



Hawai'i Timeshare Quarterly January - March 2016

Statewide Timeshare Performance & Taxes

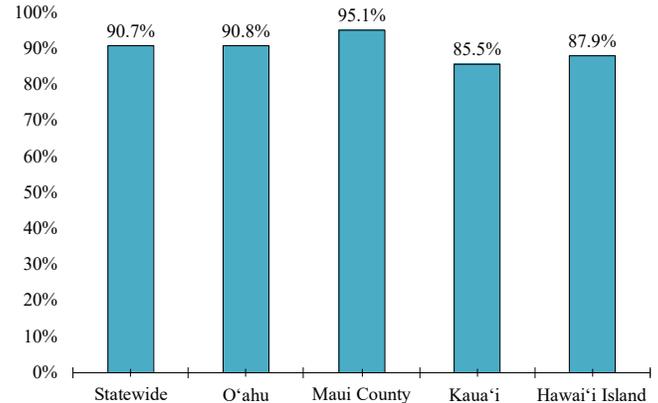
The Hawai'i timeshare industry averaged an occupancy rate of 90.7% during the first quarter of 2016, an increase of 2.0 percentage points compared with the first quarter of 2015. The traditional hotel and condominium hotel market in the state achieved occupancy of 81.0% during the first quarter of 2016, according to Smith Travel Research data reported by Hospitality Advisors.

Owners staying in a timeshare they own represented 63.7% of the occupied room nights at Hawai'i's timeshare resorts during the first quarter. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 14.8% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.0% of occupied room nights during the quarter. Marketing use represented 6.5% of occupied room nights.

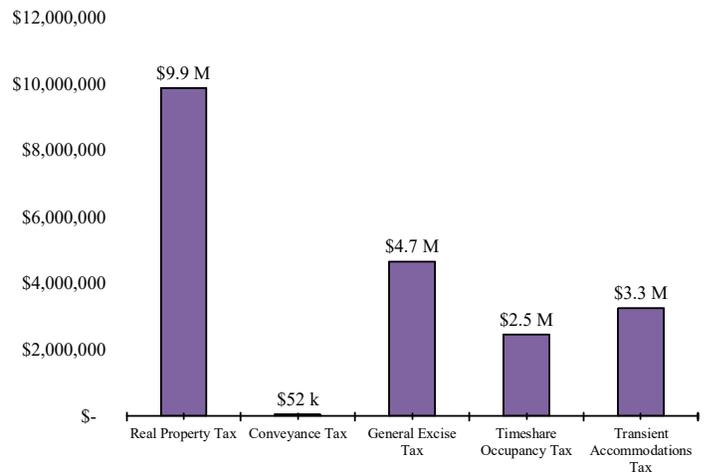
During the first quarter, 182,585 visitors to the state chose to stay at timeshare resort for all or part of their stay, up 2.3% from the previous year, as reported by the Hawai'i Tourism Authority ("HTA"). Timeshare visitors represented 8.4% of the Hawai'i visitor market and of these visitors, 73.1% stayed exclusively in a timeshare resort while visiting Hawai'i.

The statewide increase in timeshare visitor arrivals in the first quarter was driven by increases on each island, led by a 1.9% gain in arrivals on Kaua'i, according to HTA data. Hawai'i Island achieved the second highest gain (+1.6%), followed by Maui (+0.9%) and O'ahu (+0.8%). During the first quarter, the average timeshare visitor stayed a total of 11.6 days in the state, up slightly from the 11.5 day average stay during the first quarter of 2015.

