

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on
"WAIKIKI GRAND HOTEL"
134 Kapahulu Avenue
Honolulu, Hawaii 96815

Registration No. 974

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: June 9, 1978

Expires: July 9, 1979

SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED FEBRUARY 3, 1978, AND SUBSEQUENT INFORMATION FILED AS OF MAY 26, 1978. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIME LAW, CHAPTER 514A, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report on "WAIKIKI GRAND HOTEL" condominium apartment project, Registration No. 974 dated March 2, 1978, the Developer has submitted additional information as of May 26, 1978. This Final Public Report is made a part of the registration of the WAIKIKI GRAND HOTEL condominium project. The Developer is responsible for placing this Final Public Report (white paper stock) in the hands of all purchasers and prospective purchasers along with a copy of the Preliminary Public Report (yellow paper stock). The Developer is responsible for securing from each purchaser and prospective purchaser a signed receipt, signifying that the purchaser or prospective purchaser has had an opportunity to read both reports.
2. The Developer of the project has submitted to the Commission for examination all documents necessary for the registration of a condominium project and issuance of this Final Public Report.
3. The basic documents (Declaration of Horizontal Property Regime, Bylaws of the Association of Apartment Owners and a copy of the approved Floor Plans) have been recorded in the Bureau of Conveyances of the State of Hawaii in Liber 12913 at Page 220. The Condominium Map has been filed and designated as Condominium Map No. 543.
4. Advertising and promotional matter have been submitted to the Commission pursuant to its rules and regulations.
5. The Developer has advised the Commission that at the time the first ground lease and apartment deed are entered into and recorded between the Developer and an Apartment purchaser, every mortgage and other lien affecting both such Apartment and any other apartment shall be paid and satisfied of record.
6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
7. This Final Public Report automatically expires thirteen (13) months after date of issuance, June 9, 1978, unless a supplementary Public Report is issued or the Commission, upon review of the Registration, issues an order extending the effective period of this report.

The information in the topical headings of the Preliminary Public Report issued March 2, 1978, has not changed except for Description, Common Elements, Limited Common Elements, Encumbrances Against Title, and Status of Project.

DESCRIPTION: The Developer has modified the floor areas of certain apartments and the common interest percentages previously set forth in the Preliminary Horizontal Property Regimes Public Report for the Project issued March 2, 1978. The Developer has reduced the number of apartments from one hundred seventy two (172) to one hundred seventy one (171) and increased the number of commercial units from four (4) to five (5) by the establishment of commercial unit "E". The number of parking stalls has been reduced from forty four (44) to forty three (43). The revised description of the Project is as follows:

1. Commercial Units. Five (5) commercial units are designated as follows:

Commercial Unit A is situated on the first floor and contains an open area and kitchen and one bath and a total area of 3155 square feet and shall have appurtenant thereto a common interest of .0308. Commercial Unit A is designated in the spaces within and including the exterior surfaces of the Diamond Head and Ewa perimeter walls and within the perimeter of the Mauka and Makai walls and ceiling and floor but shall not include any structural load bearing members contained therein.

Commercial Unit B is situated on the first floor and contains an open area of approximately 946 square feet and shall have appurtenant thereto a common interest of .0153. Commercial Unit B is designated in the spaces within the perimeter walls, floor and ceiling.

Commercial Unit C is situated on the second floor and contains an open area, a kitchen, two bathrooms and a storeroom and a total area of approximately 4008 square feet and shall have appurtenant thereto a common interest of .0436. Commercial Unit C is designated in the spaces within and including the exterior surfaces of the Diamond Head and Ewa perimeter walls and within the perimeter of the Mauka and Makai walls and ceiling and floor but shall not include any structural load bearing members contained therein.

Commercial Unit D is situated on the second floor and contains an open area of approximately 352 square feet and shall have appurtenant thereto a common interest of .0038. Commercial Unit D is designated in the space within the perimeter walls and floor and ceiling.

Commercial Unit E is situated on the tenth floor and contains an open area, a bath and furo and a total area of 246 square feet and shall have appurtenant thereto a common interest of .0046.

