

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: NICHIEI U.S.A., INC.
Address: 440 Olohana Street, Honolulu, Hawaii 96815

Project Name (*): Royal Garden at Waikiki
Address: 440 Olohana Street, Honolulu, Hawaii 96815

Registration No. 4584 (Conversion)
Effective date: December 8, 2004
Expiration date: January 8, 2006

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.

- No prior reports have been issued.
This report supersedes all prior public reports.
This report must be read together with

X SECOND SUPPLEMENTARY: (pink) This report updates information contained in the:
Final Public Report dated: March 22, 2001
Supplementary Public Report dated: August 4, 2004

And

- Supersedes all prior public reports.
Must be read together with
This report reactivates the
public report(s) which expired on

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

- No prior reports have been issued by the developer.

- Changes made are as follows:

A. Changes to the Form of the Supplementary Public Report.

Paragraph Number	Change
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Page 10.	Paragraph III.C.4 The explanation contained in other parts of the Public Report as to why it applies only to 196 Hotel Apartments out of the total 208 Hotel Apartments is repeated here.
Page 12.	Paragraph III.B. The crossed-out form language has been restored and the asterisked explanation has been emphasized.
Page 13.	Paragraph III.C.11. The general effect in the event of destruction of non-conforming structures contained in other parts of the Public Report is summarized in this paragraph.
Page 20.	Paragraph V.C.4. The possibility of block voting by the owner of the 12 Apartments under the separate Developer Registration has been added. Please note that this covers only less than 6% of the total common interests of the Project and that three (3) of these units have already been sold to third party buyers thereby further diluting the potential for block voting. Block voting is a potential that always exists whenever a single owner purchases multiple units in a Project.
Exhibit G.	List of Apartments. A typographical error in Exhibit G has been corrected so that the common interests shown in Exhibit G conforms with the common interests contained in the Declaration and Exhibit I of the Public Report. The common interest for each apartment is calculated by dividing the approximate net total floor area in the Apartment by the approximate net floor area of all the apartments in the Project. The Exhibit G attached to the previous Public Report inadvertently calculated the common interest for each apartment based on the approximate floor area for 200 Apartments (covered by this Public Report) rather than the total 212 Apartments in the Project. (Note above that the 12 units are covered by a separate Developer Registration.) Please note that the difference between the common interest stated in the previous Exhibit G and the revised Exhibit G is minimal since the total aggregate difference divided amongst the 200 apartments is less than 6%. (The total percentage common interest represented by the 12 separate Apartments is less than 6%.) The new Exhibit G conforms to the Declaration and the existing Exhibit I of the Public Report. Note that no change has been made to the list of common interests as shown in the Declaration or in the estimated maintenance fees in Exhibit I.

The following changes were noted in the Supplementary Public Report dated August 4, 2004:

I. Persons Connected with the Project.

New real estate brokers and escrows have been designated.

Replacement Managing Agent has been designated.

II.A. Noted the filing of the First Amendment to Declaration of Royal Garden at Waikiki dated June 18, 2004 ("First Amendment") which was filed at the Land Court of the State of Hawaii as Document No. 3133952.

II.B Noted the amendment of the filed Condominium Map.

III.C.4 Noted the deletion of 12 units from the condominium registration.

III.C.5 Noted the reference to Exhibit B.

III.C.6 Revised the total number of apartments in the registration to 200.

III.C.7 Corrected the total number of parking stalls to 63.

III.C.9 Noted that there was a building code violation but that it is being corrected.

III.C.10 Useful life summary was revised.

Exhibit B. Special Use Restrictions. Pets. Revised to include the restrictions on use contained in the First Amendment.

Exhibit C. List of Apartment Types. Revised to delete 12 units.

Exhibit D. Permitted Alterations to Apartments. Revised to include the restrictions contained in the First Amendment.

Exhibit E. Common Elements. Minor changes made to text to clarify certain of the common elements.

Exhibit F. Limited Common Elements. Revised to include the additional limited common elements in the First Amendment.

Exhibit G. List of Apartments. Revised to note the deletion of 12 units.

Exhibit H. Encumbrances. Revised list of encumbrances dated as of July 9, 2004.

Exhibit K. Summary of Escrow Agreement. New summary attached.

Exhibit L. Conditions of Structural Components and Mechanical and Electrical Installations and Useful Life Estimations. New summary attached.

Exhibit M. Letter from the Department of Planning and Permitting.

B. Changes to the Declaration.

1. Amendment of Paragraph D.3 Regarding Limited Common Elements. Paragraph D.3 of the Declaration was amended to re-designate the following common elements of the Project to be limited common elements appurtenant to various Commercial Apartments in the Project:

“(h) The walkway on the ramp adjoining the laundry rooms on Level 4 of the Tower shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 1, as shown on the Condominium Map.

“(i) The exhaust pipe which rises up from Commercial Apartment No. 2 and continues up through the Tower shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartments Nos. 2 and 3 jointly.

“(j) The exhaust pipe which extends from Commercial Apartment No. 3 and continues through the side of the Tower shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 3.

“(k) The connecting exhaust pipe which extends from the kitchen of Commercial Apartment No. 3, through the ceiling space above Commercial Apartment No. 1 on Level 4 of the Tower and connects to the exhaust pipe described in Subparagraph D.3(i) above shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 3.

“(l) The outdoor deck adjacent to Commercial Apartment No. 3 on the side of the Tower facing Kuhio Avenue shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 3.”

2. Amendment of Paragraph H.1 Regarding Use. Paragraph H.1 was amended to (i) provide for the preservation of the Project's status as a permitted nonconforming hotel under the Land Use Ordinance of the City and County of Honolulu by requiring that at all times at least fifty percent (50%) of the Hotel Apartments in the Project be maintained as lodging units and (ii) provide for use of the Hotel Apartments and/or the Project for time sharing purposes, subject to applicable statutes, laws, ordinances, rules and regulations by replacing Paragraph H.1 of the Declaration with the following:

“1. Hotel Apartments. The Hotel Apartments shall be occupied and used only for hotel or time sharing (if permitted by applicable law) use, except any Hotel Apartment with respect to which the holder of the first mortgage thereon has entered into possession of the Hotel Apartment following (i) a default under the first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure; provided, however, that no Hotel Apartment shall be used in any manner that would cause the Project to lose its status as a permitted nonconforming hotel (as explained below).

“(a) The Project is currently located in the Waikiki Special District and in the Apartment Precinct. The current zoning for the land underlying the Project does not permit hotel use and to the best of Developer's knowledge, the current operation of the Project as a hotel is a permitted nonconforming hotel use.

“(b) The Land Use Ordinance of the City and County of Honolulu (“LUO”) as currently in effect defines the terms 'hotel', 'lodging units', 'dwelling units', and 'kitchens' in the following manner:

‘Hotel’ means a building or group of buildings containing lodging and/or dwelling units in which 50 percent or more of the units are lodging units. A hotel includes a lobby, clerk's desk or counter with 24-hour clerk service and facilities for registration and keeping of records relating to hotel guests.

