



Hawai'i Timeshare Quarterly October - December 2016

Statewide Timeshare Performance & Taxes

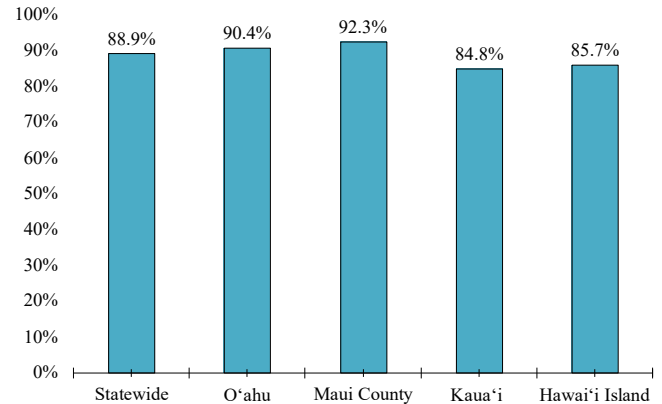
During the period from October to December (“Q4”) of 2016, Hawai'i's timeshare industry achieved an 88.9% occupancy rate, a slight increase of 0.2 percentage points compared with 2015. The statewide hotel and condominium hotel occupancy averaged 77.8% during the same period in 2016, according to STR Inc. data reported by CBRE. The Q4 2016 timeshare survey findings, based on data provided by 54 individual timeshare properties, represent 84.8% of Hawai'i's 10,508 timeshare units.

During the fourth quarter of the year, Hawai'i welcomed 190,785 visitors to the state who chose to stay at timeshare resort for all or part of their stay, a decrease of 2.3% from 2015. Most of the state's timeshare visitors (77.3%) stayed exclusively in a timeshare resort while visiting Hawai'i. Timeshare visitors represented 8.7% of Hawai'i visitor arrivals during the quarter, according to Hawai'i Tourism Authority (“HTA”) data. During the quarter, 17.4% of Kauai's visitors were timeshare visitors, the highest share among the islands. Timeshare visitors represented 10.7% of Maui County's visitor arrivals and 10.2% of Hawai'i Island's during Q4. O'ahu reported the smallest share of timeshare visitors during the quarter, at 5.4% of total visitor arrivals.

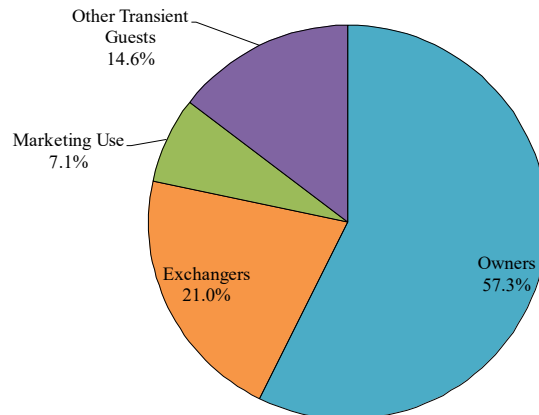
Owners using their timeshare continued to account for the majority of occupied room nights in Hawai'i's timeshare resorts during Q4 2016, representing 57.3% of the occupied room nights. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 21.0% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 14.6% of occupied room nights during the quarter. Marketing use represented 7.1% of occupied room nights.

During Q4 2016, participating timeshare properties generated a total of \$16.2 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax (“TOT”), transient