2. Apartments. One hundred and seventy one (171) Apartments are designated in the spaces within the perimeter walls, floors and ceilings of each of the one hundred and seventy one (171) Apartments of the Project and are designated on said plans and described as follows:
- a. Nine (9) Apartments are located on the second floor, twenty two (22) Apartments are located on each of the third through ninth floors, and eight (8) Apartments are located on the tenth floor.
- b. Apartments 214, 215, 216, 217, 218, 219, 220, 221 and 222 are located on the second floor of the Building; Apartments 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 314, 315, 316, 317, 318, 319, 320, 321, and 322 are located on the third floor of the Building; Apartments 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 414, 415, 416, 417, 418, 419, 420, 421, and 422 are located on the fourth floor of the Building; Apartments 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 514, 515, 516, 517, 518, 519, 520, 521, and 522 are located on the fifth floor of the Building; Apartments 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 614, 615, 616, 617, 618, 619, 620, 621, and 622 are located on the sixth floor of the Building; Apartments 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 714, 715, 716, 717, 718, 719, 720, 721, and 722 are located on the seventh floor of the Building; Apartments 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 814, 815, 816, 817, 818, 819, 820, 821, and 822 are located on the eighth floor of the Building; Apartments 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 914, 915, 916, 917, 918, 919, 920, 921, and 922 are located on the ninth floor of the Building; Apartments 1001, 1002, 1003, 1004, 1005, 1006, 1007, and 1009 are located on the tenth floor of the Building.
- c. There are eighteen (18) different types of Apartments designated as follows: A, B, B1, C, C1, D, E, F, F1, G, H, I, and I1 located on each of the second through the ninth floors; and J, K, L, M, and N located on the tenth floor.
- d. A description of each of the Apartments by type, designating the layout, number of rooms, and approximate floor area thereof is as follows:
- Type A Apartments 307, 407, 507, 607, 707, 807, and 907 contain a living area and one bath, and a total area of approximately 195 square feet and shall have appurtenant thereto a common interest of .0033.
- Type B Apartments 308, 408, 508, 608, 708, 808, 908, 309, 409, 509, 609, 709, 809, 909, 311, 411, 511, 611, 711, 811, and 911 contain a living area, a lanai and one bath, and a total area of approximately 306 square feet and shall have appurtenant thereto a common interest of .0051.

Type B1 Apartments 310, 410, 510, 610, 710, 810, and 910 contain a living area, a lanai and one bath and a total area of approximately 281 square feet and shall have appurtenant thereto a common interest of .0047. Apartments 215, 315, 415, 515, 615, 715, 815, and 915 contain a living area, a lanai and one bath and a total area of approximately 296 square feet and shall have appurtenant thereto a common interest of .0050.

Type C Apartments 312, 412, 512, 612, 712, 812, and 912 contain a living area, two lanais and one bath and a total area of approximately 424 square feet and shall have appurtenant thereto a common interest of .0062. For purposes of computing the common interests the second lanai, having a square foot area of 51 square feet, was not included for Type C apartments.

Type C1 Apartments 214, 314, 414, 514, 614, 714, 814, and 914 contain a living area, a lanai and one bath, and a total area of 340 square feet and shall have appurtenant thereto a common interest of .0057.

Type D Apartments 216, 316, 416, 516, 616, 716, 816, and 916 contain a living area and one bath, and a total area of approximately 241 square feet and shall have appurtenant thereto a common interest of .0041.

Type E Apartments 306, 406, 506, 606, 706, 806, and 906 contain a living area, a lanai and one bath and a total area of approximately 263 square feet, and shall have appurtenant thereto a common interest of .0044.

Type F Apartments 301, 401, 501, 601, 701, 801, 901, 302, 402, 502, 602, 702, 802, 902, 304, 404, 504, 604, 704, 804, 904, 305, 405, 505, 605, 705, 805, and 905 contain a living area, a lanai and one bath, and a total area of approximately 294 square feet, and shall have appurtenant thereto a common interest of .0049.

