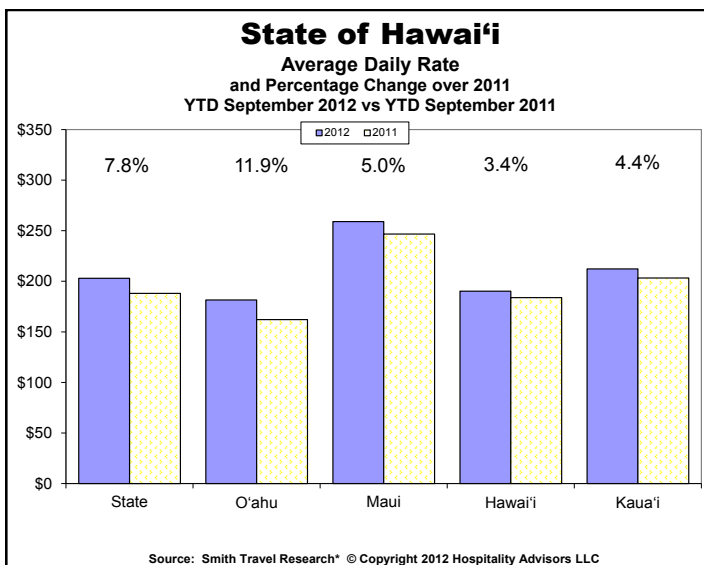
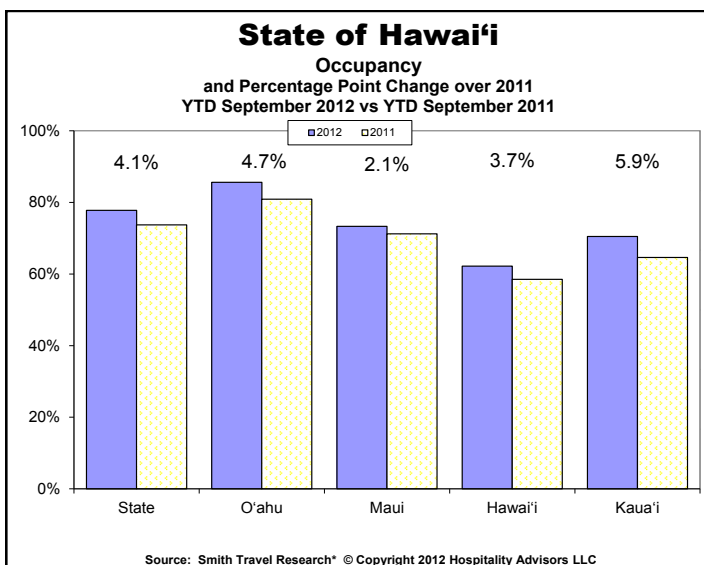




Flash Report

Third Quarter / September 2012 Highlights

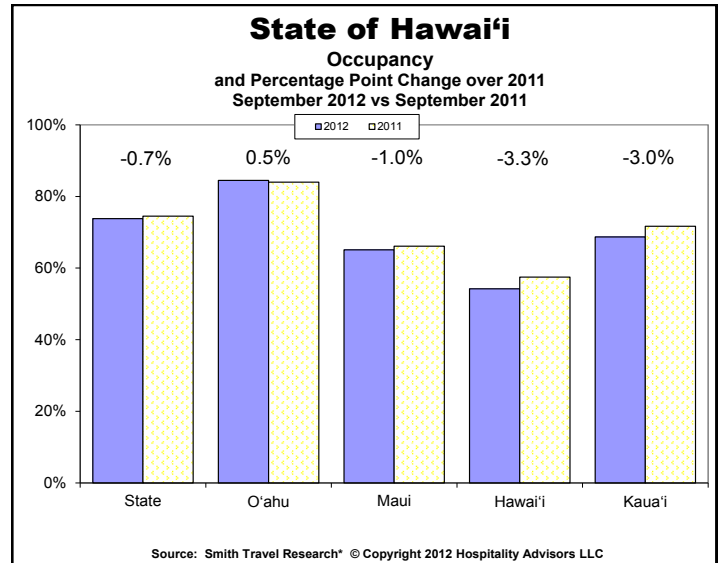
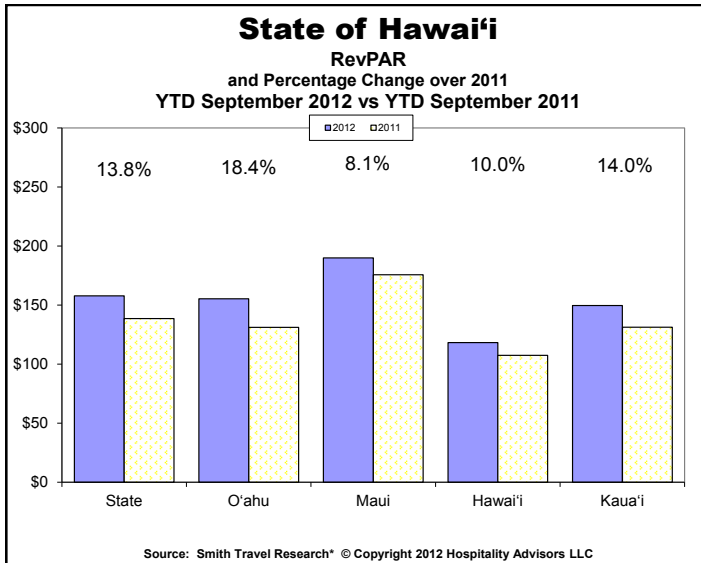
Hawai'i Hotel Industry on Record Pace with \$3.62 Billion in Total Hotel Revenue Generated During First Nine Months of Year; Waikīkī 85.9 Percent Full for Month of September