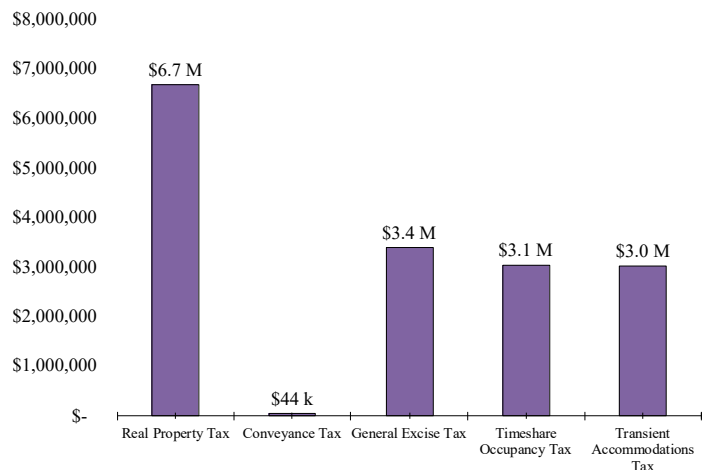
Timeshare Occupancy by Island



Statewide Mix of Occupied Room Nights



Mix of Taxes Paid Statewide

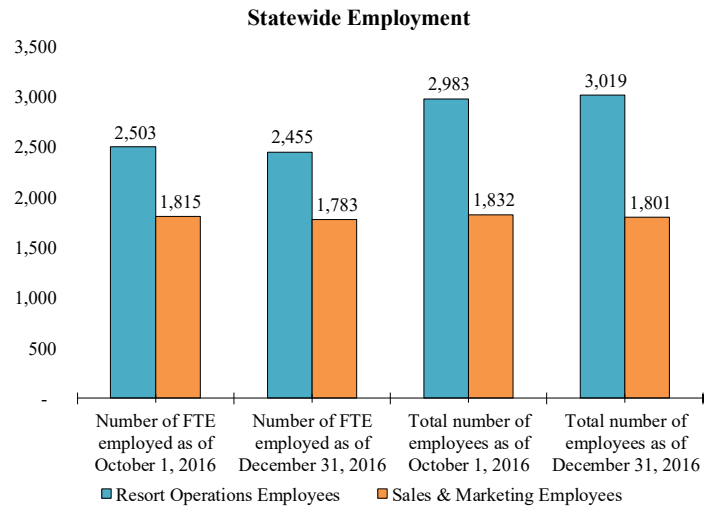


accommodations tax (“TAT”) and conveyance tax. Real property taxes totaled \$6.7 million, or 41.2% of the total. We note that some respondents chose not to report certain taxes for this survey.

Statewide Employment and Payroll

Statewide, the number of resort operations employees at the timeshare resorts that provided employment survey data totaled 3,019 at the end of 2016, a 1.2% increase from the beginning of the quarter, while sales and marketing employment decreased by 1.7% to 1,801.

During Q4, statewide payroll expenses for timeshare survey participants that provided data totaled \$72.5 million.



O'ahu

During Q4, timeshare resorts on O'ahu averaged 90.4% occupancy, a 0.6 percentage point decrease compared to the prior year. During the same period, O'ahu's hotel occupancy was 82.6%.

Owner occupied room nights represented 57.7% of total occupied room nights at O'ahu's timeshare resorts during Q4. Exchange guests contributed another 22.1% of the occupied room nights at O'ahu timeshare properties.

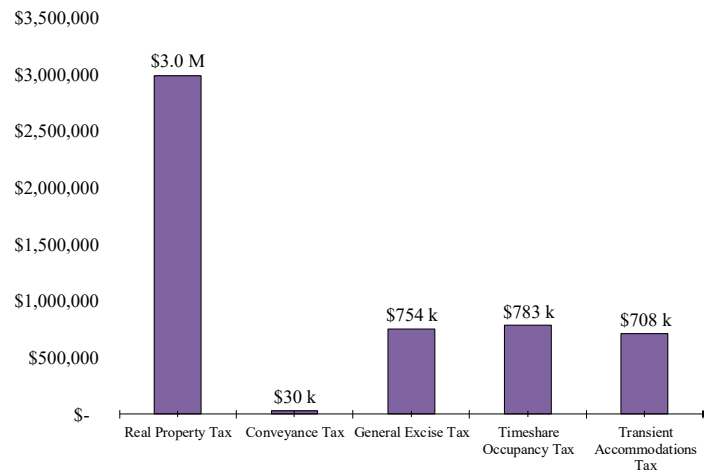
According to the HTA, O'ahu welcomed 73,245 timeshare visitors during the final quarter of 2016, the highest among the Hawaiian Islands but 1.2% below the previous year's Q4 arrivals. The average O'ahu timeshare visitor stayed on O'ahu for 6.9 days during Q4, a 5.2% decrease from the 7.3 day average stay the previous year.