Type F1 Apartments 303, 403, 503, 603, 703, 803, and 903 contain a living area, a lanai and one bath and a total area of approximately 269 square feet and shall have appurtenant thereto a common interest of .0045.

Type G Apartments 300, 400, 500, 600, 700, 800, and 900 contain a living area, and one bath and a total area of approximately 271 square feet, and shall have appurtenant thereto a common interest of .0046.

Type H Apartments 217, 317, 417, 517, 617, 717, 817, and 917 contain a living area and one bath, and a total area of approximately 236 square feet, and shall have appurtenant thereto a common interest of .0040.

Type I Apartments 218, 318, 418, 518, 618, 718, 818, 918, 219, 319, 419, 519, 619, 719, 819, 919, 220, 320, 420, 520, 620, 720, 820, 920, 221, 321, 421, 521, 621, 721, 821, and 921 contain a living area, a kitchen area and one bath and a total area of approximately 363 square feet, and shall have appurtenant thereto a common interest of .0061.

Type II Apartments 222, 322, 422, 522, 622, 722, 822, and 922 contain a living area, a kitchen area and one bath and a total area of approximately 384 square feet and shall have appurtenant thereto a common interest of .0064.

Type J Apartment 1001 contains a living area, a lanai, and one bath and a total area of approximately 263 square feet and shall have appurtenant thereto a common interest of .0044.

Type K Apartments 1002, 1003, and 1005 contain a living area, a lanai and one bath and a total area of approximately 454 square feet and shall have appurtenant thereto a common interest of .0070. Apartment 1004 contains a living area, a lanai and one bath and a total area of approximately 429 square feet and shall have appurtenant thereto a common interest of .0068.

Type L Apartment 1006 contains a living area, a lanai and one bath and a total area of approximately 364 square feet and shall have appurtenant thereto a common interest of .0061.

Type M Apartment 1007 contains a living area and one bath and a total area of approximately 247 square feet and shall have appurtenant thereto a common interest of .0042.

Type N Apartment 1009 contains a living area, two baths and a total area of approximately 478 square feet and shall have appurtenant thereto a common interest of .0072.

3. Parking Unit P Forty three (43) parking stalls numbered 1-31, which are located in the basement, and 1-12, which are located on the first floor, and which consist of nine (9) compact and thirty four (34) regular stalls are hereby designated within the perimeter of the painted "striping" which spaces together with appurtenant access to and from each and every parking stall over and through the access ramps to and from Lemon Road and Kapahulu Avenue, as designated on said plans are referred to herein as "Parking Stalls", and shall have appurtenant thereto each and every one a common interest of .0004.

The common interest percentages previously set forth in the Preliminary Public Report were based on the square foot area of the various Apartments. The Developer has revised these percentages and applied a different formula to the commercial units in order to take into account the fact that some commercial units are separately metered for utilities.

COMMON ELEMENTS: The revised Declaration of Horizontal Property Regime reflects that the common elements include specifically but are not limited to the following:

- (a) Said land in fee simple;
- (b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, roofs, stairways, corridors, elevators, elevator lobbys, shafts and walls and walkways around said building;
- (c) All yards, grounds, landscaping, garden areas, mail boxes, refuse facilities, restrooms for common use; and switch room, lobby area, delivery corridor, maintenance equipment room, mail room, and all recreation facilities including swimming pool and surrounding decking and the tenth floor balcony area;
- (d) All parking areas, driveways, ramps, etc. excluding the forty three (43) spaces designated separate freehold estates;
- (e) All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, air conditioning, refuse, telephone and radio and television signal distribution;
- (f) All hotel contents, fixtures, and furnishings which are not included in individual apartments including without limitation all chairs, beds, linens, silverware, china, kitchen equipment, towels, pool equipment, maintenance supplies and equipment replacement inventory, drapes, rugs, carpeting, office equipment, lobby furnishings, hotel cleaning supplies and equipment provided that the furnishings and fixtures of individual apartments shall be appurtenant to and included in the individual apartments and shall not be a common element; and
- (g) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance or safety, or normally in common use.