‘Lodging unit’ means a room or rooms connected together, constituting an independent living unit for a family which does not contain any kitchen. Unless specifically permitted in use regulations, ‘lodging unit’ shall not include a unit used for time sharing or a transient vacation unit as defined in this chapter.

‘Dwelling unit’ means room or rooms connected together, constituting an independent housekeeping unit for a family and containing a single kitchen. Two or more essentially separate structures, except for a token connection, such as a covered walkway or a trellis, do not constitute a single dwelling unit. Unless specifically permitted in use regulations, a dwelling unit shall not include a unit used for time sharing or a transient vacation unit as defined in this chapter.

'Kitchen' means a kitchen facility for a housekeeping unit that exists when there is, on the premises of the housekeeping unit, an item from all three of the following categories:

- (1) Fixtures, appliances or devices for heating or cooking food;
- (2) Fixtures, appliances or devices for washing utensils used for dining and food preparation and/or for washing and preparing food;
- (3) Fixtures, appliances or devices for refrigeration of food.
- (4) If the Project were to fail to meet any part of the definition of a hotel under the LUO, its current use as a hotel would become unlawful and Developer makes no representations as to whether any other use would be lawful given the age of the Tower, limited parking and any other relevant factors.

"(c) The restrictions on the use of the Hotel Apartments contained in this Declaration are imposed in an attempt to maintain the status of the Project as a permitted nonconforming hotel and to thereby enable the continued use of the Project and Hotel Apartments for hotel purposes, and shall be interpreted and enforced in accordance with that intention. Accordingly, at all times at least fifty percent (50%) of the Apartments in the Project shall be maintained as lodging units and not dwelling units. This requirement shall govern the Association's actions with respect to any proposed consolidation of a Hotel Apartment with another Apartment or any proposed subdivision of a Hotel Apartment that would cause a net increase in the number of dwelling units or a net decrease in the number of lodging units in the Project that would result in the loss of the permitted nonconforming hotel status of the Project.

"(d) General Discretion of the Association. The Association is hereby authorized and required to take any and all actions necessary and proper with respect to the Hotel Apartments to ensure that the Project as a whole maintains its status as a permitted nonconforming hotel. Such actions shall, to the extent possible, not prefer or favor one apartment or the owner thereof over another; provided, however, that the Association in its sole discretion may take any such action based on a first-to-request preference, or a lottery system. The Association is further authorized and required to adopt other restrictions with respect to the Hotel Apartments as may be necessary or advisable to maintain the status of the Project as a permitted nonconforming hotel under the LUO.

"(e) Time Sharing. USE OF THE HOTEL APARTMENTS AND/OR THE PROJECT FOR TIME SHARING PURPOSES IS EXPRESSLY AND EXPLICITLY PERMITTED SUBJECT TO APPLICABLE STATUTES, LAWS, ORDINANCES, RULES AND REGULATIONS AND SUBJECT TO THE PROVISIONS SET FORTH IN SUBPARAGRAPHS H.1(a) AND H.1(b) OF THIS DECLARATION. THE DEVELOPER EXPRESSLY DISCLOSES THAT TIME SHARING MAY NOT CURRENTLY BE PERMITTED BY THE ZONING FOR THE LAND."

3. Amendment of Paragraph H.3 Regarding Use of Common Elements. Certain additional permitted uses of certain common elements and limited common elements of the Project were added by revising the initial paragraph of Paragraph H.3 of the Declaration to read as follows:

"3. Use of Common Elements. Subject to the rights reserved by the Developer elsewhere in this Declaration or in the By-Laws, and subject also to the provisions set forth in Paragraphs H.4 and H.5 hereinbelow, and subject further to the exclusive or limited use of the limited common elements, each apartment owner may use the common elements in accordance with the purposes for which they were intended without hindering or encroaching upon the lawful rights of the other apartment owners, subject to the rights of the Board of Directors:"

4. Amendment of Paragraph H Regarding Uses. Additional uses of certain common areas and limited common areas of the Project were designated by adding the following additional paragraphs to Paragraph H of the Declaration:

"4. The trash rooms designated in Paragraph D.2(b) of the Declaration to be part of the common elements may also be used for limited storage purposes by the owners of Apartments on the respective levels of the Tower where the trash rooms are located and for other uses, Board of Directors subject to approval by the Board of Directors and subject further to the terms and provisions of all applicable statutes, laws, ordinances and regulations.

"5. The lobby areas on the Level 1 of the Tower designated in Paragraph D.2(b) of the Declaration to be part of the common elements may be used by the Developer for sales and promotional activities for the sale of Hotel Apartments or Commercial Apartments subject to applicable statutes, laws, ordinances and regulations. This special and limited use in favor of the Developer shall be permitted only as long as Developer owns any Hotel Apartment or Commercial Apartment in the Project.

"6. Use of Certain Limited Common Elements. The laundry rooms designated in Paragraph D.3(f) and the ice machine rooms designated in Paragraph D.3(g) in the Declaration as limited common elements appurtenant to and for the exclusive use of Commercial Apartment No. 1 may be used for any purposes or uses permissible under and subject to applicable statutes, laws, ordinances, rules and regulations."

5. **Amendment of Paragraph I Regarding Administration of the Project.** Certain actions that the Association has the right to take in connection with the administration of the Project were added with the following paragraphs to Paragraph I of the Declaration:

"8. Have the right, to be exercised by the Board of Directors to negotiate, agree to and execute and deliver agreements subject to such terms and conditions as are approved by the Board of Directors, for:

"(a) Licenses in favor of the owners of Hotel Apartments on Level 25 of the Tower to allow the continued placement of air conditioning units, equipment, and related apparatus on the roof of the Tower, with no fee charged for such licenses, provided that the owners of such Hotel Apartments shall bear all costs, expenses and liabilities for any damages resulting from the placement or operation of such units, equipment or apparatus on the roof of the Tower.

"(b) A license in favor of the Association to place, maintain and monitor the alarm panel and conduit wiring located behind the front desk area on Level 1 of the Tower, which constitutes a part of Commercial Apartment No. 1.

"9. Waive on behalf of the Association any right of action arising from noise, dust or other nuisances during any renovation of the Project or the property retained by Developer."

6. **Amendment of Paragraph Q Regarding Alteration of the Project.** The following paragraph was inserted in Paragraph Q of the Declaration as Paragraph Q.4:

"4. Notwithstanding anything to the contrary contained in this Declaration, no alteration of a Hotel Apartment shall be permitted where:

(a) the alteration will result in the loss of the permitted nonconforming hotel status of the Project, or

(b) the Hotel Apartment would be deemed under the LUO to be converted from a lodging unit into a dwelling unit unless (a) the Association has expressly consented in writing to such conversion, AND (b) such conversion will not result in the loss of the permitted nonconforming hotel status of the Project. An example of an alteration that would be subject to the restrictions of this Paragraph Q.4 would be the addition of one or more appliance(s) or device(s) which would create a 'kitchen', as defined in the LUO, in a Hotel Apartment that previously did not have a 'kitchen'."

