

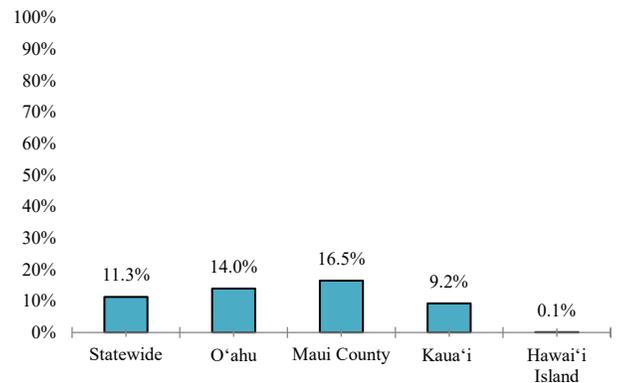
Statewide Timeshare Performance & Taxes

During the second quarter of 2020, Hawai'i's timeshare industry achieved an occupancy rate of 11.3%, compared with the 91.0% occupancy rate for the same period during 2019, a decrease of 79.7 percentage points. The COVID-19 pandemic and resulting mandatory 14-day quarantine for arriving out-of-state travelers drastically reduced travel to Hawai'i during the quarter. A handful of timeshare resorts on O'ahu, Maui and Kaua'i that remained open accounted for the majority of occupancy during the quarter.

The statewide hotel and condominium hotel occupancy averaged 12.9% during the second quarter, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

In addition to a substantial decrease in the number of visitors staying in Hawai'i's timeshare resorts, the mix of occupancy during the quarter also differed from the historic mix. Owner and exchanger use represented 99.4% of occupied room nights during the quarter, compared with just under 75% of occupied room nights during 2019. Owners using their timeshare accounted for 47.2% of occupied room nights in Hawai'i's timeshare resorts during the second quarter of 2020. Exchangers (timeshare owners who participate in a timeshare exchange program) represented the majority of the occupied room nights during the quarter, 52.2%. There was very little occupancy from marketing use and transient rental during Q2 2020, combining for 0.5% of occupied room nights, compared to 26.0% of occupied room nights during Q2 2019. Marketing use represented 0.3% of occupied room nights, compared with 9.2% of occupied room nights during Q2 2019. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 0.2% of occupied room nights during the quarter, primarily driven by a few resorts on Kaua'i.

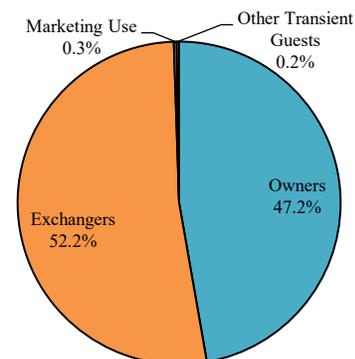
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

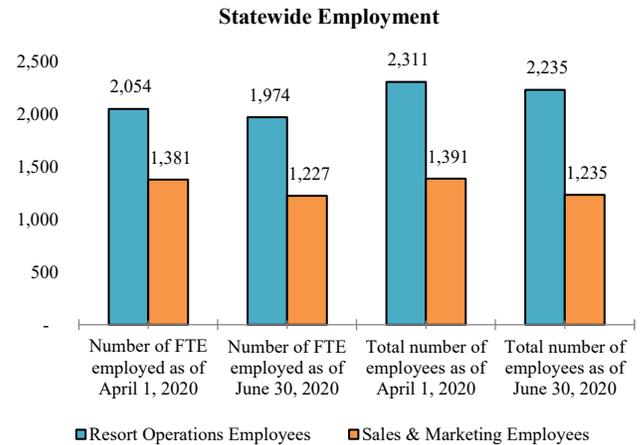


The second quarter 2020 timeshare survey findings, based on data provided by 52 individual timeshare properties, represent 75.3% of Hawai'i's 11,963 timeshare units.

According to HTA data, 146 visitors to the state chose to stay at timeshare resort for all or part of their stay during the second quarter. This represented a 99.9% decrease compared with the 224,762 timeshare visitor arrivals during the second quarter of 2019. We note that because of the precipitous decrease in visitor arrivals, breakdowns of the timeshare visitor data are likely not statistically meaningful due to the small sample sizes.

Timeshare visitors had an average length of stay of 32.6 days during the second quarter, compared with the 10.1-day average stay during Q2 2019, according to HTA data. It appears that timeshare visitors to the state during the quarter booked substantially longer visits than typical, which would have allowed them time to remain in their timeshare unit during the mandatory 14-day quarantine period. After completion of quarantine this would have left additional time to enjoy activities outside of their timeshare. Large units and kitchens make timeshare units more conducive to quarantine than hotel rooms.