The decking area surrounding the swimming pool, the planted areas adjacent to the decking area and the stairwell leading to the parking ramp, (but not the covered lanai adjoining the decking area, which is not a common element or the swimming pool itself which is a common element but is expressly excluded from such lease) are common elements which are currently leased to the operators of the ground floor restaurant adjoining the decking area. The lease provides that guests and patrons of the hotel have access over and across the leased premises in order to use the pool. Although a portion of the leased premises are common elements the entire rent from the lessee who operates the restaurant will be the property of the owners of Commercial Unit "A" and no rental income will go to the Association.

LIMITED COMMON ELEMENTS: Certain parts of the common elements are set aside and reserved for the exclusive use of certain condominium units, and such units shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are listed below. Unless otherwise provided in the Declaration of Horizontal Property Regime, all costs of every kind pertaining to each limited common element, including but not limited to costs of security, maintenance, repair, replacements, additions and improvements, shall be borne entirely by the unit or units to which they are appurtenant. If any cost is charged to more than one unit, each such unit shall bear a portion of the cost equal to the ratio which its common interest bears to the total common interest of all units responsible for such costs.

The following limited elements are appurtenant to and for the exclusive use of Commercial Units "A" and "C": The "heater pad", the "mechanical equipment pad", and the "refrigerator pad" as designated on Sheet A-1 of the Condominium Map.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report issued by Security Title Corporation on May 24, 1978, indicates the following encumbrances on the property as of that date:

1. Tax Key: 2-6-27-31 Area Assessed: 7,227 Square Feet (as to Parcel First).

Taxes for the Fiscal Year 1977-1978 are a lien; payable as follows:

1st Installment \$5,878.72 PAID
2nd Installment \$5,878.71 OPEN (Delinquent after 2/21/78)

Tax Key: 2-6-27-32 Area Assessed: 11,575 Square Feet (as to Parcel Second).

Taxes for the Fiscal Year 1977-1978 are a lien; payable as follows:

1st Installment \$13,148.74 PAID
2nd Installment \$13,148.73 OPEN (Delinquent after 2/21/78)

The records at the Tax Office do not reflect that any portion of the 2nd Installment has been paid. As of the date of this report the posting of tax payments made to the Tax Office for the 2nd Installment for the Fiscal Year 1977-1978 has not been completed.

NOTE: For any further information relating to taxes, reference to be made to the Office of the Tax Assessor, First Division.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent No. 5667.

3. The terms and provisions of that certain Lease herein referred to, (as to Parcel First).
4. The terms and provisions of that certain Lease herein referred to, (as to Parcel Second).
5. The terms and provisions of that certain Sublease dated November 6, 1963, recorded on November 27, 1963 in the Bureau of Conveyances of the State of Hawaii in Book 4637 Page 1, made by and between MIDTOWN DEVELOPMENT CORPORATION, PARK ENGINEERING, INC., and HIRANO BROTHERS, LIMITED, all Hawaii corporations, doing business as MIDTOWN ASSOCIATES, a limited partnership, as Lessor, and WAIKIKI GRAND, INC., a Hawaii corporation, as Lessee, for a term of 21 years commencing July 1, 1963 and ending June 30, 1984. Consents thereto recorded in Book 4637 Pages 28 and 29.

By instrument dated November 26, 1963, recorded in said Bureau of Conveyances in Book 4637 Page 37, MIDTOWN DEVELOPMENT CORPORATION, PARK ENGINEERING, INC., and HIRANO BROTHERS, LIMITED, all Hawaii corporations, General Partners of the Limited Partnership of MIDTOWN ASSOCIATES, assigns the foregoing Sublease to MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a corporation organized under the laws of the State of Massachusetts, as security for the repayment of that certain mortgage next hereinafter described.