7. **Amendment of Paragraph R Regarding Amendment of Declaration.** The following paragraph was inserted in Paragraph R of the Declaration as Paragraph R.8:

"8. Notwithstanding the foregoing provisions of this paragraph, except as otherwise provided by applicable law, no amendment of any provision of this Declaration specifically pertaining to the use and/or status of the Project as a permitted nonconforming hotel shall be effective without the written consent of the owner of Commercial Apartment No. 1."

8. **Amendments of Exhibits.** The unit type descriptions for the Project were revised and the unit type designations of various Hotel Apartments were corrected.

a. **Amendment of Exhibit B.** Exhibit B to the Declaration which sets forth a description of the unit type floor plans for the Hotel Apartments and the number of Hotel Apartments of each unit type, was substituted with a new Exhibit B.

b. **Amendment of Exhibit C.** Exhibit C to the Declaration which sets forth the apartment number, unit type, number of bedrooms and bathrooms, approximate net living area, approximate net lanai area, approximate net total floor area and percentage common interest for the Apartments in the Project, was substituted with a new Exhibit C.

9.. **Amendment of Condominium Map.** Sheets R-T-1, R-A-2, R-A-3, R-A-5, R-A-7, R-A-10 and R-A-11, were substituted for the corresponding sheets previously filed in the Office and heretofore comprising a portion of the Condominium Map and a new Sheet A-7a was added to the afore-described Condominium Map.

C. Other Changes.

1. Twelve (12) Hotel Apartments have been removed from the Project's condominium registration since the issuance of the Final Public Report dated March 22, 2001. Those Hotel Apartments are: 1800, 1900, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, and 1912. They are registered under a separate registration made by Beach Capital, Inc. as the "Developer" (Registration No. 5417). Originally, the Developer sold a block of 34 Hotel Apartments which resulted in the Developer retaining 174 Hotel Apartments and 4 Commercial Apartments. However, through intervening agreements, 22 of those Hotel Apartments are being conveyed back to the Developer. Therefore, this Supplementary Public Report covers 200 Apartments comprised of the 174 Hotel Apartments plus the 22 Hotel Apartments which are being re-conveyed to the Developer, and the 4 Commercial Apartments.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: NICHIEI U.S.A., INC. Phone: (808) 922-9533
Name* (Business)
440 Olohana Street
Business Address
Honolulu, Hawaii 96815

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Eiji Sato, President and Director; Shizue Sato, First Vice President an Director; Sachiko Sato, Secretary and Director; Akio Shichi, Director, and Eriko Sato, Treasurer

Real Estate Broker*: Prudential Locations, LLC Phone: (808) 735-4200
Name* (Business)
3465 Waiialae Avenue, Fourth Floor
Business Address
Honolulu, Hawaii 96816
And USA Realty LLC, 300 Ohukai Rd., Kihei Hawaii 96753 (808) 874-5045

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
235 Queen Street, Honolulu, Hawaii 96813 (Business)
Name*
and Guardian Escrow Services, Inc.
Business Address
2347 South Beretania Street, Suite 200
Honolulu, Hawaii 96826 (808) 951-6991

General Contractor*: N/A Phone: _____
Name* (Business)
Business Address

Condominium Managing Agent*: Cadmus Properties Phone: (808) 531-6847
Name* (Business)
332 North School Street
Business Address
Honolulu, Hawaii 96817

Attorney for Developer: Eric T. Kawatani Phone: (808) 529-7300
McCorriston Miller Mukai MacKinnon LLP (Business)
Name*
500 Ala Moana Boulevard, Five Waterfront Plaza, Suite 400
Business Address
Honolulu, Hawaii 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed			
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____	
			Book _____	Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. _____	2662791

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration of Condominium Property Regime of Royal Garden at Waikiki dated June 18, 2004, filed as Land Court Document No. 3133952.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed			
<input type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. _____		
<input checked="" type="checkbox"/>	Filed -	Land Court Condo Map No. _____	1383	

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment of Declaration of Condominium Property Regime of Royal Garden at Waikiki filed as Document No. 3133952.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____	
			Book _____	Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. _____	2662792

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

- Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	**

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

**

2. Developer:

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:
- See Exhibit A.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 440 Olohana Street Tax Map Key (TMK): (1) 2-6-016-039/053
Honolulu, Hawaii 96815

Address TMK is expected to change because _____

Land Area: 28,750 square feet acre(s) Zoning: Apartment Precinct, Waikiki
Special District

Fee Owner: Nichiei U.S.A., Inc.
 Name
440 Olohana Street
 Address
Honolulu, Hawaii 96815

Lessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. Number of Buildings: 1 Floors Per Building: 24

Exhibit _____ contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other Steel, Glass and Aluminum

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>4</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> * No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	<u>208**</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> * No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

*Use permitted as a non-conforming use or otherwise permitted by Variance.

**Only the 196 Hotel Apartments listed in Exhibit C are covered by this Supplementary Public Report since the remaining 12 Hotel Apartments are covered by a separate registration made by Beach Capital, Inc. as the "Developer" (Registration No. 5451).

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Pets: See Exhibit B

Number of Occupants: _____

Other: See Exhibit B, the House Rules and the Declaration.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 3 Stairways: 2 Trash Chutes: 1

Type	Apt. Quantity	BR/Bath	Living Area (sf)*	Net Other Area (sf)	Net (Identify)
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See Exhibit C

Total Number of Apartments: 200 (Total in Project is 212)

*** Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

Each Apartment consists of the spaces within the perimeter and party walls, windows, doors, floors and ceiling of the respective Apartment as shown on the Condominium Map.

Permitted Alterations to Apartments:

See Exhibit D

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has [Not Applicable] elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 63*

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>56**</u>	<u> </u>	<u>1</u>	<u> </u>	<u>2</u>	<u>4</u>	<u>63</u>
Guest	<u> </u>						
Unassigned	<u> </u>						
Extra for Purchase	<u> </u>						
Other: <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>56</u>	<u> </u>	<u>1</u>	<u> </u>	<u>6</u>	<u> </u>	<u>63</u>

Each apartment will have the exclusive use of at least * parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

* All of the parking stalls in the Project shall be limited common elements appurtenant to Commercial Apartment No. 1

** Including 1 handicap van accessible parking stall

Commercial parking garage permitted in condominium project.

Exhibit contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: Sauna

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

* There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by
(Date)

* Citation for building code violation in Commercial Apartment #1, 4th Floor has been cured but final certification of cure is pending.

