



Hawai'i Timeshare Quarterly April - June, 2014

Statewide Timeshare Performance & Taxes

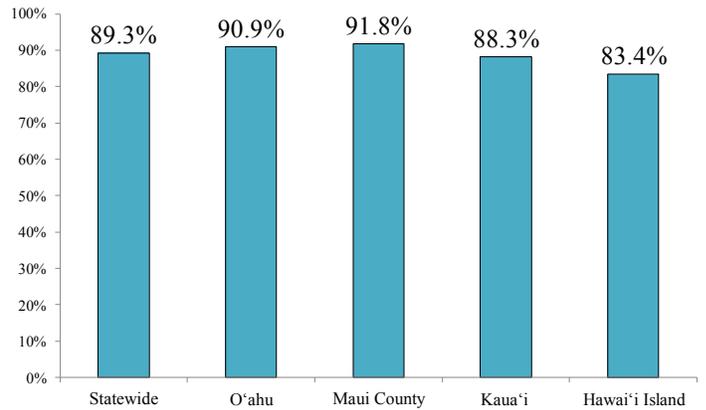
The Hawai'i timeshare industry averaged an occupancy of 89.3 percent during the second quarter of 2014, driven by a strong month of June across all islands. In comparison, the traditional hotel and condo hotel market averaged 76.1 percent occupancy for the same period.

In the second quarter, 205,192 visitors, or 10.2 percent of all visitors to the Hawaiian islands, chose to stay in a timeshare property at some point during their stay in Hawai'i, up 4.8 percent from the same period last year, as reported by the Hawai'i Tourism Authority ("HTA"). Compared to the same period last year, there were more timeshare visitors to O'ahu (+8.1 percent), Maui (+5.1 percent), and Kaua'i (+2.3 percent), while Hawai'i Island welcomed slightly fewer timeshare visitors (-0.4 percent) in the second quarter.

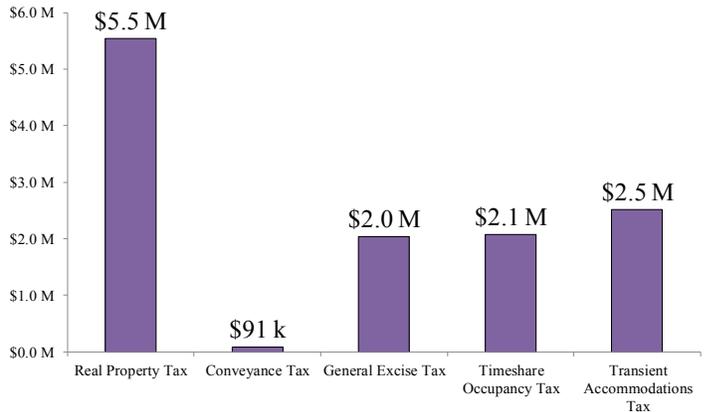
Timeshare survey participants across the state generated \$12.3 million in taxes in the second quarter, including real property tax, conveyance tax, general excise tax, transient occupancy tax ("TOT"), and transient accommodations tax ("TAT"). In most cases, conveyance taxes are paid by timeshare owners and not tracked at the property level. However, the TAT is paid by timeshare operators for transient rentals.

Interval owners accounted for the majority (56.9 percent) of the occupied room nights in the second quarter. Exchangers occupied 19.4 percent of the room nights, a change of 8.1 percentage points compared to the first quarter of 2014. Most timeshare resorts have units available for transient rental, and transient guests accounted for 17.1 percent of occupied room nights during the quarter. Transient guest room nights includes additional room nights purchased by timeshare owners and exchangers beyond their allotted timeshare ownership stay.