During the second quarter, participating timeshare properties generated a total of \$15.2 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient accommodations tax ("TAT") and conveyance tax. By comparison, respondents in the Q2 2019 survey reported paying \$24.0 million in taxes. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$10.4 million or 68.6% of the total. All timeshare resorts, whether operational or temporarily closed, continue to be subject to real property taxes. General Excise Tax accounted for a \$4.4 million or 29.2% of the total. We note that some respondents chose not to report certain taxes for this survey.



Statewide Employment & Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,235 at the end of the quarter, a 3.3% decrease from the employee count at the beginning of the quarter. We note that pre-COVID, the number of operations employees at Hawai'i's timeshare resorts was typically about 3,000.

At the end of the quarter, timeshare resorts reported 1,235 sales and marketing employees, an 11.2% decrease from the count at the start of the second quarter. The pre-COVID sales and marketing employee count for survey respondents was about 1,700.

For the second quarter of 2020, statewide payroll expenses for timeshare survey participants that provided data totaled \$29.7 million, of which resort operations payroll contributed \$20.8 million and sales and marketing payroll \$8.9. The total payroll amount reported by survey respondents was less than half the total reported pre-COVID, with most of the decrease coming from sales and marketing.

O'ahu

In the second quarter of 2020, timeshare resorts on O'ahu averaged 14.0% occupancy, compared with 94.7% occupancy during Q2 of the prior year. During the same period, O'ahu's hotel occupancy averaged 12.2%.

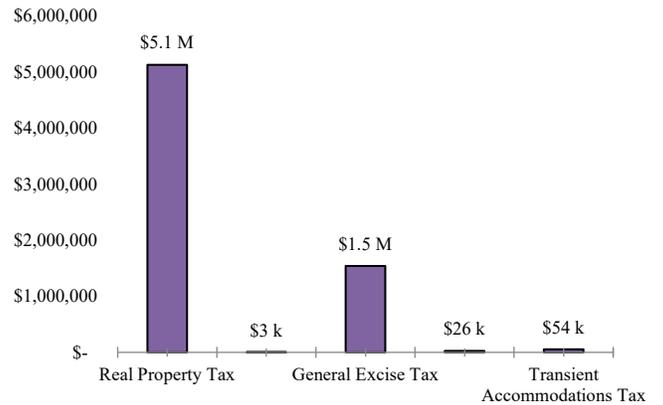
Owner occupied room nights represented 35.2% of total occupied room nights at O'ahu's timeshare resorts during the second quarter, well below the 60%+ range that is typical for O'ahu timeshare resorts. Exchange use represented 64.7% of occupied room nights at O'ahu timeshare resorts, substantially higher than the 12.2% share of occupied room nights reported for Q2 2019. Other transient guests contributed 0.1% of the occupied room nights at O'ahu timeshare properties, while there was no marketing use reported by participants.

According to the HTA, O'ahu welcomed 81 timeshare visitors during the second quarter, compared with 85,766 timeshare visitors during Q2 2019. Timeshare visitors represented 5.5% of all visitor arrivals on O'ahu during the second quarter, which was the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 28.5 days during the quarter, compared with 6.8 days during the same period a year earlier.

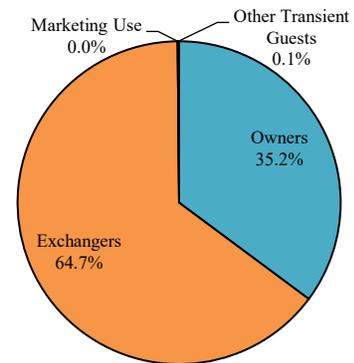
Participating properties on O'ahu reported a total of \$6.8 million in taxes for the second quarter, of which \$5.1 million (75.9%) were real property taxes.

O'ahu timeshare resorts reported a 9.4% decrease in the number of resort operations employees during the quarter and a 9.6% decrease in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$11.7 million for the quarter, less than half the typical amount reported by O'ahu timeshare resorts.