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

See Exhibit L

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

- / / File No. 1999/VAR-23: Variance to all a fixed awning at the main entrance to the Project to encroach into a required front yard
- 11/13/91 File No. 91/VAR-7: variance to permit the expansion of the floor area on the fourth floor of the Hotel
- 11/27/77 File No. 77-ZBA-128: Variance to allow expansion of the hotel restaurant to a new mezzanine level
- 11/17/77 File No. 77/ZBA-120; Variance to allow a 449 sq. ft. addition, including a sundries shop and toilets, to a nonconforming hotel

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	_____	X*	_____
Structures	_____	X*	_____
Lot	X	_____	_____

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed. This means that if the building containing the units is destroyed, it is possible that due to then prevailing ordinances building codes, zoning, or statutes, the building may not be rebuilt as currently existing, including with the same use, configuration, size, or number of units.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

* See letter from the Department of Planning and Permitting, attached as Exhibit M.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit E .

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit F*.

as follows:

*Note: Land areas referenced herein are not legally subdivided lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit G.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit H describes the encumbrances against the title contained in the title report dated July 9, 2004 and issued by Title Guaranty of Hawaii, Incorporated.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

- There are no blanket liens affecting title to the individual apartments.
- There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If the Developer defaults before the apartment is conveyed to the Buyer, the Mortgagee will have the right to decide whether to sell the apartment to the Buyer under the Sales Contract. If the Buyer's interest is terminated by the Mortgagee, then the Buyer's deposit will be refunded to the Buyer, less the escrow cancellation fee.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

With the exception of the Seller's Improvements listed on Exhibit B to the respective Purchase Agreement, if any, the Apartment is being sold "as is". Seller makes no warranties or promises of any kind, express or implied, about the Apartment or the Project, or about any furnishings, fixtures, appliances or other consumer products or anything else installed, attached affixed or otherwise contained in the apartment or the project, including any warranties or promises of "merchantability", "workmanlike construction" or "fitness for a particular use or purpose".

2. Appliances:

See Section III.F.1

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Construction of the Project building was completed on September 5, 1978.

Renovations of individual apartments will be completed prior to the respective closing dates of the sale of such apartments.

H. **Project Phases:**

The developer has has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer the Developer or Developer's affiliate
 self-managed by the Association of Apartment Owners Other: _____

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit G & I contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None Electricity (_____ Common Elements only X Common Elements & Apartments)
 Gas (X Common Elements only _____ Common Elements & Apartments)
 Water Sewer Television Cable
 Other Music service; refuse collection; telephone

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit J contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 6, 2000 with Title Guaranty Escrow Services, Inc. and with Guardian Escrow Services, Inc. dated March 5, 2004.
Exhibit K contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 4584 filed with the Real Estate Commission on February 26, 2001.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

1. Until such time as the first meeting of the Association of Apartment Owners of Royal Garden at Waikiki is held in accordance with Section 514A-829a)(11), the Developer may assume all the actual common expenses of the Project in lieu of paying the Developer's respective share of the budgeted common expenses; provided that the Developer shall continue to pay such actual common expenses until the date specified in an amended abstract filed by the Developer with the Real Estate Commission of the State of Hawaii (which dated shall be no less than thirty (30) days after the date of filing of such amended abstract), which amended abstract shall provide that after such specified date each owner of an apartment in the Project shall be obligated to pay for such owner's respective share of the common expenses allocated to its respective apartment. A copy of such amended abstract shall be delivered to each of the apartment owners whose maintenance expenses were assumed by the Developer.

2. **Swimming Pool.** The large swimming pool with large waterfall adjacent to the Project **IS NOT part of the Project. The Project only has a smaller swimming pool located behind the driveway area.**

3. **Nonconforming Hotel.** The Project is a nonconforming hotel located in an Apartment Precinct of the Waikiki Special Design District. Specific explanation of the nature of the nonconforming hotel status and the possible restrictions on rebuilding the structure and on the continuation of such hotel use are contained in the First Amendment. Under current laws and ordinances, the loss of the nonconforming hotel status will adversely impact the parking stalls required for the Project.

4. **Time Sharing Use.** Although the Declaration, as amended, expressly allows time sharing, time sharing may not be permitted under the currently zoning for the land underlying the Project.

5. **Separate Registration of 12 Apartments.** As stated in this Public Report, 12 of the total 208 Hotel Apartments are separately covered by the registration of Beach Capital (Developer Registration No. 5417) and are not covered by this Public Report. Originally, these 12 Apartments were owned by a single owner and in the event that an issue requiring a vote by the Apartment Owners arises, the owner of these 12 Apartments could vote in the same way. However, please note that the total common interests for these 12 Apartments is less than 6% of the total common interests of the Project and that three (3) of these apartments have already been sold to third party buyers thereby further diluting the potential for block voting. Therefore, it is unlikely that the owner of these 12 Apartments registered under Registration No. 5417 could independently control Association action.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

 Nichiei U.S.A., Inc.
 Printed Name of Developer

By: _____
 Duly Authorized Signatory*

 December 8, 2004
 Date

 Sachiko Sato, Secretary
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

**DEVELOPER'S RIGHTS
TO CHANGE THE DECLARATION,
CONDOMINIUM MAP, BYLAWS OR HOUSE RULES**

1. Notwithstanding any other provision in this Declaration to the contrary, prior to (i) the time that all apartments in the Project have been sold and recorded, and (ii) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Hawaii Revised Statutes (but in no event later than December 31, 2020), the Developer shall have the right, without the consent, approval or joinder of any apartment owner, (a) to make alterations in the Project (and/or to amend this Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or (b) to make alterations in the Project (and/or to amend this Declaration and the Condominium Map accordingly) which divide the Commercial Apartments (and/or the limited common elements appurtenant thereto) into any number of separate retail or commercial apartments, provided that (i) the total undivided percentage common interest appurtenant to all Commercial Apartments in the Project shall at all times equal 13.9534%, and (ii) the limited common elements appurtenant to the Commercial Apartments shall remain, after any such division, limited common elements appurtenant to one or more of the Commercial Apartments; or (c) to make other alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that as to (a), (b) and (c) hereinabove, any such changes shall be reflected in an amendment to the Declaration as provided in Section 2 of Paragraph R of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the apartment deeds transferring said apartments from the Developer to parties not signatory to the Declaration.

2. Notwithstanding the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of any or all apartment deeds conveying any or all of the apartments to any person, the Developer shall have the right to successively amend the Declaration (including the By-Laws and, when applicable, the Condominium Map), without the consent, approval or joinder of the persons then owning or leasing the apartments, to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12, Hawaii Revised Statutes, as amended, (a) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built, or (b) so long as any plans filed therewith involve only changes to the layout, location, apartment numbers, dimensions of or other changes to the apartments and common elements as built which the Developer is permitted to make in accordance with Paragraph Q of the Declaration.