Participating properties on O'ahu reported a total of \$15.6 million in taxes during the quarter, including \$6.7 million in real property taxes.

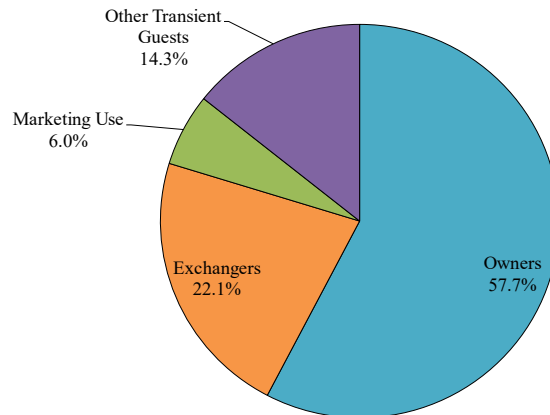
O'ahu timeshare resorts reported a slight (-0.8%) decrease in the number of resort operations employees during the quarter and a 2.4% increase in sales and marketing employment during Q4.

O'ahu timeshare properties reported employee payroll expense of \$1.6 million for resort operations employees and \$15.6 million for sales and marketing employees.

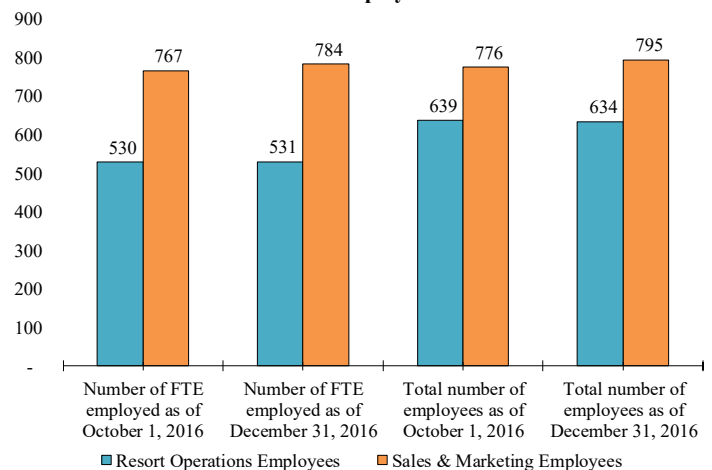
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County's timeshare properties achieved an average occupancy of 92.3% during the quarter, a 0.6 percentage point increase compared to the prior year and the highest timeshare occupancy among the islands. During the same period, Maui's hotel occupancy was 74.7%.

During Q4, owner occupancy accounted for 59.8% of occupied room nights at Maui timeshare resorts, the highest share among the islands. An additional 18.6% of occupied room nights were generated by exchange use. Marketing use contributed 9.0% of all occupied room nights at Maui County's timeshare properties.