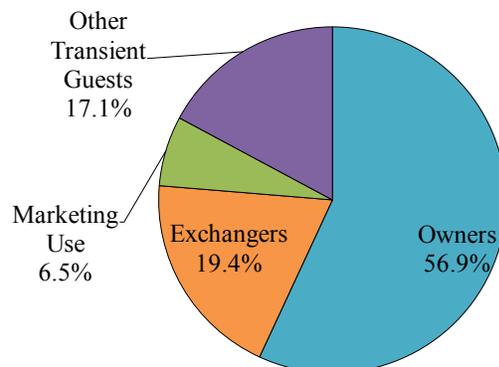
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

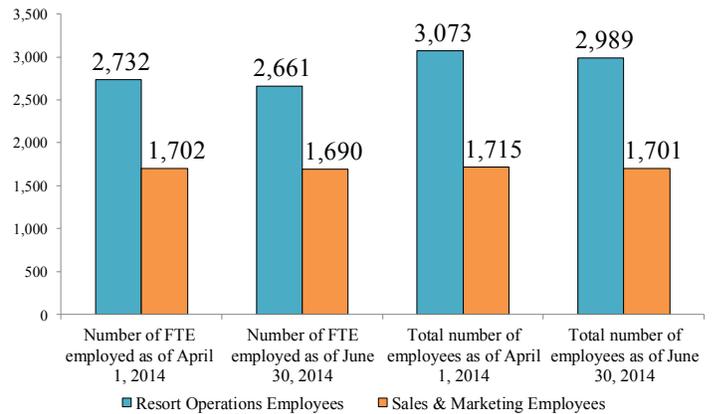


Statewide Employment and Payroll

Survey participants reported an overall net decrease in the total number of employees at timeshare properties across the State, with a 2.7 percent net decrease for resort operations employees and a slight decrease (-0.8 percent) in sales and marketing employees in the second quarter.

Timeshare payroll expenses for survey participants totaled over \$25.0 million for resort operations employees and \$27.2 million for sales and marketing employees.

Statewide Employment



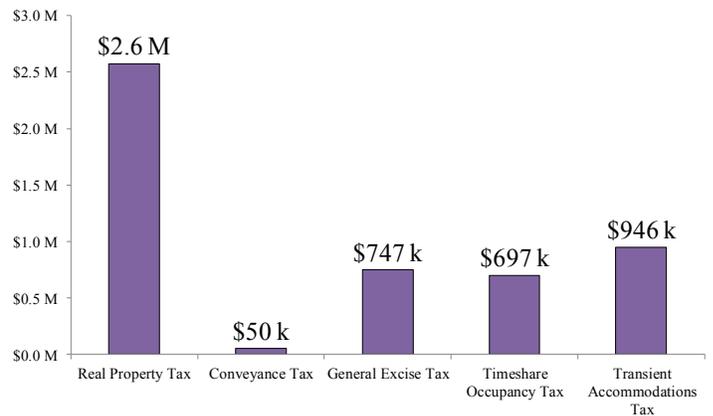
O'ahu

In the second quarter of 2014, timeshare occupancy on O'ahu was high at 90.9 percent and timeshare visitor arrivals to O'ahu grew by 8.1 percent compared to the same period last year, as reported by HTA.

O'ahu has the highest percentage of owner use among all islands with 61.4 percent of all timeshare units being occupied by timeshare owners.

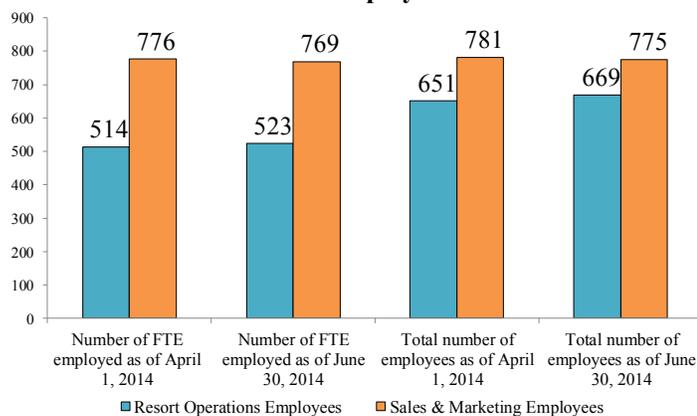
Survey participants generated more than \$5.0 million in taxes, with \$2.6 million representing real property taxes.

