and county taxes, including real property tax, general excise tax ("GET"), timeshare occupancy tax ("TOT"), state transient accommodations tax ("TAT"), county transient accommodations tax ("CTAT") and conveyance tax. Participants reported paying GET totaling \$7.3 million or 27.8% of the total during the quarter. TAT contributed \$6.9 million during the quarter, accounting for 26.0% of the total, and TOT contributed \$6.1 million or 23.0% of the total. Real property taxes accounted for \$4.7 million or 18.0% of the total. We note that not all properties reported taxes for the fourth 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 10.7% during the quarter to 3,068. The number of sales and marketing employees decreased by 21.4% to 1,216.

Statewide payroll expenses for timeshare survey participants totaled \$73.7 million during the fourth quarter of 2022, including \$35.5 million for resort operations employees and \$38.2 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu averaged 93.1% occupancy during the fourth quarter of 2022, the highest timeshare occupancy among the counties during the quarter and an 11.7 percentage point increase from the prior year. O'ahu timeshare occupancy approached pre-pandemic levels, when occupancy was 94.3%. In comparison, O'ahu's 73.2% hotel occupancy during Q4 2022 lagged pre-pandemic occupancy by 9.4 percentage points.

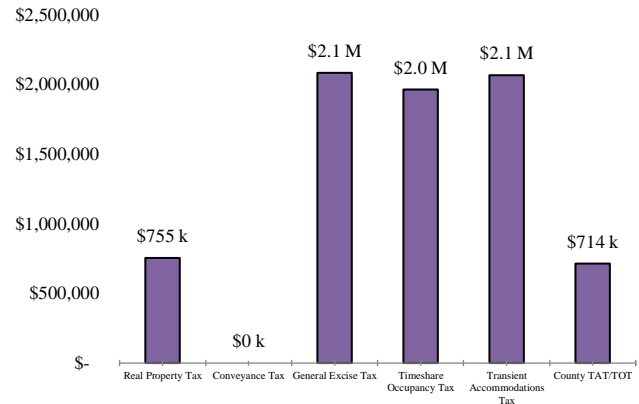
Owner occupied room nights represented 68.3% of total occupied room nights at O'ahu's timeshare resorts during the quarter. Exchange use accounted for 10.4% of occupied room nights at O'ahu's timeshare resorts. Transient use represented 15.9% of occupied room nights during the quarter, the highest among the counties. Marketing use represented 5.4% of occupied room nights on O'ahu during the quarter, the lowest share among the counties.

O'ahu welcomed 74,567 timeshare visitors during Q4 2022, compared with 64,325 timeshare visitors during Q4 2021 and approaching the Q4 2019 number of 78,188. A total of 5.9% of O'ahu's visitors planned to stay in a timeshare resort during the fourth quarter, the lowest share among the counties but an increase from the 5.2% pre-pandemic share reported for Q4 2019. The average O'ahu timeshare visitor spent 7.4 days on the island, the shortest length of stay among the counties and shorter than the 7.9-day average during the fourth quarter of 2019.

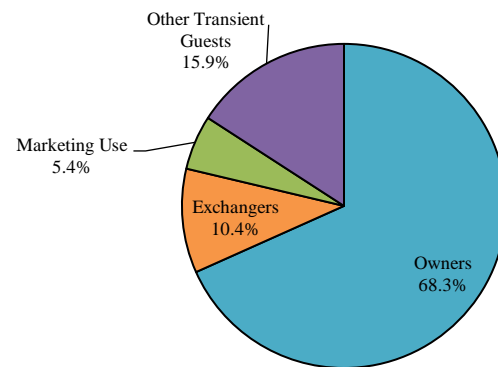
Participating properties on O'ahu reported a total of \$7.6 million in taxes during the fourth quarter, including \$2.1 million in GET.

During the quarter, O'ahu timeshare resorts reported a 11.6% decrease in the number of resort operations employees and a 32.6% decrease in sales and marketing employees. Timeshare properties on O'ahu reported employee payroll expense of \$23.2 million during the fourth quarter of 2022, of which resort operations payroll accounted for \$9.2 million.