3. Until the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of apartment deeds covering all of the apartments in the Project (including all interests therein) in favor of parties not a signatory to the Declaration and other than to any mortgagee of the Developer, the Developer shall have the right to amend the Declaration, the By-Laws and the Condominium Map,

without the consent, approval or joinder of any purchaser of an apartment or any interest therein (including any lessee), and to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments or any interest therein, by any institutional lender lending funds on the security of the Project or any of the apartments or any interest therein, or by any governmental agency of any state, territory, possession or foreign county or other foreign jurisdiction as a condition precedent to the marketing or sale of apartments or any interests therein in any such jurisdiction; provided, however, that no such amendment which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment shall be made without the consent to such amendment by all persons having an interest in such apartment.

SPECIAL USE RESTRICTIONS

PETS

No livestock, poultry or other animals whatsoever shall be allowed or kept in any part of the Project; provided, however, that certified guide dogs and signal dogs (as identified hereinbelow) and other such animals specially trained to assist handicapped individuals (hereinafter collectively referred to as "specially trained animals") shall be permitted at the Project subject to the following restrictions:

- (i) Such specially trained animals shall not be kept, bred, or used at the Project for any commercial purpose;
- (ii) Such specially trained animals shall be permitted on the common elements (including but not limited to the recreation areas) provided that the specially trained animal is on a leash.

Any specially trained animal causing a nuisance or unreasonable disturbance to any other occupant of the Project shall be permanently removed therefrom promptly upon notice given by the Board or the Managing Agent; provided, however, that any such notice shall provide that before such animal must be removed, its owner shall have a reasonable time to acquire a replacement specially trained animal unless the Board determines that such animal poses an imminent serious threat of physical harm to other occupants of the Project.

The board may from time to time promulgate such rules and regulations regarding the keeping of pets and specially trained animals as the circumstances may require or the Board may deem advisable.

The term "guide dog" shall mean "any dog individually trained by a licensed guide dog trainer for guiding a blind person by means of a harness attached to the dog and riding handle grasped by the person", as defined in H.R.S. §515-3(8), as the same may be amended from time to time in the future.

The term "signal dog" shall mean "any dog trained to alert a deaf person to intruders or sounds", as defined in H.R.S. §515-3(8), as the same may be amended from time to time in the future.

USE OF HOTEL APARTMENTS

1. Hotel Apartments. The Hotel Apartments shall be occupied and used only for hotel or time sharing (if permitted by applicable law) use, except any Hotel Apartment with respect to which the holder of the first mortgage thereon has entered into possession of the Hotel Apartment following (i) a default under the first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure; provided, however, that no Hotel Apartment shall be used in any manner that would cause the Project to lose its status as a permitted nonconforming hotel (as explained below).

EXHIBIT B

Page 1 of 3

“(a) The Project is currently located in the Waikiki Special District and in the Apartment Precinct. The current zoning for the land underlying the Project does not permit hotel use and to the best of Developer’s knowledge, the current operation of the Project as a hotel is a permitted nonconforming hotel use.

“(b) The Land Use Ordinance of the City and County of Honolulu (“LUO”) as currently in effect defines the terms ‘hotel’, ‘lodging units’, ‘dwelling units’, and ‘kitchens’ in the following manner:

‘Hotel’ means a building or group of buildings containing lodging and/or dwelling units in which 50 percent or more of the units are lodging units. A hotel includes a lobby, clerk’s desk or counter with 24-hour clerk service and facilities for registration and keeping of records relating to hotel guests.

‘Lodging unit’ means a room or rooms connected together, constituting an independent living unit for a family which does not contain any kitchen. Unless specifically permitted in use regulations, ‘lodging unit’ shall not include a unit used for time sharing or a transient vacation unit as defined in this chapter.

‘Dwelling unit’ means room or rooms connected together, constituting an independent housekeeping unit for a family and containing a single kitchen. Two or more essentially separate structures, except for a token connection, such as a covered walkway or a trellis, do not constitute a single dwelling unit. Unless specifically permitted in use regulations, a dwelling unit shall not include a unit used for time sharing or a transient vacation unit as defined in this chapter.

‘Kitchen’ means a kitchen facility for a housekeeping unit that exists when there is, on the premises of the housekeeping unit, an item from all three of the following categories:

- (1) Fixtures, appliances or devices for heating or cooking food;
- (2) Fixtures, appliances or devices for washing utensils used for dining and food preparation and/or for washing and preparing food;
- (3) Fixtures, appliances or devices for refrigeration of food.

(4) If the Project were to fail to meet any part of the definition of a hotel under the LUO, its current use as a hotel would become unlawful and Developer makes no representations as to whether any other use would be lawful given the age of the Tower, limited parking and any other relevant factors.

“(c) The restrictions on the use of the Hotel Apartments contained in this Declaration are imposed in an attempt to maintain the status of the Project as a permitted nonconforming hotel and to thereby enable the continued use of the Project and Hotel Apartments for hotel purposes, and shall be interpreted and enforced in accordance with that intention. Accordingly, at all times at least fifty percent (50%) of the Apartments in the Project shall be maintained as lodging units and not dwelling units. This requirement shall govern the Association’s actions with respect to

any proposed consolidation of a Hotel Apartment with another Apartment or any proposed subdivision of a Hotel Apartment that would cause a net increase in the number of dwelling units or a net decrease in the number of lodging units in the Project that would result in the loss of the permitted nonconforming hotel status of the Project.

“(d) General Discretion of the Association. The Association is hereby authorized and required to take any and all actions necessary and proper with respect to the Hotel Apartments to ensure that the Project as a whole maintains its status as a permitted nonconforming hotel. Such actions shall, to the extent possible, not prefer or favor one apartment or the owner thereof over another; provided, however, that the Association in its sole discretion may take any such action based on a first-to-request preference, or a lottery system. The Association is further authorized and required to adopt other restrictions with respect to the Hotel Apartments as may be necessary or advisable to maintain the status of the Project as a permitted nonconforming hotel under the LUO.

“(e) Time Sharing. USE OF THE HOTEL APARTMENTS AND/OR THE PROJECT FOR TIME SHARING PURPOSES IS EXPRESSLY AND EXPLICITLY PERMITTED SUBJECT TO APPLICABLE STATUTES, LAWS, ORDINANCES, RULES AND REGULATIONS AND SUBJECT TO THE PROVISIONS SET FORTH IN SUBPARAGRAPHS H.1(a) AND H.1(b) OF THIS DECLARATION. THE DEVELOPER EXPRESSLY DISCLOSES THAT TIME SHARING MAY NOT CURRENTLY BE PERMITTED BY THE ZONING FOR THE LAND.”