Year-to-Date September 2012

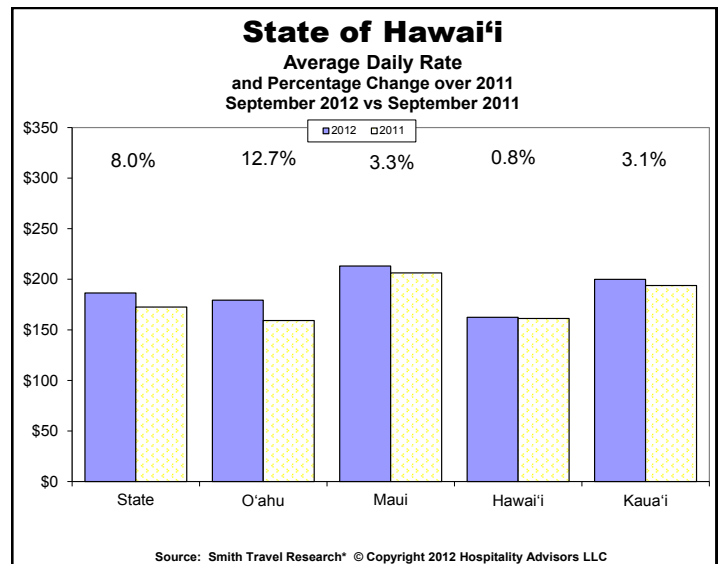
Room revenue for Hawai'i's hotel industry generated a record \$2.45 billion during the first nine months of the year, representing a gain of 14.8 percent over the same period last year. When combined with additional sales from food and beverage, retail, parking, and other sources, total hotel industry revenue approximated \$3.62 billion year-to-date through September 2012. Statewide occupancy increased by 4.1 percentage points during the first three quarters of the year to 77.8 percent, while average daily rate ("ADR") and revenue per available room ("RevPAR") rose 7.8 percent and 13.8 percent to \$202.90 and \$157.86, respectively. The gains in the industry were driven by a sharp rise in visitor arrivals (+9.2 percent) through the end of the third quarter which comprised of strong gains in high-yielding markets, including honeymooners (+12.2 percent), non-convention business travelers (+5.1 percent), independent travelers (+9.8 percent), and visitors from Japan (+15.9 percent) and other Asia (+45.4 percent) according to a report released by the Hawai'i Tourism Authority ("HTA"). In addition to the gains in visitor arrivals, the HTA also reported a 9.1 percent increase in per person daily visitor spending.

O'ahu occupancy averaged an impressive 85.6 percent for the first nine months, which benefitted from strong

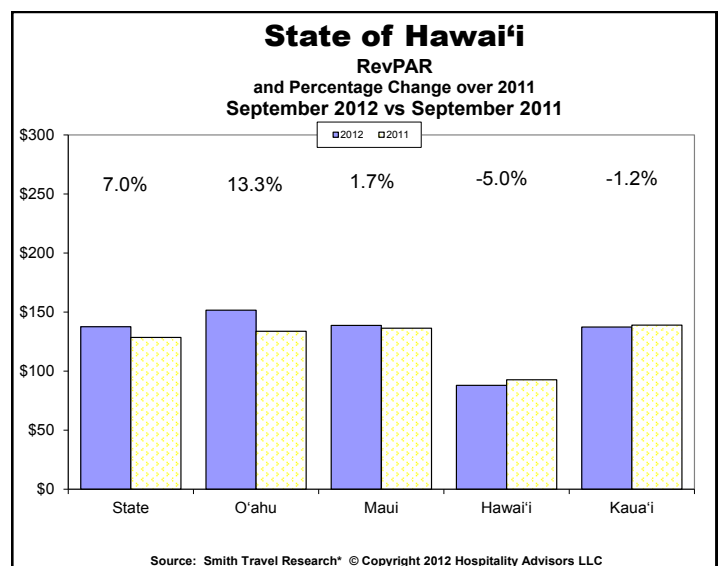


arrivals from the U.S. West (+5.3 percent) and Japan (+16.2 percent) markets, in addition to double-digit growth from other Asia source markets including China and Korea. High occupancies on O'ahu also supported a strong gain in ADR of 11.9 percent to \$181.50 for the period.