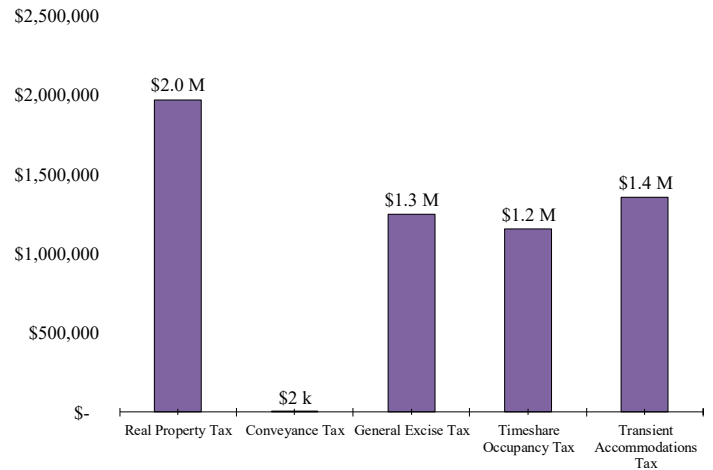
Maui timeshare visitors spent an average of 9.2 days on Maui, the longest timeshare length of stay during the quarter, according to HTA data. Timeshare visitors totaled 70,563 arrivals for the year, second highest among the islands.

Participating properties in Maui County that provided survey data reported a total of \$5.7 million in state and county taxes during Q4. Property taxes accounted for 34.4% million of the total.

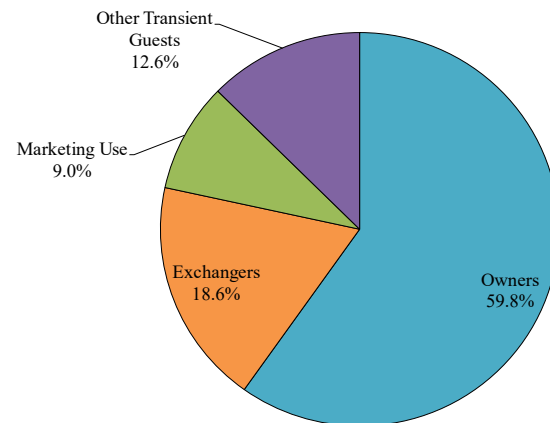
Maui County timeshare properties reported a 4.6% increase in the total number of resort operations employees and a 7.0% decrease in the number of sales and marketing employees during the quarter.

Maui timeshare properties providing survey data reported total resort operations payroll expense of \$15.1 million during Q4 and another \$11.3 million in sales and marketing payroll expense.

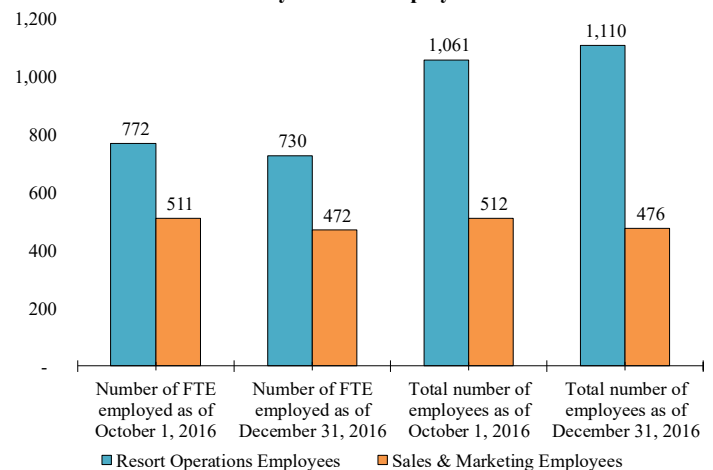
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Kaua'i's timeshare properties averaged 84.8% occupancy during the fourth quarter of 2016, a 0.7 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 69.9%.