DESCRIPTION OF APARTMENTS
BY APARTMENT TYPE

<u>Apt. Type</u>	<u># of Apts.</u>	<u>BR/Bath</u>	<u>Approx. Net Living Area (Sq. Ft.)</u>	<u>Approx. Net Lanai Area (Sq. Ft.)</u>	<u>Approx. Net Total Area (Sq. Ft.)</u>
Com. 1	1				9,721
Com. 2	1				3,991
Com. 3	1				2,160
Com. 4	1				175
A1	12	studio/1	332	17	349
A2	6	studio/1	341	17	358
B1	8	studio/1	313	88	401
B2	14	studio/1	313	69	382
C1	14	studio/1	352	30	382
C2	10	studio/1	352	30	382
C2R	28	studio/1	352	30	382
C2-A	18	studio/1	313	69	382
C3	12	studio/1	352	30	382
C3R	8	studio/1	352	30	382
C4	6	studio/1	361	30	391
C4R	6	studio/1	361	30	391
C4-A	4	studio/1	322	69	391
D1	10	studio/1	376	30	406
D1R	5	studio/1	376	30	406
D2	4	studio/1	381	30	411
3-ADA	5	studio/1	376	30	406
E1	4	1/1	711	102	813
E1R	4	1/1	711	102	813
E2	5	1/1	751	62	813
E2R	4	1/1	751	62	813
F	1	1/1	881	158	1,039
G	3	2/2	1,229	189	1,418
H	2	2/2	1,312	189	1,501
J	2	2/2	1,244	189	1,433
K	1	2/3	1,781	221	2,002

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PERMITTED ALTERATIONS TO APARTMENTS

1. The owner of any apartment may make any alterations or additions within the owner's apartment, except for enclosing any exterior lanai.
2. The owner of any two (2) adjacent apartments which are separated by a common element that is a wall, with only the approval required hereinbelow, may alter or remove all or portions of the intervening wall, if the structural integrity of the building is not thereby adversely affected and if the finish of the common element then remaining is then restored to a condition substantially comparable to that of the common element prior to such alterations. The owner of any two (2) such adjacent apartments may install a door or doors to such opening or openings in the intervening common element. Alterations or additions within any such adjacent apartments shall require only the written approval thereof, including the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartments (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu (if such agencies so require), by the Board of Directors (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered; provided, however, if the alterations or additions are substantial in nature, as reasonably determined by the Board of Directors, the Board of Directors may require that the owner of the apartment provide evidence satisfactory to the Board of Directors of sufficient financing to complete such alterations or additions or, in lieu thereof, require that the owner obtain a performance and labor and materials payment bond, naming as obligees the Board of Directors, the Association and collectively all apartment owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such construction. Prior to the termination of the common ownership of any such adjacent apartments, if the intervening wall shall have been altered or removed pursuant to the foregoing provisions and/or any entry to hallways sealed, the owner of such apartments shall be obligated to restore such intervening wall and/or hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.
3. Prior to (i) the time that all apartments in the Project have been sold and recorded, and (ii) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Hawaii Revised Statutes (but in no event later than December 31, 2020), the Developer shall have the right, without the consent, approval or joinder of any apartment owner, (a) to make alterations in the Project (and/or to amend this Declaration and the Condominium Map accordingly) which change the configuration of, alter the

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number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or (b) to make alterations in the Project (and/or to amend this Declaration and the Condominium Map accordingly) which divide any of the retail or commercial apartments (and/or the limited common elements appurtenant thereto) into any number of separate retail or commercial apartments, provided that (i) the total undivided percentage common interest appurtenant to all commercial apartments in the Project shall at all times equal 13.9534%%, and (ii) the limited common elements appurtenant to the commercial apartments shall remain, after any such division, limited common elements appurtenant to one or more of the commercial apartments; or (c) to make other alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that as to (a), (b) and (c) hereinabove, any such changes shall be reflected in an amendment to the Declaration as provided in Section 2 of Paragraph R of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the apartment deeds transferring said apartments from the Developer to parties not signatory to the Declaration.

4. The respective owner(s) of the Commercial Apartments may divide each such apartment (and the limited common elements appurtenant thereto) into any number of separate Commercial Apartments, provided that with respect to each of the aforesaid Commercial Apartments: (a) the total undivided percentage common interest appurtenant to the separate Commercial Apartments shall at all times equal the percentage common interest appurtenant to the original Commercial Apartment from which the separate apartments were created, and (b) the limited common elements appurtenant to the original Commercial Apartment shall, after any such division, be designated limited common elements appurtenant to one or more of the separate Commercial Apartments. The subdivision of any Commercial Apartment into separate Commercial Apartments shall be reflected in an amendment to this Declaration which amendment need only be signed and approved by the owner or owners of the subdivided Commercial Apartment and their mortgagees, if any.
5. Notwithstanding anything to the contrary contained hereinabove or in the Declaration, no alteration of a Hotel Apartment shall be permitted where:
 - (a) the alteration will result in the loss of the permitted nonconforming hotel status of the Project, or
 - (b) the Hotel Apartment would be deemed under the Land Use Ordinance of the City and County of Honolulu ("LUO") to be converted from a lodging

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unit into a dwelling unit unless (a) the Association has expressly consented in writing to such conversion, AND (b) such conversion will not result in the loss of the permitted nonconforming hotel status of the Project. An example of an alteration that would be subject to the restrictions of this Paragraph 4 would be the addition of one or more appliance(s) or device(s) which would create a 'kitchen', as defined in the LUO, in a Hotel Apartment that previously did not have a 'kitchen'."

COMMON ELEMENTS

1. The real property, in fee simple, described in the Declaration of Condominium Property Regime of Royal Garden at Waikiki dated February 16, 2004, as amended by that certain First Amendment to Declaration of Condominium Property Regime of Royal Garden at Waikiki dated June 18, 2004 (together, the "Declaration");
2. All foundations, floor slabs, columns, girders, beams, supports, perimeter, party and load-bearing walls and partitions (excluding the finishes thereon), roofs, lobby areas, stairways (excluding private stairways located within and serving only the apartment), elevators, walkways, corridors, ramps, loading areas, elevator lobby areas, entrances, entry ways and exits of the building(s), the porte cochere, all storage rooms not located within an apartment, all maintenance rooms, all elevator machine rooms, all mechanical rooms, all electrical and all trash rooms;
3. All yards, grounds, walkways, walkway railings, landscaping, refuse facilities and gardens;
4. The swimming pool and sauna and appurtenant deck areas;
5. All toilets and restroom facilities not located within an Apartment;
6. All vents, shafts, sewer lines, electrical equipment, pipes, cables, conduits, ducts, electrical equipment, 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, gas (if any), water, cable television (if any), air conditioning, sewer, refuse, telephone, and radio and television signal distribution (if any), except for the microwave antenna or antennae and/or other electronic or telecommunications equipment and facilities belonging to the Developer or such persons or entities authorized by the Developer, as more particularly set forth in Section 9 of Paragraph F of the Declaration;
7. Any and all other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, and, in general, all other installations and apparatus existing for common use and any and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use;
8. All driveways, driveway ramps, parking stalls and parking areas;
9. All mailboxes;
10. The reception area located on Level 22 of the Project;

EXHIBIT E

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11. All laundry facilities not located within an Apartment; and
12. All ice machine rooms.