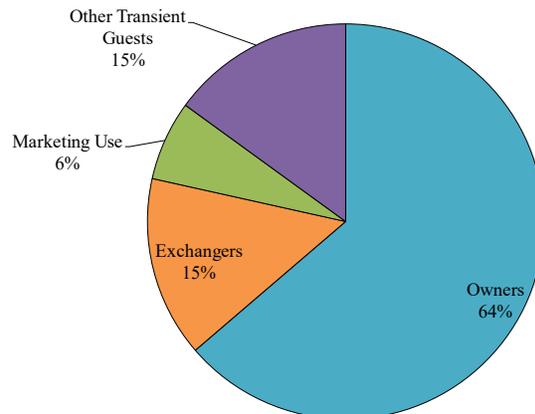
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



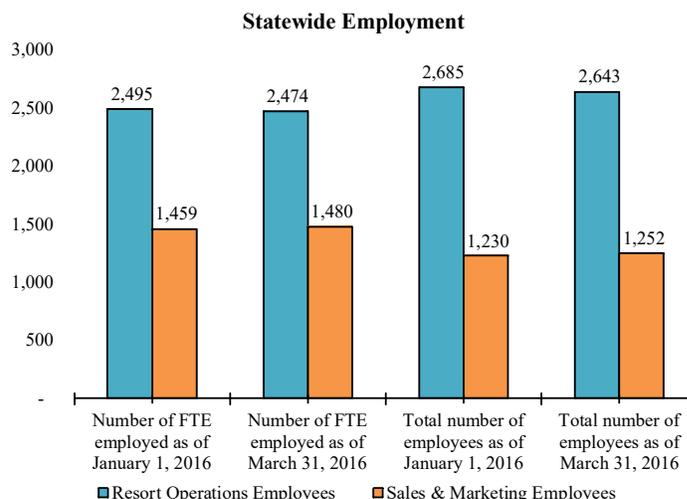
Statewide Timeshare Performance & Taxes cont.

Survey participants generated a total of \$20.4 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax (“TOT”), transient accommodations tax (“TAT”) and conveyance tax. Real property taxes totaled \$9.9 million, or 48.7% 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 and Payroll

Employment at the timeshare resorts that provided survey data remained fairly stable during the first quarter of the year, with a slight decrease in resort operations employment offset by a slight increase in sales and marketing employment. Statewide, the total number of resort operations employees decreased by 1.6% during the first quarter, while the number of sales and marketing employees increased by 1.8%.

Statewide payroll expenses for timeshare survey participants totaled \$33.8 million for resort operations employees and \$37.2 million for sales and marketing employees during the first quarter of 2016. These figures reflect payroll expenses of survey respondents that provided payroll expense data.