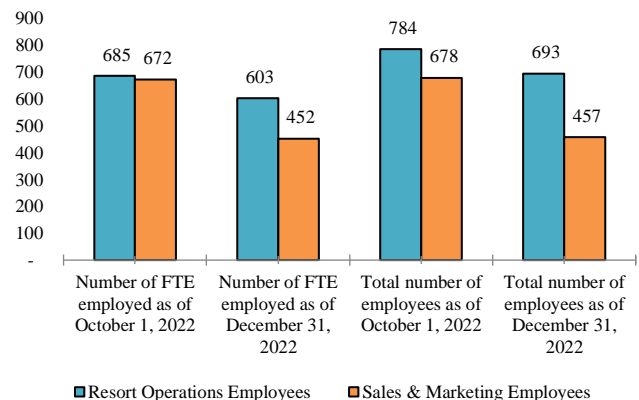
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County's timeshare properties achieved an average occupancy of 91.1% during the fourth quarter of 2022, a 2.1 percentage point increase from Q4 2021's 89.0% occupancy. The Q4 2022 occupancy was just shy of the 91.9% occupancy achieved during Q4 2019. During the fourth quarter of 2022, Maui's hotel occupancy averaged 64.7%, 11.3 percentage points below the pre-pandemic hotel occupancy of 76.0%.

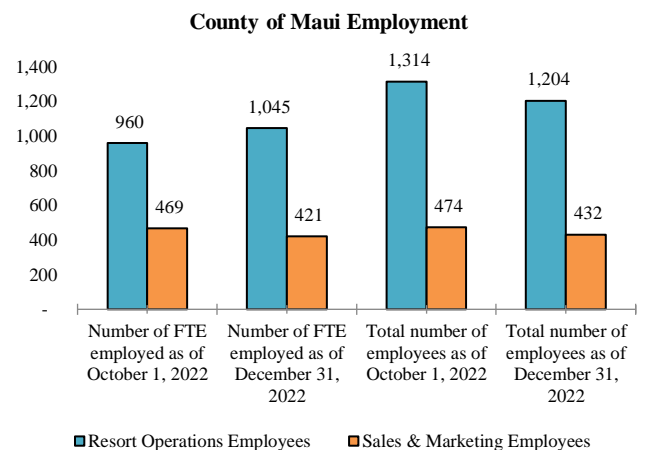
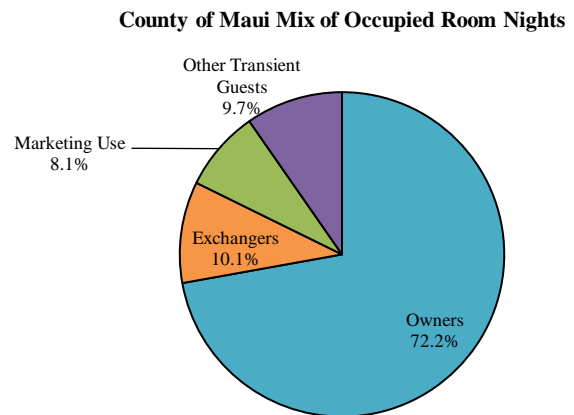
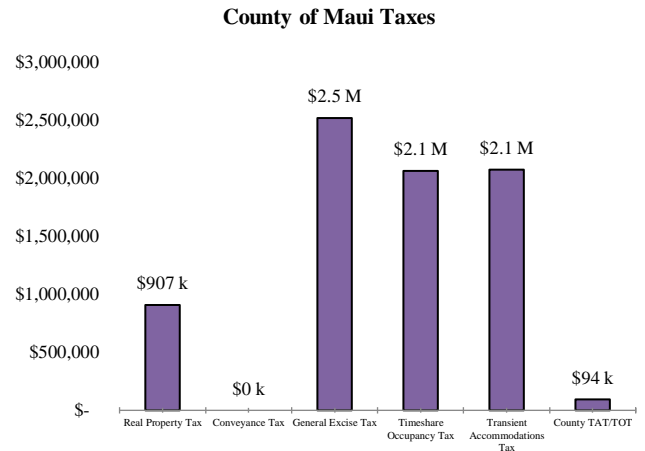
During the fourth quarter of 2022, Maui County welcomed 75,618 timeshare visitors, narrowly exceeding O'ahu's count to place first among the counties. Maui County's Q4 2022 timeshare arrivals exceeded the pre-pandemic mark of 75,136 achieved during the fourth quarter of 2019. Timeshare visitors represented 10.4% of Maui County's visitor market during the quarter. The average Maui County timeshare visitor had a 9.1-day length of stay during the fourth quarter, the longest average stay among the counties and an increase from the 8.5-day average reported for Q4 2019.

Owner occupancy accounted for 72.2% of occupied room nights at Maui timeshare resorts during the quarter, the highest share among the counties. Exchange use accounted for 10.1% of occupied room nights, the lowest among the counties. Transient guests contributed 9.7% of occupied room nights, the lowest among the counties. Marketing use represented 8.1% of occupied room nights in Maui County timeshares, the highest share among the counties.