6. Mortgage dated November 26, 1963, recorded on November 27, 1963 in the Bureau of Conveyances of the State of Hawaii in Book 4637 Page 30, made by MIDTOWN DEVELOPMENT CORPORATION, PARK ENGINEERING, INC., and HIRANO BROTHERS, LIMITED, all Hawaii corporations, General Partners of the Limited Partnership of MIDTOWN ASSOCIATES, as Mortgagor(s), to MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation, duly authorized to do business in the State of Hawaii, as Mortgagee(s), to secure the repayment of the sum of \$900,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.
7. Additional Security Mortgage dated November 27, 1963, recorded on November 27, 1963 in said Bureau of Conveyances in Book 4637 Page 40, WAIKIKI GRAND, INC., a Hawaii corporation, mortgaged all furniture, fixtures, equipment and articles of personal property located on the land herein described, to MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation duly authorized to do business in the State of Hawaii, as additional security for the repayment of the foregoing mortgage.
 - a) Undated Financing Statement Change covering certain fixtures located on the real property, given as security by WAIKIKI GRAND, INC. in favor of MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, recorded on July 5, 1972 in said Bureau of Conveyances in Book 8416 Page 186.

- b) Undated Financing Statement Change covering certain fixtures located on the real property, given as security by WAIKIKI GRAND, INC. in favor of MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, recorded on June 6, 1977 in said Bureau of Conveyances in Book 12245 Page 432.
8. The terms and provisions of that certain Memorandum of Sublease dated May 10, 1973, recorded on July 3, 1973 in said Bureau of Conveyances in Book 9290 Page 108, made by and between WAIKIKI GRAND, INC., a Hawaii corporation, as Sublessor, and KURO SANGO, LTD., a Hawaii corporation, as Sublessee, for a term from January 1, 1972, to and including June 30, 1983. Said Sublease is now held by GRAND RESTAURANT, INC., a Hawaii corporation, as Sublessee, by Assignment of Sublease dated March 20, 1974, recorded on May 9, 1974 in said Bureau of Conveyances in Book 9888 Page 403. Consent thereto recorded in Book 9888 Page 407.

Said Memorandum of Sublease is subject to the following:

- a) Financing Statement dated April 24, 1967, covering certain fixtures located on the real property, given as security by KURO SANGO, LTD. in favor of HAWAII NATIONAL BANK, recorded on May 5, 1967 in said Bureau of Conveyances in Book 5651 Page 17.
- b) Mortgage dated May 10, 1973, recorded on July 3, 1973 in the Bureau of Conveyances of the State of Hawaii in Book 9290 Page 111, made by KURO SANGO, LTD., a Hawaii corporation, as Mortgagor(s), to COMMERCIAL FINANCE, LIMITED, a Hawaii corporation, as Mortgagee(s), to secure the repayment of the sum of \$120,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.
- c) Undated Financing Statement covering portion of the monthly percentage rent payable to Furusato Hawaii, Ltd. to the Debtor under a sublease, which has been assigned by the Debtor to the Secured Party, given as security by KURO SANGO, LTD. in favor of COMMERCIAL FINANCE, LIMITED, recorded on July 3, 1973 in said Bureau of Conveyances in Book 9290 Page 116.
- d) Real Property Mortgage, Security Agreement and Financing Statement dated April 1, 1974, recorded on May 9, 1974 in the Bureau of Conveyances of the State of Hawaii in Book 9888 Page 408, made by GRAND RESTAURANT, INC., a Hawaii corporation, as Mortgagor(s), to KURO SANGO, LTD., a Hawaii corporation, as Mortgagee(s), to secure the repayment of the sum of \$48,419.01, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.