O'ahu

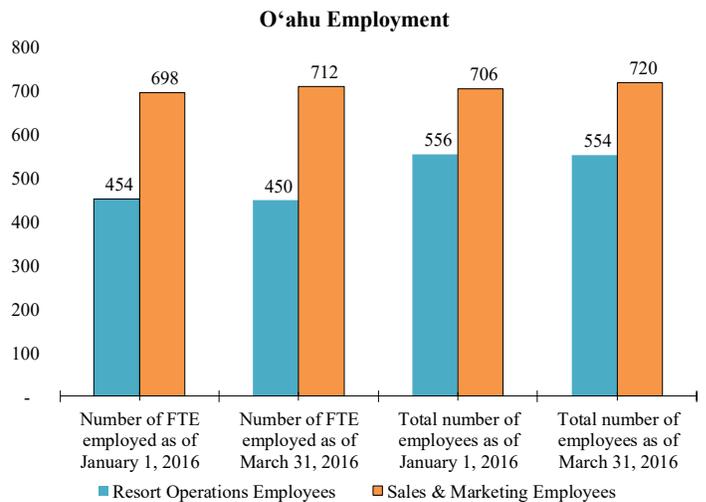
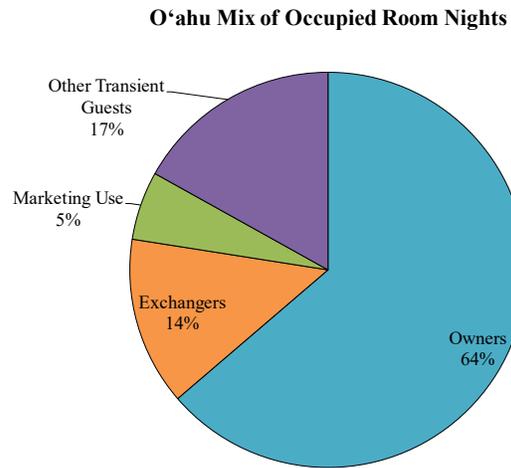
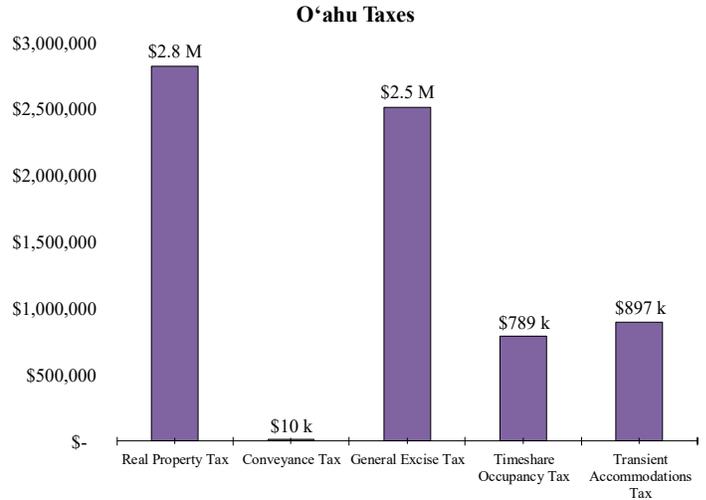
Timeshare resorts on O'ahu averaged 90.8% occupancy during the first quarter of 2016, a 2.8 percentage point decrease compared to the prior year. During the same period, O'ahu's hotel occupancy was 84.2%.

The increase in O'ahu's occupancy was consistent with the 3.4% increase in timeshare visitor days on O'ahu during the first quarter, as reported by the HTA.

Owner occupied room nights represented 63.7% of total occupied room nights at O'ahu's timeshare resorts during the quarter, comparable to the statewide figure of owner occupancy representing 63.5% of total occupied room nights.

Participating properties on O'ahu reported a total of \$7.0 million in taxes during the first quarter, including \$2.8 million in real property taxes.

During the quarter, O'ahu timeshare resorts reported a slight (-0.5%) decrease in the number of resort operations employees but a 2.0% increase in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$6.6 million for resort operations employees and \$16.9 million for sales and marketing employees.