Year-to-date September Maui occupancy rose 2.1 percentage points to 73.3 percent, with ADR increasing 5.0 percent to \$259.07. The luxury resort region of Wailea enjoyed a 6.3 percentage point gain in occupancy to 77.4 percent occupancy and led Hawai'i in regional ADR at \$388.54 through the first three quarters of the year. Maui's performance was boosted by a 5.6 percent gain in visitor arrivals including U.S. West (+4.8 percent), Japan (+7.9 percent), and Canada (+4.0 percent).



Kaua'i posted an occupancy rate of 70.5 percent (+5.9 percentage points) and an ADR of \$212.23 (+4.4 percent) through year-to-date September. This growth can be attributed to gains in visitor arrivals from U.S. West (+6.1 percent), U.S. East (+6.1 percent), Japan (+17.7 percent), and Canada (+7.7 percent).



The Island of Hawai'i ("Big Island") continued to lag the recovery, but nonetheless experienced a rise of 3.7 percentage points in occupancy to 62.2 percent and an increase of 3.4 percent in ADR to \$190.18.

Luxury hotels finished the first nine months with occupancy at 71.4 percent. Luxury ADR increased 5.0 percent to \$421.73. Occupancy for economy class properties rose 3.4 percentage points to 79.5 percent and ADR increased 10.5 percent to \$95.27.

Among the top 5 U.S. hotel markets, Hawai'i ranked second in both ADR and RevPAR at \$202.90 and \$157.86, respectively, and placed third in occupancy at 77.8 percent.

Month of September 2012

Statewide occupancy decreased slightly by 0.7 percentage points to 73.8 percent during the month of September due in part to a shift toward a higher mix of timeshare visitors, which increased 10.9 percent. ADR rose 8.0 percent to \$186.47, and RevPAR increased for the 31st consecutive month by 7.0 percent to \$137.61. The increase in revenues was consistent with the 9.3 percent increase in per person daily visitor spending reported by the HTA.

O'ahu was the only major island to record positive occupancy growth and ended the month at 84.5 percent, with Waikiki achieving an outstanding occupancy rate of 85.9 percent. This performance was supported by a 9.3 percent increase in Japanese visitor arrivals, as well as gains in arrivals from China and Korea. The strong occupancy led to a 12.7 percent increase in ADR to \$179.37 and a 13.3 percent increase in RevPAR to \$151.57, both of which were new records for the month of September.

Maui achieved the state's highest ADR in September at \$213.09, or 3.3 percent higher than the previous year. Occupancy on Maui decreased 1.0 percentage points to 65.1 percent, but RevPAR rose 1.7 percent to \$138.72 due to the increase in ADR. Revenue increases were due in part to growth in high spending markets such as the honeymoon market (+3.6 percent) and independent travelers (+5.5 percent).

Kaua'i recorded a 3.0 percentage point loss in occupancy and ended the month at 68.7 percent, as more visitors opted to stay in timeshare and condo products rather than traditional hotels. The 3.1 percent growth in ADR was not enough to offset the occupancy loss as RevPAR fell 1.2 percent to finish the month at \$137.37.

Occupancy on the Big Island dropped by 3.3 percentage points to 54.2 percent and RevPAR fell 5.0 percent to \$88.05. The drop in occupancy can be attributed to a 3.2 percent drop in visitor arrivals. ADR rose marginally by 0.8 percent to \$162.46.

Luxury hotels in Hawai'i saw a 4.0 percentage point decline in occupancy, ending the month at 62.8 percent with an ADR of \$368.74. Upper upscale properties led all market classes with an occupancy rate of 80.0 percent, but was down 1.4 percentage points compared to September 2011. Hotels in the economy class enjoyed the highest gain in room rates, increasing 12.5 percent to \$89.01 with an occupancy rate of 76.1 percent.

As noted earlier, following the unprecedented deep market recession that began in April 2008, Hawai'i's hotel industry has now enjoyed 31 consecutive months of revenue increases. While revenue continues to strengthen, hotel profitability will remain under pressure due to sharp increases in operating costs, particularly labor, utilities and property maintenance costs.

Note to Readers: We are pleased to introduce a new series of Hawai'i data for 2012. The new Market Class data series provides additional segmentation information and replaces the Price Class data series. There are six Market Class segments, as opposed to the five Price Class segments: Luxury, Upper-upscale, Upscale, Upper-midscale, Midscale, and Economy.

This change brings reporting for the Hawai'i market into alignment with the segmentation methodology used across the Mainland and globally and will allow

for more meaningful comparisons between the performance of Hawai'i properties and other markets going forward.