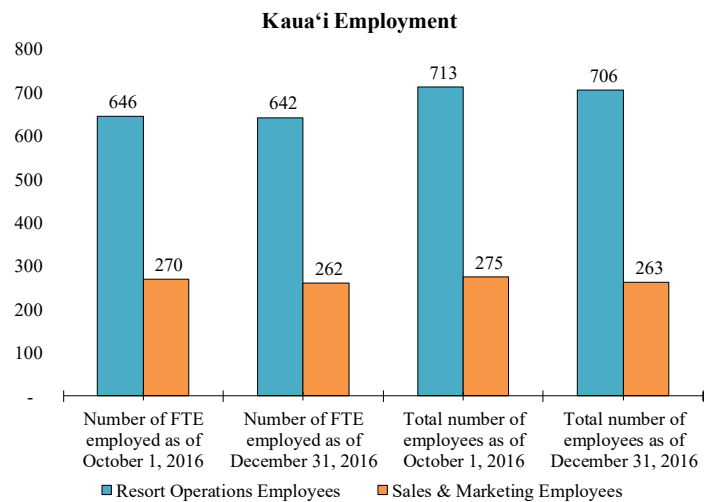
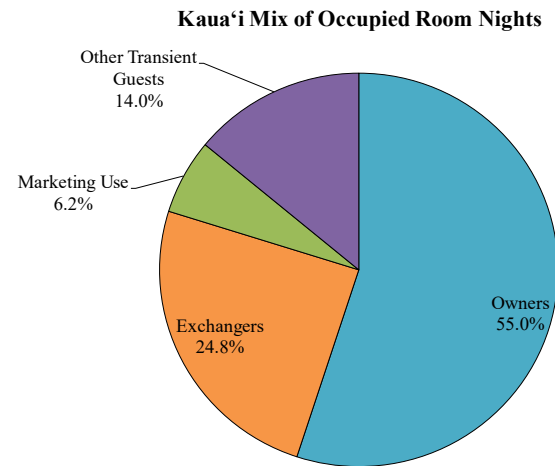
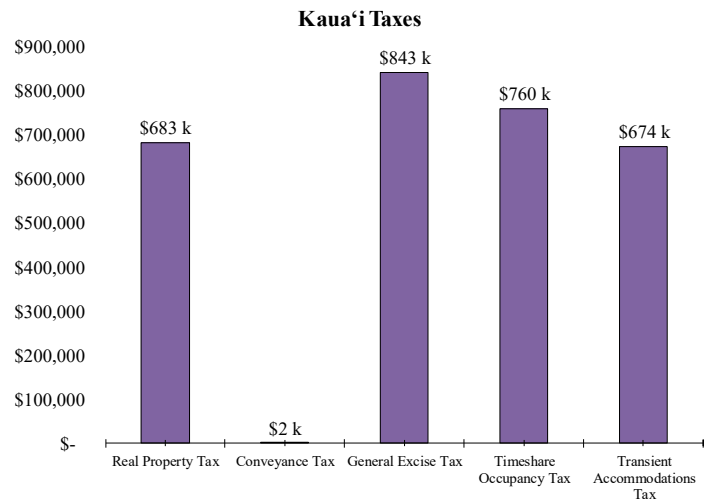
During Q4, owner use represented 55.0% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use contributed 24.8% of occupied timeshare room nights on Kaua'i, which was the highest percentage of exchange use among the islands.

Kaua'i's 50,558 timeshare visitors represented 17.4% of Kaua'i's total visitor arrivals during the quarter, giving Kaua'i the highest proportion of timeshare visitors among the islands. In contrast, only 8.7% of statewide visitor arrivals were timeshare visitors during Q4.

Kaua'i timeshare resorts that provided survey data reported \$3.0 million in taxes during the quarter, of which 28.5% were general excise taxes.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties decreased by 1.0%, while sales and marketing employment decreased by 4.4% during the quarter.

Participating respondents reported total resort operations payroll expense of \$7.5 million during Q4, in addition to \$6.4 million in sales and marketing payroll expense.



Hawai'i Island

Hawai'i Island timeshare resorts achieved annual occupancy of 85.7% during Q4, a 2.0 percentage point increase compared to Q4 2015. During the same period, hotel occupancy on Hawai'i Island was 68.2%.