Maui County

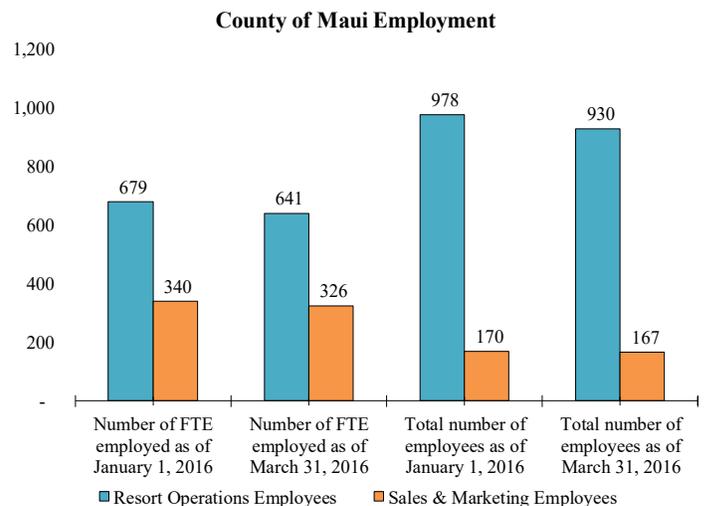
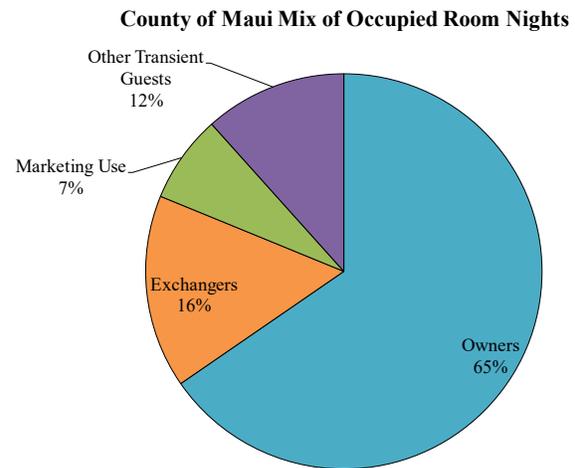
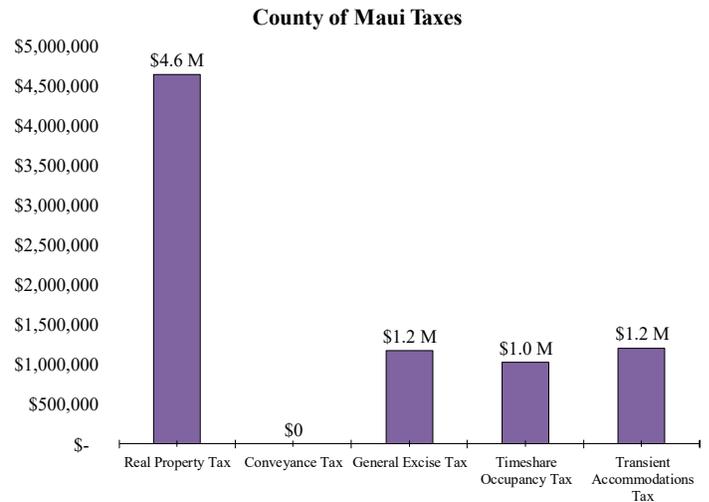
Maui County's timeshare properties achieved an average occupancy of 95.1% during the first quarter of 2016, the highest occupancy among the islands and an 8.8 percentage point increase compared to the prior year. During the same period, Maui's hotel occupancy was 79.3%.

The average Maui timeshare visitor had a 10.3 day length of stay during the first quarter, the highest among the islands. The island welcomed a total of 69,203 timeshare visitors during the first three months of 2016.

Owner occupancy accounted for 65.4% of occupied room nights at Maui timeshare resorts, the highest proportion of owner occupancy among the Hawaiian Islands.

Maui County timeshare properties that provided survey data reported a total of \$8.0 million in state and county taxes during the first quarter. Property taxes accounted for \$4.6 million of the total taxes during the quarter.

In the first quarter, Maui County timeshare properties reported a decrease in the total number of resort operations employees (-4.9%) as well as a decrease (-1.8%) in the number of sales and marketing employees. Maui timeshare properties providing survey data reported total resort operations payroll expense of \$13.9 million during the first quarter and another \$10.8 million in sales and marketing payroll expense.