LIMITED COMMON ELEMENTS

1. Each apartment shall have for its exclusive use one (1) mailbox bearing the same number as such apartment.
2. The 63 parking stalls in the Project shall constitute limited common elements appurtenant to and for the exclusive use of Commercial Apartment No. 1.
3. The bell desk area, the area within a two (2) foot radius of the bell desk, and the two (2) mechanical rooms located on Level 1 of the Project and designated on the Condominium Map shall constitute limited common elements appurtenant to and for the exclusive use of Commercial Apartment No. 1.
4. The Engineer's Shop/Storage Room located on Level 3 of the Project and designated on the Condominium Map shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 1.
5. The Roof Deck Area located on Level 4 of the Project adjacent to Commercial Apartment No. 2 and designated on the Condominium Map shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 2.
6. The reception area located on Level 22 of the Project and designated on the Condominium Map shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 1.
7. All laundry facilities not located within an apartment shall constitute limited common elements appurtenant to and for the exclusive use of Commercial Apartment No. 1.
8. All ice machine rooms in the Project and designated on the Condominium Map shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 1.
9. The walkway on the ramp adjoining the laundry rooms on Level 4 of the Tower shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 1, as shown on the Condominium Map.
10. The exhaust pipe which rises up from Commercial Apartment No. 2 and continues up through the Tower shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartments Nos. 2 and 3 jointly.
11. The exhaust pipe which extends from Commercial Apartment No. 3 and continues through the side of the Tower shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 3.

12. The connecting exhaust pipe which extends from the kitchen of Commercial Apartment No. 3, through the ceiling space above Commercial Apartment No. 1 on Level 4 of the Tower and connects to the exhaust pipe described in Subparagraph D.3(i) above shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 3.

13. The outdoor deck adjacent to Commercial Apartment No. 3 on the side of the Tower facing Kuhio Avenue shall constitute a limited common element appurtenant to and for the exclusive use of Commercial Apartment No. 3.

ROYAL GARDEN AT WAIKIKI

APT. NO.	UNIT TYPE	BEDRM/ BATH	NO. OF ROOMS	APPR. NET LIVING AREA (SQ.FT.)	APPR. NET LANAI AREA (SQ.FT.)	APPR. NET TOT.FLR. AREA (SQ.FT.)	COMMON INT (%)*
Com. 1	Com. 1					9721	8.4511
Com. 2	Com. 2					3991	3.4713
Com. 3	Com. 3					2160	1.8788
Com. 4	Com. 4					175	0.1522
600	B1	Studio/1	2	313	88	401	0.3488
601	C2-A	Studio/1	2	313	69	382	0.3323
602	D3-ADA	Studio/1	2	376	30	406	0.3531
603	D1	Studio/1	2	376	30	406	0.3531
604	A1	Studio/1	2	332	17	349	0.3036
605	C2R	Studio/1	2	352	30	382	0.3323
606	C2	Studio/1	2	352	30	382	0.3323
607	C1	Studio/1	2	352	30	382	0.3323
608	C2R	Studio/1	2	352	30	382	0.3323
609	C2R	Studio/1	2	352	30	382	0.3323
610	C2-A	Studio/1	2	313	69	382	0.3323
611	C1	Studio/1	2	352	30	382	0.3323
612	B2	Studio/1	2	313	69	382	0.3323
700	B1	Studio/1	2	313	88	401	0.3488
701	C2-A	Studio/1	2	313	69	382	0.3323
702	D3-ADA	Studio/1	2	376	30	406	0.3531
703	D1	Studio/1	2	376	30	406	0.3531
704	A1	Studio/1	2	332	17	349	0.3036
705	C2R	Studio/1	2	352	30	382	0.3323
706	C2	Studio/1	2	352	30	382	0.3323
707	C1	Studio/1	2	352	30	382	0.3323
708	C2R	Studio/1	2	352	30	382	0.3323
709	C2R	Studio/1	2	352	30	382	0.3323
710	C2-A	Studio/1	2	313	69	382	0.3323
711	C1	Studio/1	2	352	30	382	0.3323
712	B2	Studio/1	2	313	69	382	0.3323
800	B1	Studio/1	2	313	88	401	0.3488
801	C2-A	Studio/1	2	313	69	382	0.3323
802	D3-ADA	Studio/1	2	376	30	406	0.3531
803	D1	Studio/1	2	376	30	406	0.3531
804	A1	Studio/1	2	332	17	349	0.3036
805	C2R	Studio/1	2	352	30	382	0.3323
806	C2	Studio/1	2	352	30	382	0.3323
807	C1	Studio/1	2	352	30	382	0.3323
808	C2R	Studio/1	2	352	30	382	0.3323
809	C2R	Studio/1	2	352	30	382	0.3323
810	C2-A	Studio/1	2	313	69	382	0.3323
811	C1	Studio/1	2	352	30	382	0.3323

EXHIBIT G

ROYAL GARDEN AT WAIKIKI

APT. NO.	UNIT TYPE	BEDRM/ BATH	NO. OF ROOMS	APPR. NET LIVING AREA (SQ.FT.)	APPR. NET LANAI AREA (SQ.FT.)	APPR. NET TOT.FLR. AREA (SQ.FT.)	COMMON INT (%)*
812	B2	Studio/1	2	313	69	382	0.3323
900	B1	Studio/1	2	313	88	401	0.3488
901	C2-A	Studio/1	2	313	69	382	0.3323
902	D3-ADA	Studio/1	2	376	30	406	0.3531
903	D1	Studio/1	2	376	30	406	0.3531
904	A1	Studio/1	2	332	17	349	0.3036
905	C2R	Studio/1	2	352	30	382	0.3323
906	C2	Studio/1	2	352	30	382	0.3323
907	C1	Studio/1	2	352	30	382	0.3323
908	C2R	Studio/1	2	352	30	382	0.3323
909	C2R	Studio/1	2	352	30	382	0.3323
910	C2-A	Studio/1	2	313	69	382	0.3323
911	C1	Studio/1	2	352	30	382	0.3323
912	B2	Studio/1	2	313	69	382	0.3323
1000	B1	Studio/1	2	313	88	401	0.3488
1001	C2-A	Studio/1	2	313	69	382	0.3323
1002	D1R	Studio/1	2	376	30	406	0.3531
1003	D1	Studio/1	2	376	30	406	0.3531
1004	A1	Studio/1	2	332	17	349	0.3036
1005	C2R	Studio/1	2	352	30	382	0.3323
1006	C2	Studio/1	2	352	30	382	0.3323
1007	C1	Studio/1	2	352	30	382	0.3323
1008	C2R	Studio/1	2	352	30	382	0.3323
1009	C2R	Studio/1	2	352	30	382	0.3323
1010	C2-A	Studio/1	2	313	69	382	0.3323
1011	C1	Studio/1	2	352	30	382	0.3323
1012	B2	Studio/1	2	313	69	382	0.3323
1100	B1	Studio/1	2	313	88	401	0.3488
1101	C2-A	Studio/1	2	313	69	382	0.3323
1102	D1R	Studio/1	2	376	30	406	0.3531
1103	D1	Studio/1	2	376	30	406	0.3531
1104	A1	Studio/1	2	332	17	349	0.3036
1105	C2R	Studio/1	2	352	30	382	0.3323
1106	C2	Studio/1	2	352	30	382	0.3323
1107	C1	Studio/1	2	352	30	382	0.3323
1108	C2R	Studio/1	2	352	30	382	0.3323
1109	C2R	Studio/1	2	352	30	382	0.3323
1110	C2-A	Studio/1	2	313	69	382	0.3323
1111	C1	Studio/1	2	352	30	382	0.3323
1112	B2	Studio/1	2	313	69	382	0.3323
1200	B1	Studio/1	2	313	88	401	0.3488
1201	C2-A	Studio/1	2	313	69	382	0.3323