Maui County timeshare properties that provided survey data reported a total of \$7.7 million in state and county taxes during the fourth quarter. GET accounted for \$2.5 million of the total taxes during the quarter or 32.9% of the total.

In the fourth quarter, Maui County timeshare properties reported an 8.4% decrease in the total number of resort operations employees during the quarter, while the number of sales and marketing employees decreased by 8.9%. Maui timeshare properties providing survey data reported \$21.1 million

in total payroll expense during the quarter, of which resort operations payroll accounted for \$9.3 million.



Kaua'i

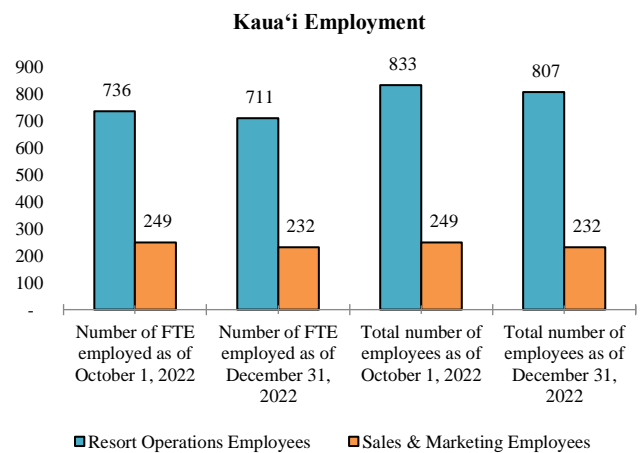
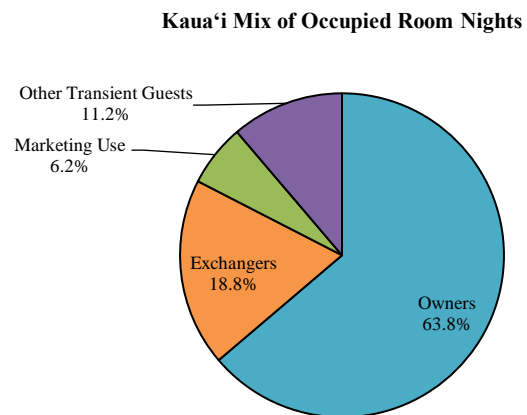
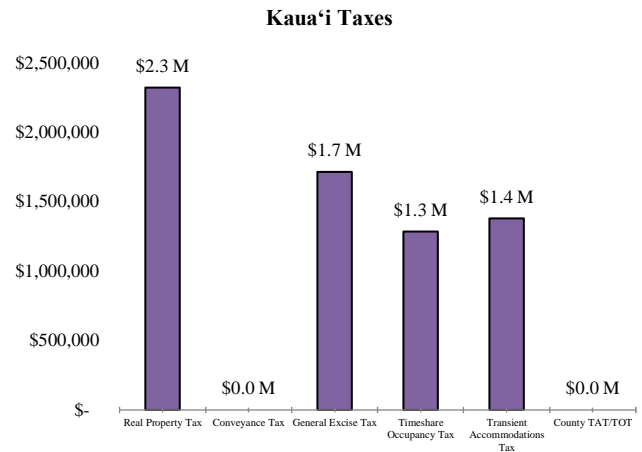
Timeshare resorts on Kaua'i averaged 90.3% occupancy during the fourth quarter of 2022, a 2.2 percentage point increase from Q4 2021's 88.2% occupancy. Fourth quarter occupancy at Kaua'i's timeshare resorts exceeded the pre-pandemic occupancy of 84.2% by a wide margin. During the fourth quarter of 2022, Kaua'i's hotels and condominium hotels reported average occupancy of 75.3%, 2.3 percentage points higher than the pre-pandemic hotel occupancy of 73.0%.

During the quarter, 15.2% of Kaua'i visitors intended to stay at a timeshare resort, the highest share among the counties. Kaua'i has long been the island with the highest proportion of timeshare visitors. For the quarter, Kaua'i welcomed 51,146 timeshare visitors, a modest increase from the 49,171 timeshare visitors to the Garden Island during Q4 2021 and exceeding the Q4 2019 count of 50,645 timeshare visitors. Kaua'i timeshare visitors spent an average of 8.9 days on Kaua'i during Q4 2022, comparable to the 8.8-day average reported for Q4 2019.

Owner use represented 63.8% of the occupied room nights during Q4 2022, the lowest share of owner usage among the counties. Exchange use contributed 18.8% of occupied timeshare room nights on Kaua'i, the highest share among the counties. Transient use represented 11.2% of occupied timeshare room nights while marketing use represented 6.2% of occupied room nights.