Kaua'i

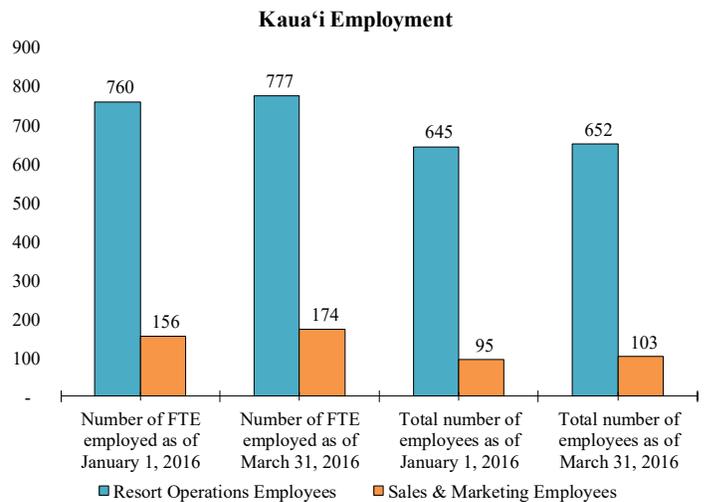
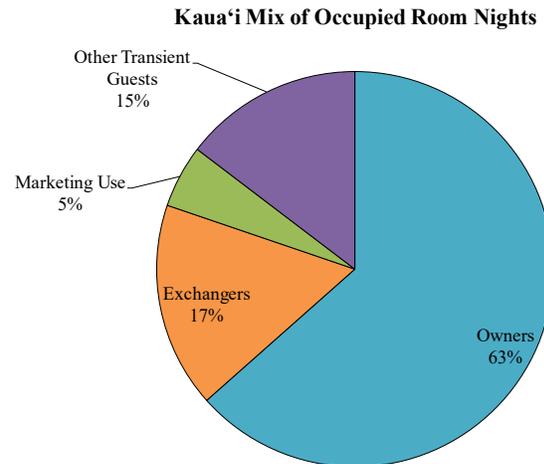
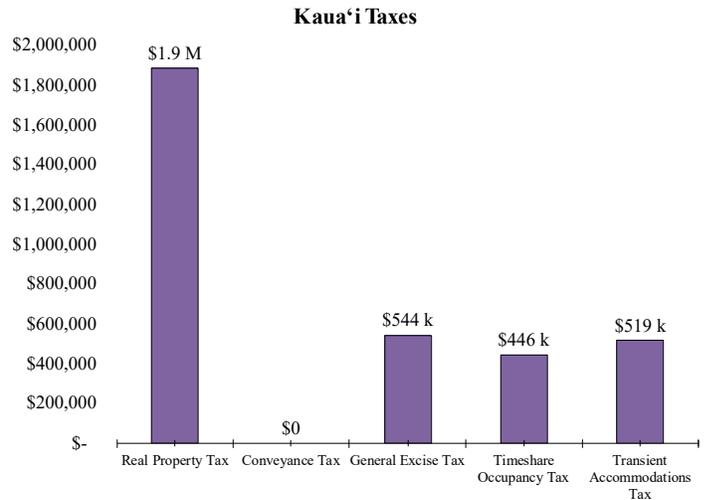
Timeshare resorts on Kaua'i averaged 85.5% occupancy during the first quarter of 2016, a 0.4% increase compared to the same period last year. During the same three months, Kaua'i's hotels and condominium hotels reported average occupancy of 77.0%.

Kaua'i continued to be the island with the highest proportion of timeshare visitors, with 17.5% of the island's total 280,381 visitors choosing to stay in a timeshare resort during the first quarter.

Owner use represented 63.4% of the occupied room nights during the first three months of 2016. Exchange use contributed 16.8% of occupied room nights on Kaua'i, the highest percentage of exchange use among the islands.

The Kaua'i timeshare resorts that provided survey data reported \$3.4 million in taxes during the first quarter, of which \$1.9 million were property taxes. As in previous surveys, many of the Kaua'i properties participating in the survey did not provide real property tax data.

Kaua'i timeshare properties reported increases in both the numbers of resort operations employees (+1.1%) and sales and marketing employees (+8.4%) during the first quarter of 2016. Participating respondents reported total resort operations payroll expense of \$9.1 million during the quarter, in addition to \$3.6 million in sales and marketing payroll expense.