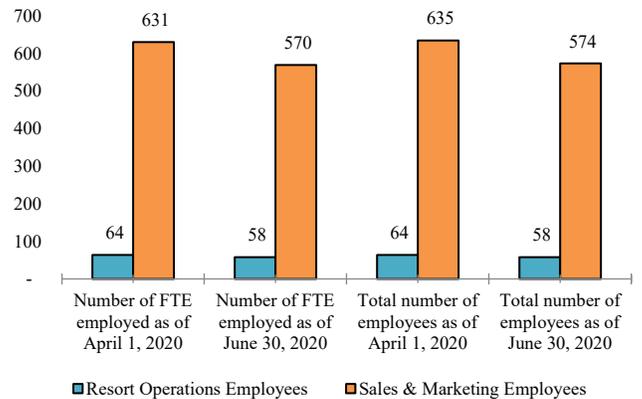
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties achieved an average occupancy of 16.5% during the second quarter, compared with 94.8% occupancy achieved during the second quarter of 2019. During the same period, Maui’s hotel occupancy averaged 10.3%.

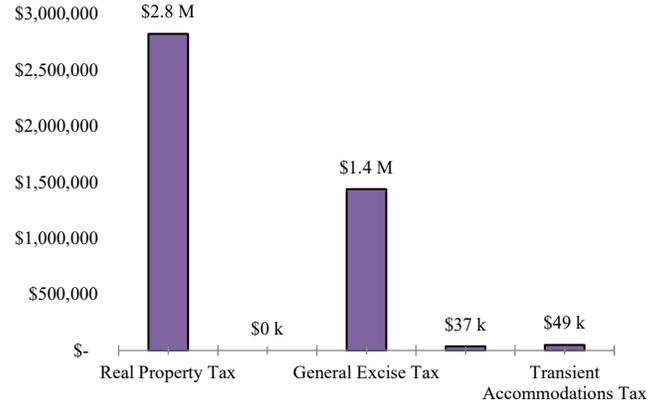
During the second quarter, owner occupancy accounted for 55.1% of occupied room nights at Maui County timeshare resorts. Exchange use contributed 44.7% of all occupied room nights at Maui County’s timeshare properties during the quarter, compared with 18.8% of occupied room nights during the same period in 2019. Transient and marketing use contributed 0.2% and 0.1% of occupied room nights, respectively.

Maui County welcomed 60 timeshare visitors during the quarter, compared with 82,327 timeshare visitors during the same period in 2019. Maui timeshare visitors spent an average of 34.3 days in Maui County during the second quarter, compared with 9.5 days during Q2 2019.

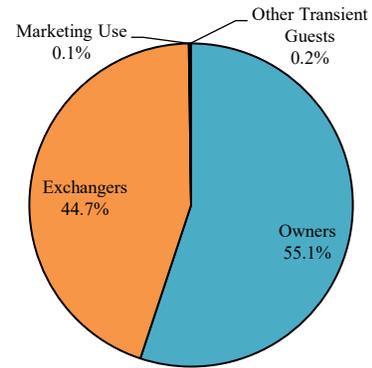
Participating properties in Maui County that provided survey data reported a total of \$4.3 million in state and county taxes in the second quarter. Property taxes accounted for \$2.8 million of the total or 64.9%.

Maui County timeshare properties reported a 3.0% decrease in the total number of resort operations employees, while the number of sales and marketing employees decreased by 2.2% during the second quarter of 2020. Maui timeshare properties providing survey data reported total payroll expense of \$4.6 million during the quarter, compared with over \$20 million in payroll expense during the same period in 2019.

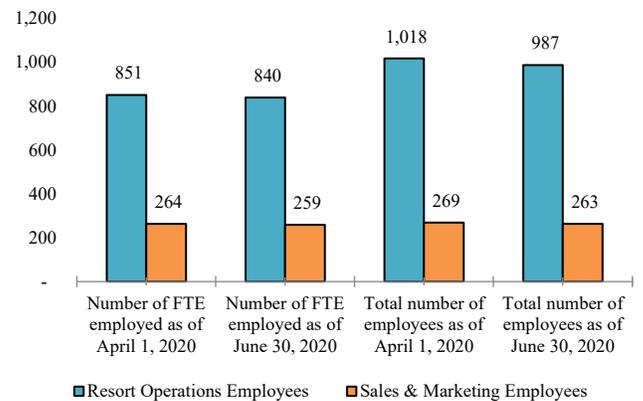
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Kaua'i's timeshare properties averaged 9.2% occupancy during the second quarter, compared with 84.7% occupancy during the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 13.8%.

During the second quarter of 2020, owner use represented 49.5% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use represented 47.9% of occupied timeshare room nights on Kaua'i. Marketing use represented 1.9% of occupied room nights on Kaua'i during Q2. Transient use accounted for 0.7% of occupied room nights.

Kaua'i welcomed 19 timeshare visitors during the quarter, compared with 56,153 visitors during the second quarter of 2019. Kaua'i timeshare visitors stayed on the Garden Island for an average of 20.0 days during the quarter, up from the 9.5-day average reported for the prior year.