Background of Survey

The hotel survey is compiled by Smith Travel Research ("STR") in conjunction with Hospitality Advisors. For September 2012, the survey included 162 properties representing 48,722 rooms, or 85.5 percent of all lodging properties with 20 rooms or more in the State of Hawai'i, including full service, limited service, and condominium hotels. The survey generally excludes properties under 20 units, such as small bed and breakfasts, youth hostels, single-family vacation rentals, cottages, individually rented vacation condominiums and sold timeshare units no longer available for hotel use. The Smith Travel Research/Hospitality Advisors monthly survey of Hawai'i hotels is the largest survey of its kind in the State of Hawai'i and is reported by the State of Hawai'i as part of its official monthly visitor industry statistical report. The data has been weighted both geographically and by class of property

to compensate for any over and monthly survey of Hawai'i hotels is the largest survey of its kind in the State of Hawai'i and/or under representation of hotel survey participants by location and type. For more information, please visit our website at www.hospitalityadvisors.com.

Subscription Notice

Annual subscriptions are \$1,200 per calendar year and will include January through December issues of each subscription year. Individual reports are also available at \$200.00 each. The subscription order form is available at our website.

Complimentary subscriptions are provided to contributors to the monthly data set. To find out more about the Smith Travel Research & Hospitality Advisors lodging survey, please contact us at (808) 550-8955 or info@hospitalityadvisors.com for more information.

Hospitality Advisors LLC is led by Joseph M. Toy, President & CEO, and provides hotel, tourism, and real estate consulting services. Mr. Toy 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 at Pannell Kerr Forster 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.

Although the information in this report has been obtained from sources Hospitality Advisors and Smith Travel Research believe to be reliable, we do not guarantee its accuracy, and such information may be incomplete. This report is for information purposes only, and all source references made to this publication must state "Hospitality Advisors LLC Hawai'i Hotel Flash Report." All opinions and estimates included in this report constitute our judgment as of this date and are subject to revision.

*Smith Travel Research All Rights Reserved

©Copyright 2012 Hospitality Advisors LLC

For more information on the hospitality industry or for permission to reprint this information, please contact Joseph Toy at (808) 550-8955, or visit our website at www.hospitalityadvisors.com

Month of September 2012

	Occupancy %		Average Daily Rate		RevPAR	
	2012	2011	2012	2011	2012	2011
State of Hawai'i	73.8%	74.5%	\$186.47	\$172.62	\$137.61	\$128.60
Luxury Class	62.8%	66.8%	\$368.74	\$338.66	\$231.67	\$226.27
Upper Upscale Class	80.0%	81.4%	\$214.25	\$196.65	\$171.36	\$160.01
Upscale Class	69.6%	68.8%	\$154.28	\$141.70	\$107.44	\$97.55
Upper Midscale Class	77.5%	75.7%	\$116.08	\$103.37	\$89.99	\$78.28
Midscale Class	73.2%	73.5%	\$101.62	\$95.00	\$74.35	\$69.80
Economy Class	76.1%	79.6%	\$89.01	\$79.13	\$67.75	\$63.00
O'ahu	84.5%	84.0%	\$179.37	\$159.21	\$151.57	\$133.74
Waikiki	85.9%	85.6%	\$180.72	\$158.63	\$155.24	\$135.79
Other O'ahu	76.1%	73.9%	\$170.06	\$163.38	\$129.42	\$120.74
Maui	65.1%	66.1%	\$213.09	\$206.37	\$138.72	\$136.41
Wailea	66.9%	65.0%	\$305.81	\$299.35	\$204.59	\$194.58
Lahaina - Kā'anapali - Kapalua	66.7%	69.4%	\$202.72	\$196.40	\$135.21	\$136.30
Other Maui	63.3%	62.2%	\$225.95	\$219.79	\$143.03	\$136.71
Hawai'i	54.2%	57.5%	\$162.46	\$161.25	\$88.05	\$92.72
Kohala Coast	49.5%	56.2%	\$234.38	\$221.55	\$116.02	\$124.51
Kaua'i	68.7%	71.7%	\$199.95	\$193.89	\$137.37	\$139.02