O'ahu Taxes

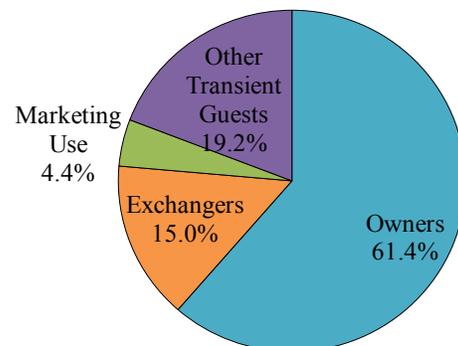


O'ahu properties reported a net increase in resort operations employees (+2.8 percent), but saw a slight net decrease in sales and marketing employees (-0.8 percent).

O'ahu Employment



O'ahu Mix of Occupied Room Nights



Maui County

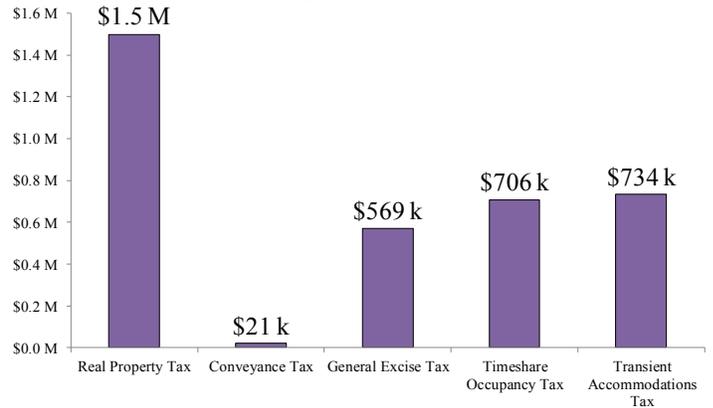
For the third consecutive quarter, Maui County timeshare resorts outperformed all other islands in occupancy at 91.8 percent in the second quarter of 2014. Units were primarily occupied by owners and exchangers, making up approximately 78 percent of all visitors staying in timeshare resorts.

HTA reported that the number of visitors to Maui County who stayed in timeshare properties increased by 5.1 percent in the second quarter, driven by a strong month of June with 10.1 percent more timeshare visitors compared to the same period last year.

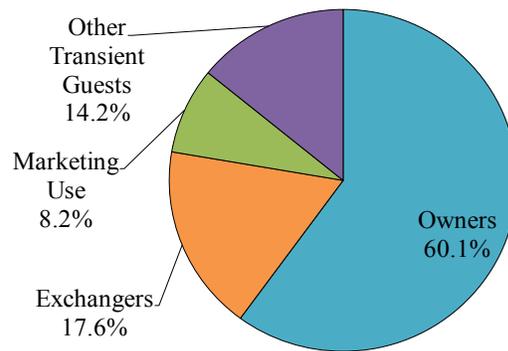
During the three months of the second quarter, Maui County generated a total of \$3.5 million in taxes, with over 50 percent or \$1.5 million representing real property taxes.

Maui County survey participants reported net decreases in both resort operations employees (-4.8 percent) and sales and marketing employees (-4.7 percent) in the second quarter of 2014. The majority of the decreases occurred at large branded timeshare properties.

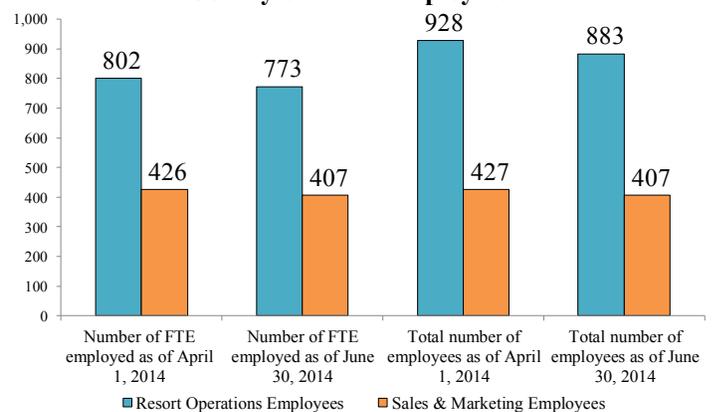
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