The Kaua'i timeshare resorts that provided survey data reported \$6.7 million in taxes during the fourth quarter, of which \$2.3 million (34.6%) were real property taxes.

Kaua'i timeshare properties reported a 3.1% decrease in the number of resort operations employees during the quarter and a 6.8% decrease in the number of sales and marketing employees. Participating respondents reported total payroll expense of \$17.0 million during Q4, of which \$10.4 million was resort operations payroll.



Hawai'i Island

Timeshare resorts on Hawai'i Island reported average occupancy of 90.1% during the fourth quarter of 2022, 5.4 percentage points higher than the 84.7% occupancy reported during the prior Q4. While Hawai'i Island's Q4 timeshare occupancy was the lowest among the counties, it exceeded the 89.4% pre-pandemic occupancy. During the same period, hotel occupancy on Hawai'i Island was 72.8%, 3.6 percentage points below the pre-pandemic hotel occupancy of 76.4%.

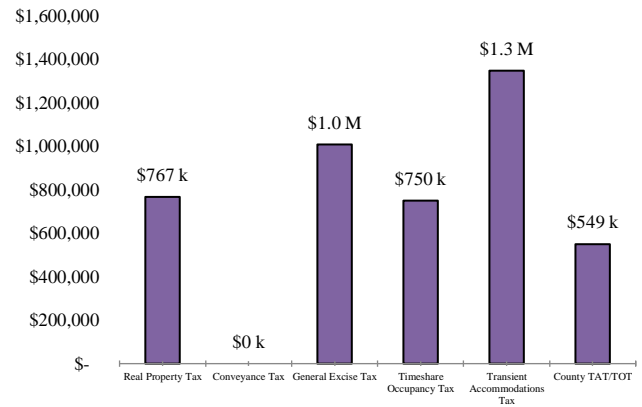
Owner use accounted for 64.7% of occupied room nights at timeshare properties on Hawai'i Island. Exchange use accounted for 16.4% of occupied room nights. Transient use contributed 12.3% of occupied room nights during the quarter while marketing use represented 6.6% of occupied room nights.

For the quarter, Hawai'i Island reported a total of 43,048 timeshare visitors, up from 40,761 timeshare visitors during Q4 2021 and slightly below the 43,209 timeshare visitors pre-pandemic. Timeshare visitors represented 10.1% of Hawai'i Island visitor arrivals during the quarter compared with the 9.7% share pre-pandemic. The average Hawai'i Island timeshare visitor had a 8.7-day length of stay during the quarter, longer than the 7.9-day average during the fourth quarter of 2019.

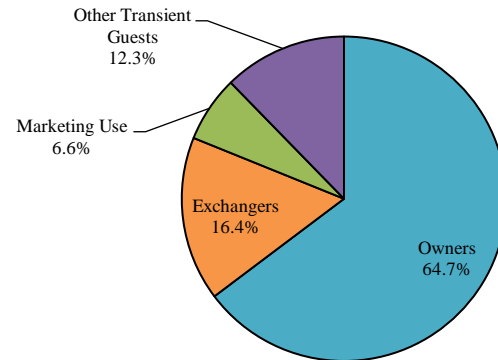
Hawai'i Island timeshare properties reporting data paid \$4.4 million in state and county taxes during the fourth quarter. Transient Accommodation Tax accounted for the largest share of the taxes at \$1.3 million.

During the quarter, the total number of resort operations employees decreased by 28.1% while the number of sales and marketing employees decreased by 34.9%. Timeshare properties on the island providing survey data reported paying a total of \$12.4 million in payroll expenses, of which \$6.6 million was for resort operations payroll.

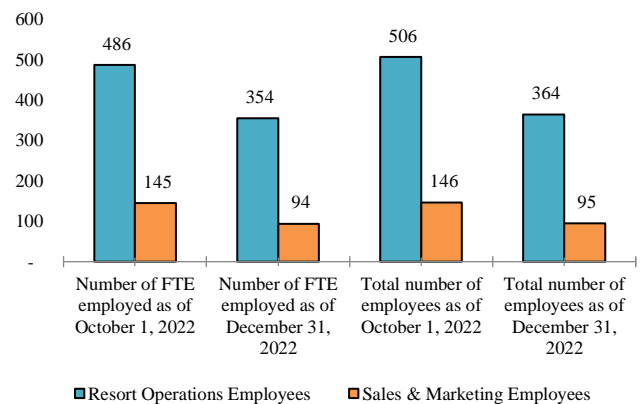
Hawai'i Island Taxes



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 84.5 percent of registered timeshare units statewide, which represents 59 participating properties and 10,320 units.