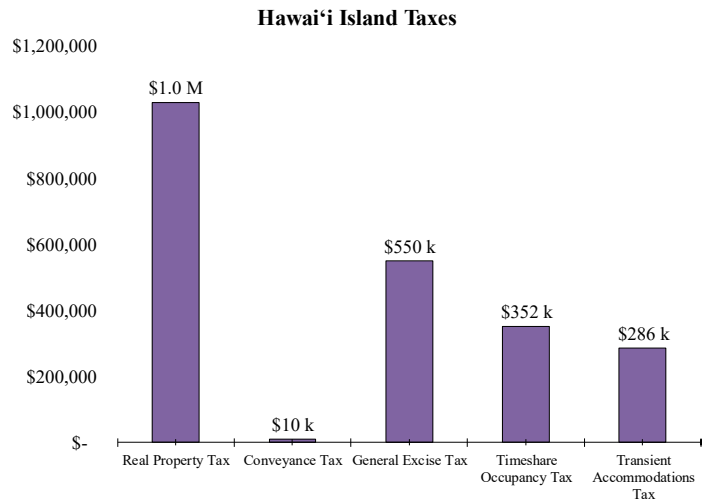
At Hawai'i Island timeshare properties in 2016, owner use accounted for 54.6% of occupied room nights, the lowest percentage of owner use among the islands. Transient use represented 20.6% of occupied room nights at Hawai'i Island timeshare resorts, the highest share of transient use among the islands. Exchange use accounted for 18.9% of occupied room nights.

The average timeshare visitor to Hawai'i Island stayed on the island for 8.5 days, down slightly from the 8.7 day average during the fourth quarter of 2015.

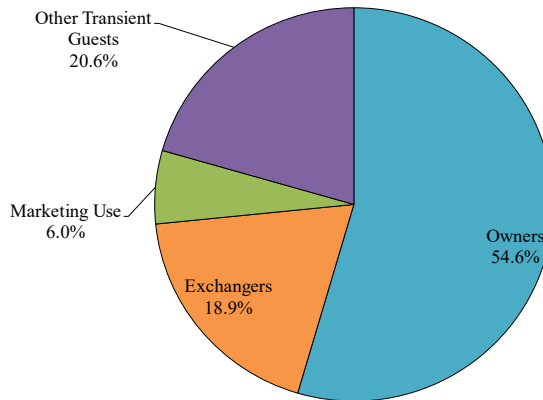
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.2 million in state and county taxes during the quarter. Real property taxes totaled \$1.0 million during Q4.

Hawai'i Island timeshare properties reported a 0.7 decrease in the total number of sales and marketing employees during the quarter, while the number of resort operations employees was flat.

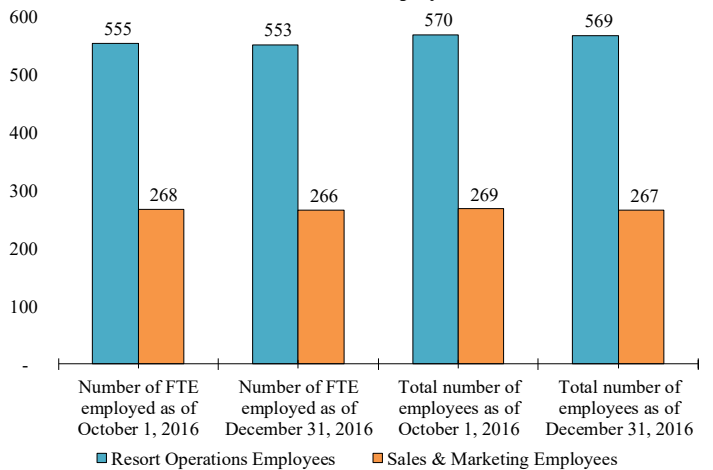
Timeshare properties on the island providing survey data reported total resort operations payroll expense of \$7.3 million for the quarter and another \$7.6 million in sales and marketing payroll expense.



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 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 84.8 percent of registered timeshare units statewide, which represents 54 properties and 8,912 units.