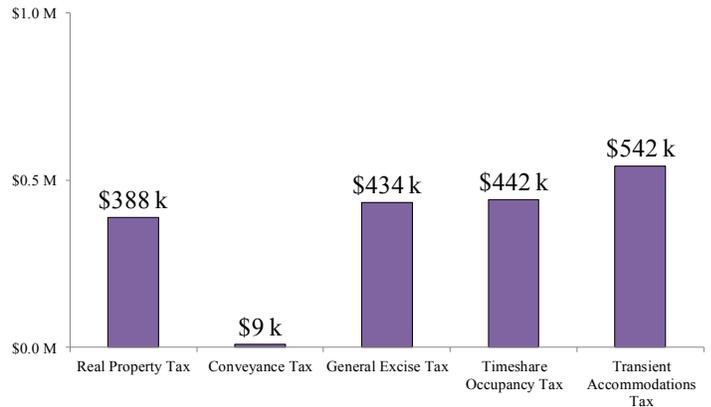
Occupancy at Kaua'i timeshare resorts reached 88.3 percent for the second quarter and survey participants reported the highest share of room nights used by exchangers among the islands (26.9 percent).

HTA reported that there was a 2.3 percent increase in visitors who stayed in timeshare properties on Kaua'i in the second quarter. This increase was driven by a strong month of April (+8.4 percent).

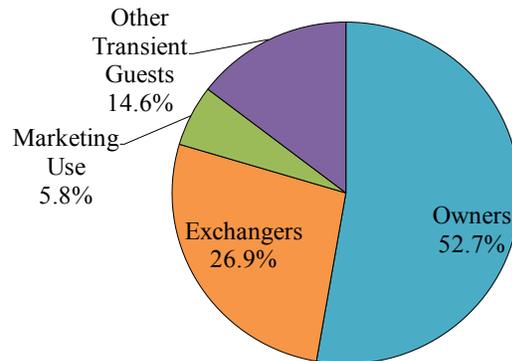
Kaua'i survey participants reported \$1.8 million in taxes generated in the three months of the second quarter. We note that not all properties reported taxes for the fourth quarter, and among respondents, some did not provide Real Property Tax data.

The island saw a net decrease in resort operations employees (-5.6 percent), but reported a net increase in sales and marketing employees (2.8 percent) in the second quarter.

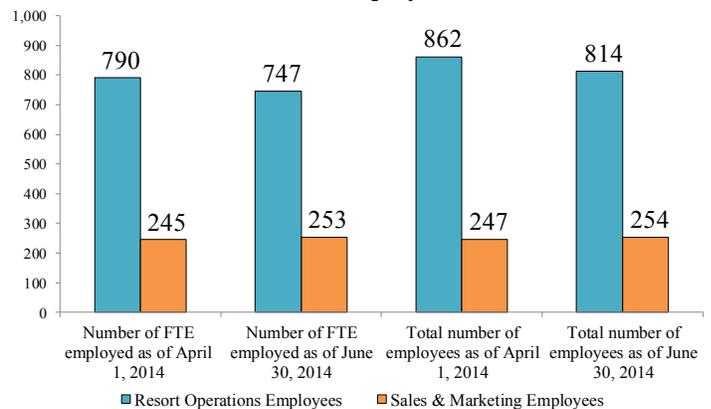
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

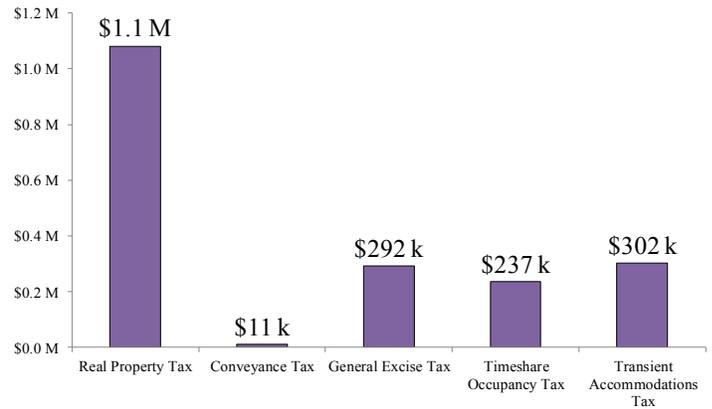
Timeshare resorts on Hawai'i Island were 83.4 percent occupied during the second quarter and the island reported the highest share of transient guest room nights (22.1 percent).