Source: Smith Travel Research © Copyright 2012 Hospitality Advisors LLC

Year-To-Date September 2012

	Occupancy %		Average Daily Rate		RevPAR	
	2012	2011	2012	2011	2012	2011
State of Hawai'i	77.8%	73.7%	\$202.90	\$188.14	\$157.86	\$138.66
Luxury Class	71.4%	67.4%	\$421.73	\$401.82	\$301.07	\$270.87
Upper Upscale Class	83.4%	79.1%	\$224.52	\$207.59	\$187.34	\$164.19
Upscale Class	72.8%	69.0%	\$166.43	\$150.92	\$121.24	\$104.21
Upper Midscale Class	80.1%	75.7%	\$119.24	\$108.14	\$95.55	\$81.83
Midscale Class	76.7%	72.7%	\$109.55	\$101.37	\$83.99	\$73.73
Economy Class	79.5%	76.1%	\$95.27	\$86.23	\$75.77	\$65.63
O'ahu	85.6%	80.9%	\$181.50	\$162.20	\$155.36	\$131.22
Waikiki	86.7%	81.9%	\$180.30	\$162.21	\$156.32	\$132.85
Other O'ahu	79.1%	74.7%	\$189.61	\$162.14	\$149.98	\$121.12
Maui	73.3%	71.2%	\$259.07	\$246.78	\$189.90	\$175.71
Wailea	77.4%	71.1%	\$388.54	\$388.05	\$300.73	\$275.90
Lahaina - Kā'anapali - Kapalua	75.1%	73.0%	\$235.55	\$222.91	\$176.90	\$162.72
Other Maui	71.1%	69.1%	\$288.64	\$277.19	\$205.22	\$191.54
Hawai'i	62.2%	58.5%	\$190.18	\$183.87	\$118.29	\$107.56
Kohala Coast	62.4%	59.7%	\$270.16	\$253.06	\$168.58	\$151.08
Kaua'i	70.5%	64.6%	\$212.23	\$203.23	\$149.62	\$131.29

Source: Smith Travel Research © Copyright 2012 Hospitality Advisors LLC

Month of September 2012

	Occupancy %		Average Daily Rate		RevPAR	
	2012	2011	2012	2011	2012	2011
O'ahu						
Luxury Class	70.3%	77.0%	\$411.70	\$350.94	\$289.43	\$270.22
Upper Upscale Class	89.1%	88.1%	\$215.04	\$191.92	\$191.60	\$169.08
Upscale Class	81.3%	82.9%	\$171.98	\$147.47	\$139.82	\$122.25
Upper Midscale Class	82.6%	80.4%	\$115.72	\$101.21	\$95.58	\$81.37
Midscale Class	88.0%	82.8%	\$98.27	\$87.55	\$86.48	\$72.49
Economy Class	85.6%	85.2%	\$79.54	\$62.65	\$68.09	\$53.38
Maui						
Luxury Class	60.8%	63.1%	\$361.30	\$349.45	\$219.67	\$220.50
Upper Upscale Class	72.5%	75.4%	\$240.06	\$231.53	\$174.04	\$174.57
Upscale & Upper Mid Classes	63.7%	62.4%	\$151.00	\$143.36	\$96.19	\$89.46
Midscale & Economy Classes	61.3%	63.8%	\$125.25	\$116.66	\$76.78	\$74.43

Source: Smith Travel Research © Copyright 2012 Hospitality Advisors LLC

Year-To-Date September 2012

	Occupancy %		Average Daily Rate		RevPAR	
	2012	2011	2012	2011	2012	2011
O'ahu						
Luxury Class	73.2%	71.1%	\$404.65	\$368.32	\$296.20	\$261.88
Upper Upscale Class	90.3%	84.8%	\$217.03	\$195.84	\$195.98	\$166.07
Upscale Class	81.7%	79.7%	\$178.06	\$149.05	\$145.48	\$118.79
Upper Midscale Class	84.6%	79.2%	\$115.74	\$103.29	\$97.92	\$81.81
Midscale Class	87.5%	80.3%	\$99.98	\$90.29	\$87.48	\$72.50
Economy Class	85.4%	Insufficient	\$78.61	Insufficient	\$67.13	Insufficient
Maui						
Luxury Class	72.4%	69.1%	\$469.00	\$458.84	\$339.56	\$317.06
Upper Upscale Class	79.9%	78.4%	\$279.52	\$265.29	\$223.34	\$207.99
Upscale & Upper Mid Classes	70.7%	67.9%	\$173.21	\$163.89	\$122.46	\$111.28
Midscale & Economy Classes	68.9%	70.4%	\$145.45	\$128.92	\$100.22	\$90.76

Source: Smith Travel Research © Copyright 2012 Hospitality Advisors LLC

**Exhibit 1
Year-To-Date September 2012 Room Revenue**

	Room Revenue	% Change
2012	\$2.45 billion	14.8%
2011	\$2.13 billion	12.9%
2010	\$1.89 billion	6.6%
2009	\$1.77 billion	-20.6%
2008	\$2.24 billion	-4.2%
2007	\$2.33 billion	-3.0%
2006	\$2.41 billion	7.6%

Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC

**Exhibit 2
Top Five Hotel Markets—Year-To-Date September 2012¹**

Top Five Occupancy	
1 New York, NY	82.4%
2 San Francisco/San Mateo, CA	81.5%
3 Hawai'i	77.8%
4 Los Angeles-Long Beach, CA	76.9%
5 Miami-Hialeah, FL	76.5%

Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC

Top Five Average Daily Rate	
1 New York, NY	\$236.58
2 Hawai'i	\$202.90
3 San Francisco/San Mateo, CA	\$170.84
4 Miami-Hialeah, FL	\$162.71
5 Boston, MA	\$157.95

Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC

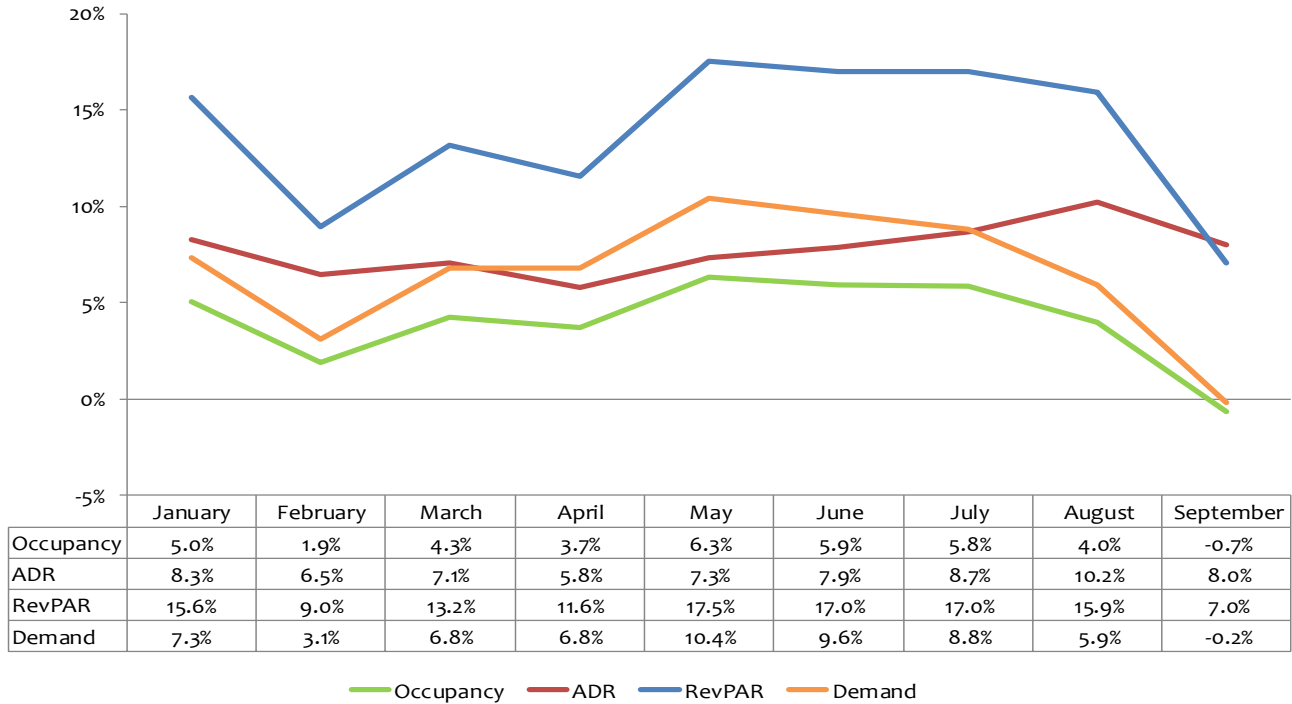
Top Five Revenue Per Available Room	
1 New York, NY	\$194.97
2 Hawai'i	\$157.79
3 San Francisco/San Mateo, CA	\$139.20
4 Miami-Hialeah, FL	\$124.55
5 Boston, MA	\$116.27

Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC

¹ Note: The Top 25 US Hotel Markets reported by Smith Travel Research does not include the Las Vegas lodging market due to the lack of survey participation by hotels in Las Vegas. Las Vegas hotel statistics are reported to the Las Vegas Convention & Visitors Authority (“LVCVA”). However, due to differences in survey methodology and reporting requirements, an appropriate comparison cannot be determined. Therefore, the Las Vegas lodging market is not included in this report.