9. Undated Sub-Sublease recorded on March 2, 1965 in said Bureau of Conveyances in Book 4978 Page 404, made by and between KURO SANGO, LTD., a Hawaii corporation, as Sublessor, and FURUSATO HAWAII, LTD., a Hawaii corporation, as Sublessee, for a term to and including June 30, 1973 with an option to extend the term for a further period of ten (10) years from July 1, 1973 to and including June 30, 1983. Consent thereto recorded in Book 4978 Page 426.
 - a) Undated Financing Statement covering certain fixtures located on the real property, given as security by FURUSATO HAWAII LTD. in favor of DOHRMANN CO., recorded on November 3, 1967 in said Bureau of Conveyances in Book 5854 Page 332.
 - b) Undated Financing Statement covering all of Debtor's accounts, contract rights and certain fixtures located on the real property, given as security by FURUSATO HAWAII, LTD. in favor of CITY BANK OF HONOLULU, recorded on February 4, 1974 in said Bureau of Conveyances in Book 9721 Page 495.
 - c) Undated Financing Statement covering all of Debtor's accounts receivable, inventory, now owned or hereafter acquired, and certain fixtures located on the real property, given as security by FURUSATO HAWAII, LTD. in favor of FIRST HAWAIIAN BANK, recorded on October 4, 1974 in said Bureau of Conveyances in Book 10173 Page 452.
10. The terms and provisions of that certain PACIFIC REAL ESTATE TRUST, DECLARATION OF TRUST dated August 8, 1962, recorded on August 17, 1962 in said Bureau of Conveyances in Book 4341 Page 138, made by ZADOC W. BROWN, CLESSON Y. CHIKASUYE and YOSHIO HANAO, as Trustees, to which reference is hereby made.

By instrument dated September 6, 1962, recorded on February 11, 1963 in said Bureau of Conveyances in Book 4456 Page 562, the foregoing Declaration of Trust was amended.
11. The terms and provisions of that certain Master Lease dated April 25, 1978, but commencing as of the date of closing of the transaction contained in that certain unrecorded letter agreement dated December 20, 1977, and that certain unrecorded Agreement of Sale dated February 2, 1978, recorded on May 24, 1978 in the Bureau of Conveyances of the State of Hawaii in Book 12913 Page 181, made by and between MIDTOWN ASSOCIATES, PACIFIC REAL ESTATE TRUST and PAC-SERVICE INCORPORATED, and VIRGINIA LOU DAVIS, unmarried, MAE KOMETANI, wife of Harold K. Kometani, and RUBY OZAKI, unmarried, as Lessor(s) and PAC-SERVICE INCORPORATED, a Hawaii corporation, as Lessee(s), for a term commencing on the commencement date and terminating at midnight on December 31, 2043.
12. Condominium Map No. 543, filed in the Bureau of Conveyances of the State of Hawaii on May 24, 1978.

13. The covenants, agreements, obligations, conditions and other provisions set forth in that certain DECLARATION OF HORIZONTAL PROPERTY REGIME OF WAIKIKI GRAND HOTEL, dated May 23, 1978, recorded on May 24, 1978 in the Bureau of Conveyances of the State of Hawaii in Book 12913 Page 220, and the By-Laws attached thereto, to which reference is hereby made. Consents thereto recorded on Book 12913 Pages 252 and 258, respectively.

The fee title to the land herein described is now held by MAE KOMETANI, wife of Harold K. Kometani, and RUBY OZAKI, unmarried, as Tenants in Common, under the following instruments: (as to Parcel Second).

- a) By Deed dated December 12, 1969, recorded on January 14, 1970 in said Bureau of Conveyances in Book 6853 Page 337,
- b) By Deed dated January 2, 1970, recorded on January 14, 1970 in said Bureau of Conveyances in Book 6853 Page 340; and
- c) By Deed dated December 12, 1969, recorded on January 14, 1970 in said Bureau of Conveyances in Book 6853 Page 343.

STATUS OF PROJECT: In addition to those items set forth in the documentation previously submitted to prospective purchasers, the Developer has advised the Commission that the purchasers should be aware of the following:

1. Although no contractual commitment has been made to the purchasers, the Developer does intend, at its own expense and at its sole discretion, to paint the outside of the building, to do cosmetic "touch-up" painting in the interior of the building and to do minor improvements to the lobby area.

2. Purchasers are advised that any and all representations, advice, or discussion of the cash flow, vacancy factors, costs, expenses, or projected income or projected expenses, or similar items regarding the current or prospective operation of the Waikiki Grand Hotel by any person in connection with the sale of the condominium units are not authorized by the Developer and the Developer specifically disclaims such representations, if any. Such representations should therefore not be relied upon by prospective purchasers. The Developer has not authorized, and prospective purchasers should not rely on, any representations other than those specifically contained in the condominium documentation prepared by the Developer.