Hawai'i Island

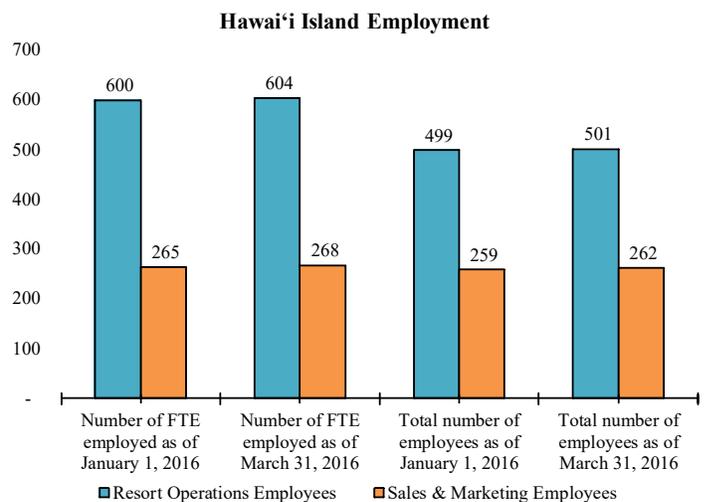
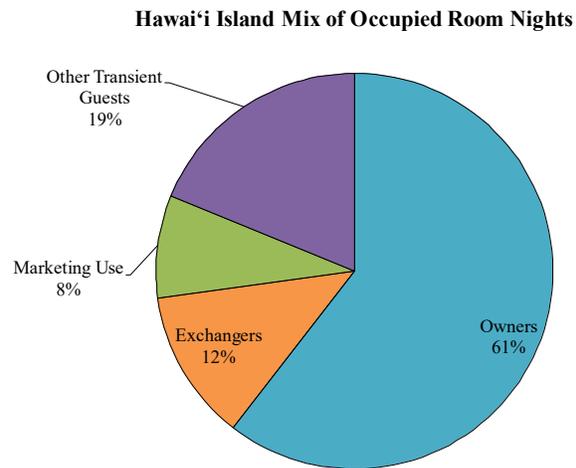
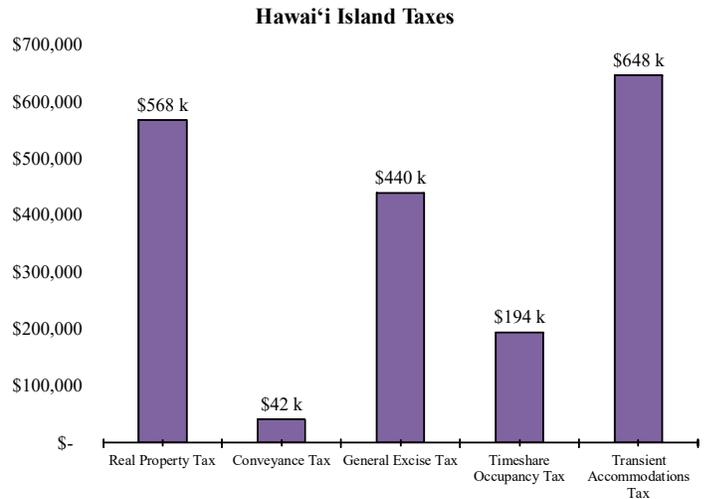
Timeshare resorts on Hawai'i Island reported average occupancy of 87.9% during the first quarter of 2016, flat (-0.2 percentage points) when compared to the prior year. During the same period, hotel occupancy on Hawai'i Island was 74.1%.

Owner use accounted for 60.5% of occupied room nights at timeshare properties on Hawai'i Island, the lowest share of owner use among the islands. Exchange use accounted for 12.3% of occupied room nights, also the lowest percentage among the islands. Marketing use represented 8.4% 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, 18.8% of room nights.

Hawai'i Island reported a total of 36,833 timeshare visitors during the first quarter, a 1.6% increase from the prior period. The average length of stay rose slightly to 9.6 days.

Hawai'i Island timeshare properties reporting data paid \$1.9 million in state and county taxes during the first quarter. TAT collections totaled \$0.6 million during the quarter or 34.3% of the tax reported by Hawai'i Island timeshare resorts, a higher percentage than any other county. This was consistent with the high incidence of transient use during the quarter.

During the first quarter, Hawai'i Island timeshare properties reported a slight increase in the total number of resort operations employees (+0.4%) as well as a slight increase (+1.2%) in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total resort operations payroll expense of \$5.9 million during the first quarter and \$6.0 million in sales and marketing payroll expense.



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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 71.5 percent of registered timeshare units statewide, which represents 45 properties and 7,161 units.