Timeshare visitor arrivals to Hawai'i Island decreased slightly (-0.4 percent) in the second quarter, as reported by the HTA.

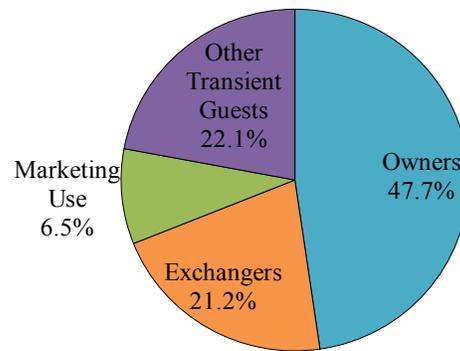
Hawai'i Island survey participants generated a total of \$1.9 million in taxes during the three months, with 56.2 percent representing real property taxes. We note that not all properties reported taxes for the quarter.

The island's employment remained relatively unchanged, with survey participants reporting a net decrease in resort operations employees (+0.8 percent) and a net increase in sales and marketing employees (1.9 percent) over the three month period. The majority of fluctuations in employment occurred at medium-sized branded properties.

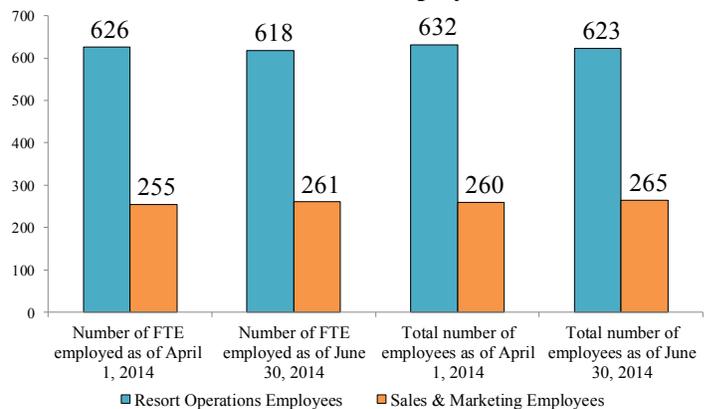
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



Hawai'i Tourism Authority

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Survey Overview

Hospitality Advisors LLC was engaged by Hawai'i Tourism Authority to conduct a recurring quarterly market performance survey of Hawai'i's timeshare industry. 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

Survey Participation

Participation rates in the Statewide timeshare survey was 68.2 percent of registered timeshare units statewide, which represents 38 properties and 6,873 units.

Hospitality Advisors LLC is Hawai'i's leading consulting firm specializing in strategic, market and economic planning for Hawai'i's hotel, tourism and real estate industry. The firm is led by Joseph M. Toy, President & CEO, who has over 30 years in management consulting and public accounting on an international basis, including serving as the Director and Practice Leader for PricewaterhouseCoopers' Hospitality & Leisure consulting practice from Hawai'i and the Asia-Pacific region. Mr. Toy also previously held senior positions in the Honolulu offices of PKF and KPMG. His extensive international experience includes a two year assignment in the Stockholm, Sweden office of Price Waterhouse & Co., as well as assignments in Brazil, England, France, Australia, China, the Caribbean, Hong Kong, Philippines, India, Taiwan, Korea, Singapore, Thailand, Guam, Saipan, Samoa, Tonga, and the Cook Islands. Mr. Toy has substantial experience in strategic planning, real estate valuation, transaction support, market and economic studies, lender services, operational and management reviews, financial analysis, litigation, market feasibility studies, tourism studies, and government consulting at the local, state and federal levels, and has also served on numerous occasions as a Court-appointed Receiver and Foreclosure Commissioner for hotels, golf courses and resort mixed-use properties. Mr. Toy holds a Masters in Science from the University of Hawai'i School of Travel Industry Management and earned an undergraduate degree in Accounting and International Finance from the University of Wisconsin-Madison. Mr. Toy is a member of the prestigious International Society of Hospitality Consultants.

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