Exhibit 3

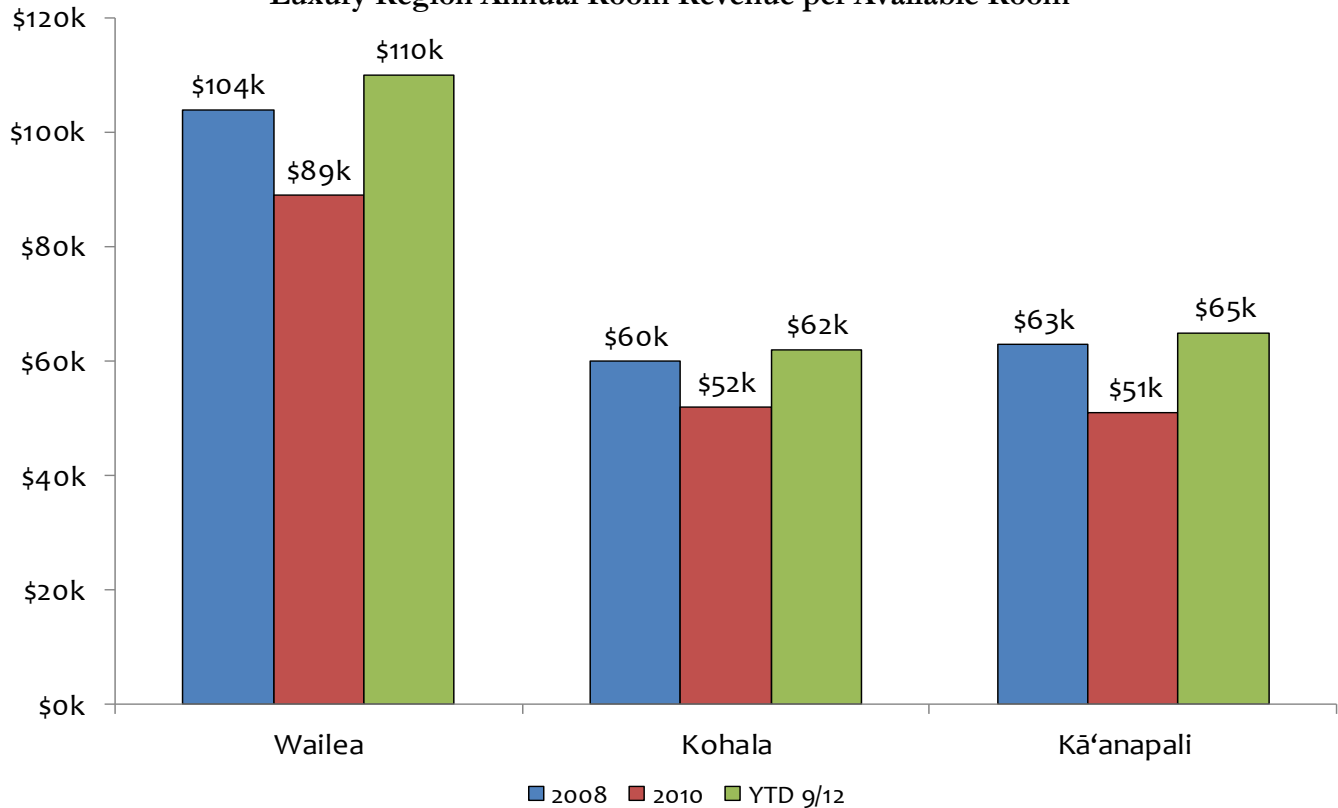
**State of Hawai'i Third Quarter Occupancy, Average Daily Rate, and Revenue per Available Room
Percent Change and Percentage Point Change**



Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC

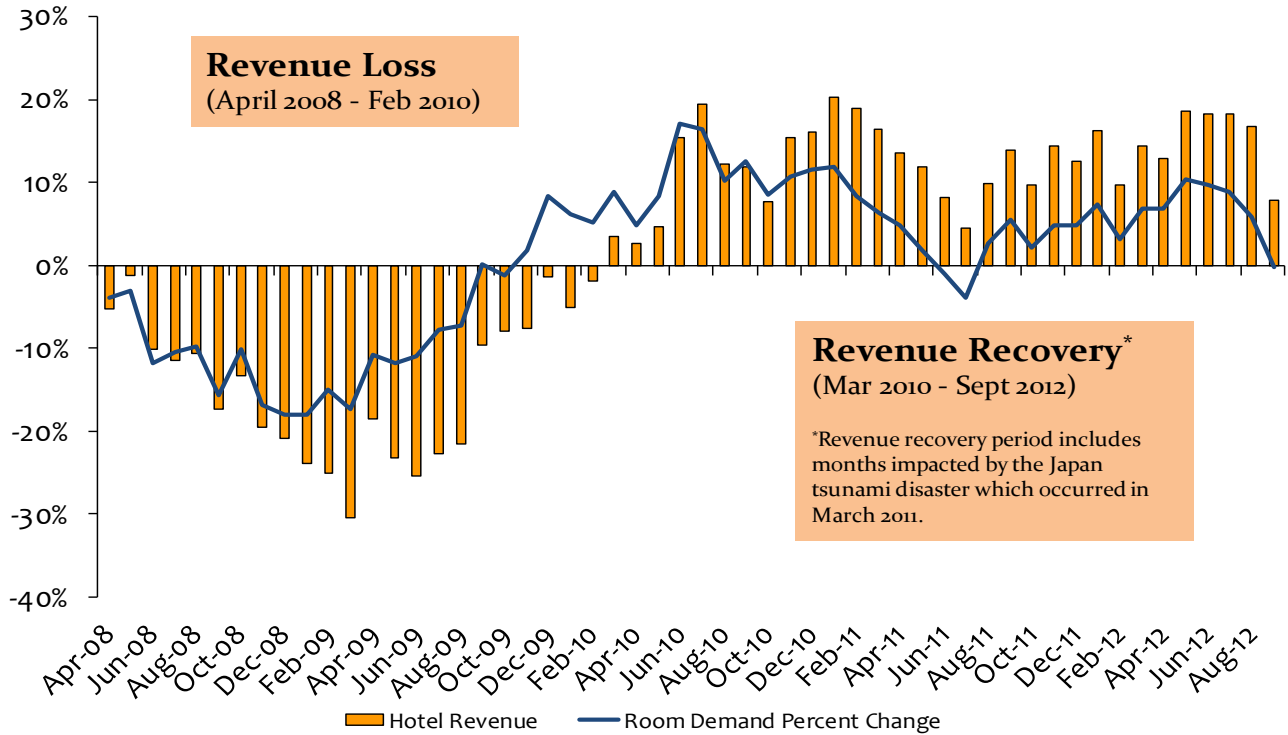
Exhibit 4

Luxury Region Annual Room Revenue per Available Room



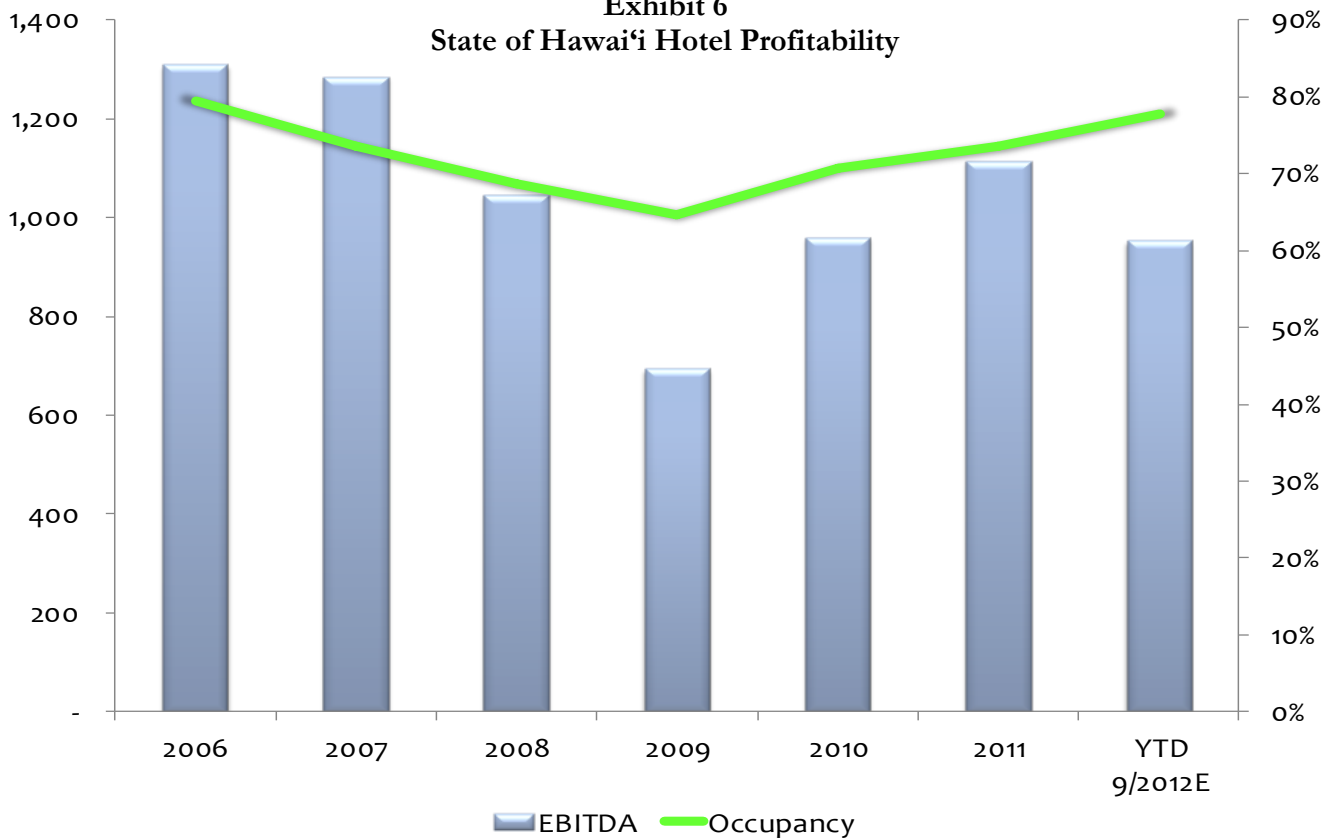
Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC

Exhibit 5
State of Hawai'i Hotel Revenue Percent Change



Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC

Exhibit 6
State of Hawai'i Hotel Profitability



Source: Smith Travel Research ©Copyright 2012 Hospitality Advisors LLC