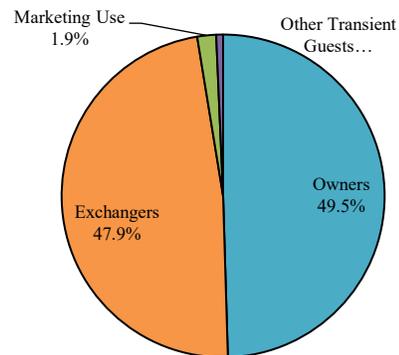
Kaua'i timeshare resorts that provided survey data reported \$1.9 million in taxes during the second quarter. Real Property Tax represented \$772,000 of the total, or 41.5%.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties decreased by 3.5% during the quarter, while sales and marketing employment decreased by 16.9%. Participating respondents reported payroll expense of about \$6.7 million for the quarter, with resort operations accounting for \$5.3 million of the total.

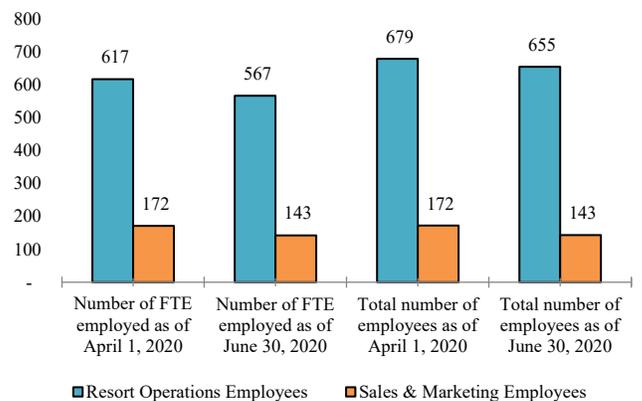
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 0.1% during the second quarter, compared to 86.3% during the same period last year. During the same period, hotel occupancy on Hawai'i Island was 19.5%.

During the quarter owner use generated 52.5% of the occupied room nights at Hawai'i Island timeshare properties, the lowest share in the state. Exchange use represented 40.3% of occupied room nights during the quarter. Transient use represented 7.2% of occupied room nights.

According to HTA data, Hawai'i Island welcomed three timeshare visitors during the quarter, compared with 43,297 timeshare visitors during the second quarter of the prior year. (We note that due to the small sample size, the Q2 2020 timeshare visitor characteristic data are likely not statistically meaningful due to the small sample size.)

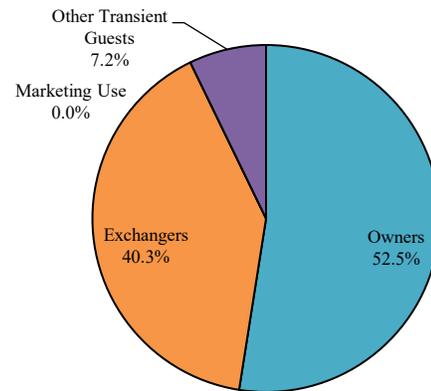
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.3 million in state and county taxes during the second quarter. Real property taxes contributed the largest share, \$1.7 million of the total (75.9%).

Hawai'i Island timeshare properties reported a 2.7% decrease in the total number of resort operations employees during the quarter, and a 19.0% decrease in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$6.7 million during the quarter, about half the payroll expense from prior year Q2.

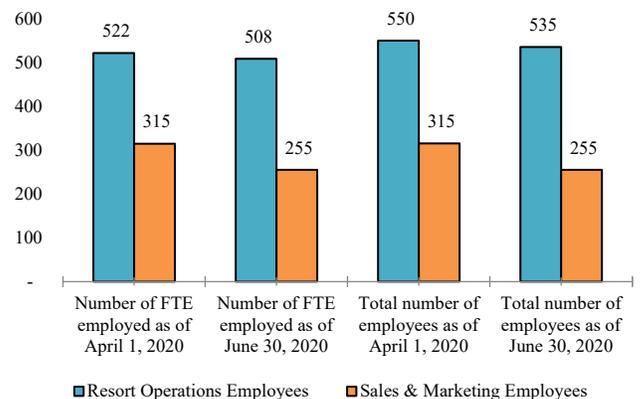
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



Hawai'i Tourism Authority

1801 Kalākaua Avenue
Honolulu, Hawai'i 96815
Phone:(808) 973-2255
Fax:(808) 973-2253
www.hawaiitourismauthority.org

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 75.3 percent of registered timeshare units statewide, which represents 52 participating properties and 9,009 units.