3. The attention of prospective purchasers is further directed to the fact that the building, which was completed in 1963, is being sold in an "as is" condition. The Developer is not familiar with the structural quality or integrity of the building or the mechanical soundness of any of the systems of the building or the appliances, fixtures, or furnishings contained in individual apartments. Purchasers should therefore realize that they assume all risks of defects, whether latent or otherwise, failure or deterioration with respect thereto. In particular, but without limitation, the purchaser's attention is directed to periodic water seepage in the lower parking level which seepage is a common feature of many buildings in the Waikiki area.

4. The hotel operation is expected to continue although no hotel management contract has been entered into or has been proposed to be entered into by the current hotel managers and the Developer acting on behalf of the Association. The hotel is currently being operated by HAWAIIAN PACIFIC RESORTS, INC. who have a contract to operate the hotel which is terminable by the Association. HAWAIIAN PACIFIC RESORTS, INC. has informally agreed to continue to operate the hotel, as it has in the past, until the Association is formed and the apartment owners determine how they wish to proceed. The Association, acting on behalf of all the apartment owners, would be responsible for selecting hotel operators for the apartment owners if the apartment owners so elect. It is expected that the Association would seek bids from various interested hotel operators, probably including the current operators, before selecting an operator.

The current hotel operators have made certain advanced bookings which it is expected that the hotel will honor in order to protect its reputation in the tourist industry. The proceeds of such bookings (and any other bookings which are made prior to instructions from the Association or the apartment owners), if in fact they materialize, will be the property of apartment owners whose apartments are actually rented. The current hotel operators are expected to endeavor to rent the rooms in an equitable manner in order to distribute the rental income fairly among the apartment owners who wish to have their rooms rented. Such funds, if any, which are in excess of hotel operating expenses and ordinary reserves for expenses will be deposited by the operators into a trust account for the apartment owners. Until the Association or the apartment owners determine a plan of action, each apartment owner who is credited with income may withdraw such income if he so elects.

The Project is expected to be owned virtually exclusively by investors and it is anticipated that few, if any, of the apartments will be owner-occupied. Because of the hotel usage, the Project may not be deemed desirable by some purchasers for residential use. Maintenance costs are expected to be higher than they would be expected to be for a comparable project which is not subjected to hotel usage.

The Developer will not be actively involved in the organization or operation of the Association or participate in any way in the operation of the hotel itself, except to the degree that it may have ownership rights appurtenant to its ownership of unsold units.

5. If the condominium Association operates the hotel or contracts with the hotel operator for the operation of the hotel and income flows to the Association from the operation thereof, the Association, although unincorporated, may be treated for tax purposes as a corporation and adverse tax consequences may result therefrom. Prospective purchasers are urged to seek advice from their tax advisors with respect to this issue and all other tax aspects of this transaction.

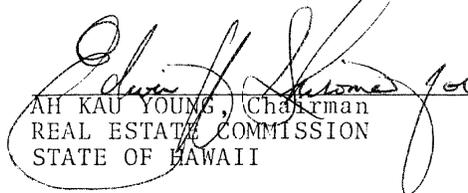
6. It is possible that the apartments being sold herewith would be regarded as securities under current interpretations of applicable law. The Developer has advised the Commission that the purchasers should be aware that the apartments have not been registered as securities under any applicable securities act. The purchaser's attention is also directed to the limitation on resale contained in the Sales Contract and Apartment Deed and mentioned in the Preliminary Public Report.

7. Since it is unlikely that the apartments will be owner-occupied, it will not be necessary to delay delivery of actual possession of the apartments as provided in paragraph 11 of the Sales Contract. Delivery of actual possession will therefore take place upon date of occupancy as described in paragraph 11 of such Sales Contract.

8. The Developer has advised the Commission that no initial purchase of an apartment by a nonresident of the State of Hawaii will be valid and if such purchase is fraudulently attempted, no moneys will be refunded to the nonresident purchaser.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted February 3, 1978, and additional information filed on May 26, 1978.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 974 filed with the Commission on February 3, 1978. The report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimiles must be white in color.


AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, CITY AND
COUNTY OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

Registration No. 974
Date: June 9, 1978