EXHIBIT G

ROYAL GARDEN AT WAIKIKI

APT. NO.	UNIT TYPE	BEDRM/BATH	NO. OF ROOMS	APPR. NET LIVING AREA (SQ.FT.)	APPR. NET LANAI AREA (SQ.FT.)	APPR. NET TOT.FLR. AREA (SQ.FT.)	COMMON INT (%)*
1202	D3-ADA	Studio/1	2	376	30	406	0.3531
1203	D1	Studio/1	2	376	30	406	0.3531
1204	A1	Studio/1	2	332	17	349	0.3036
1205	C2R	Studio/1	2	352	30	382	0.3323
1206	C2	Studio/1	2	352	30	382	0.3323
1207	C1	Studio/1	2	352	30	382	0.3323
1208	C2R	Studio/1	2	352	30	382	0.3323
1209	C2R	Studio/1	2	352	30	382	0.3323
1210	C2-A	Studio/1	2	313	69	382	0.3323
1211	C1	Studio/1	2	352	30	382	0.3323
1212	B2	Studio/1	2	313	69	382	0.3323
1400	B1	Studio/1	2	313	88	401	0.3488
1401	C2-A	Studio/1	2	313	69	382	0.3323
1402	D1R	Studio/1	2	376	30	406	0.3531
1403	D1	Studio/1	2	376	30	406	0.3531
1404	A1	Studio/1	2	332	17	349	0.3036
1405	C2R	Studio/1	2	352	30	382	0.3323
1406	C2	Studio/1	2	352	30	382	0.3323
1407	C1	Studio/1	2	352	30	382	0.3323
1408	C2R	Studio/1	2	352	30	382	0.3323
1409	C2R	Studio/1	2	352	30	382	0.3323
1410	C2-A	Studio/1	2	313	69	382	0.3323
1411	C1	Studio/1	2	352	30	382	0.3323
1412	B2	Studio/1	2	313	69	382	0.3323
1500	G	2/2	6	1229	189	1418	1.2334
1503	D1	Studio/1	2	376	30	406	0.3531
1504	A1	Studio/1	2	332	17	349	0.3036
1505	C3R	Studio/1	2	352	30	382	0.3323
1506	C3	Studio/1	2	352	30	382	0.3323
1507	C3	Studio/1	2	352	30	382	0.3323
1508	C3R	Studio/1	2	352	30	382	0.3323
1509	C3R	Studio/1	2	352	30	382	0.3323
1510	B2	Studio/1	2	313	69	382	0.3323
1511	C3	Studio/1	2	352	30	382	0.3323
1512	B2	Studio/1	2	313	69	382	0.3323
1600	G	2/2	6	1229	189	1418	1.2334
1603	D1	Studio/1	2	376	30	406	0.3531
1604	A1	Studio/1	2	332	17	349	0.3036
1605	C3R	Studio/1	2	352	30	382	0.3323
1606	C3	Studio/1	2	352	30	382	0.3323
1607	C3	Studio/1	2	352	30	382	0.3323
1608	C3R	Studio/1	2	352	30	382	0.3323

EXHIBIT G

ROYAL GARDEN AT WAIKIKI

APT. NO.	UNIT TYPE	BEDRM/ BATH	NO. OF ROOMS	APPR. NET LIVING AREA (SQ.FT.)	APPR. NET LANAI AREA (SQ.FT.)	APPR. NET TOT.FLR. AREA (SQ.FT.)	COMMON INT (%)*
1609	C3R	Studio/1	2	352	30	382	0.3323
1610	B2	Studio/1	2	313	69	382	0.3323
1611	C3	Studio/1	2	352	30	382	0.3323
1612	B2	Studio/1	2	313	69	382	0.3323
1700	G	2/2	6	1229	189	1418	1.2334
1703	D1	Studio/1	2	376	30	406	0.3531
1704	A1	Studio/1	2	332	17	349	0.3036
1705	C2R	Studio/1	2	352	30	382	0.3323
1706	C2	Studio/1	2	352	30	382	0.3323
1707	C1	Studio/1	2	352	30	382	0.3323
1708	C2R	Studio/1	2	352	30	382	0.3323
1709	C2R	Studio/1	2	352	30	382	0.3323
1710	C2-A	Studio/1	2	313	69	382	0.3323
1711	C1	Studio/1	2	352	30	382	0.3323
1712	B2	Studio/1	2	313	69	382	0.3323
1803	D1	Studio/1	2	376	30	406	0.3531
1804	A1	Studio/1	2	332	17	349	0.3036
1805	C2R	Studio/1	2	352	30	382	0.3323
1806	C2	Studio/1	2	352	30	382	0.3323
1807	C1	Studio/1	2	352	30	382	0.3323
1808	C2R	Studio/1	2	352	30	382	0.3323
1809	C2R	Studio/1	2	352	30	382	0.3323
1810	C2-A	Studio/1	2	313	69	382	0.3323
1811	C1	Studio/1	2	352	30	382	0.3323
1812	B2	Studio/1	2	313	69	382	0.3323
2000	H	2/2	7	1312	189	1501	1.3056
2003	D2	Studio/1	2	381	30	411	0.3575
2004	A2	Studio/1	2	341	17	358	0.3114
2005	C4R	Studio/1	2	361	30	391	0.3401
2006	C4	Studio/1	2	361	30	391	0.3401
2007	C4	Studio/1	2	361	30	391	0.3401
2008	C4R	Studio/1	2	361	30	391	0.3401
2009	C4R	Studio/1	2	361	30	391	0.3401
2010	C4-A	Studio/1	2	322	69	391	0.3401
2011	C4	Studio/1	2	361	30	391	0.3401
2012	C4-A	Studio/1	2	322	69	391	0.3401
2100	H	2/2	7	1312	189	1501	1.3056
2103	D2	Studio/1	2	381	30	411	0.3575
2104	A2	Studio/1	2	341	17	358	0.3114
2105	C4R	Studio/1	2	361	30	391	0.3401
2106	C4	Studio/1	2	361	30	391	0.3401
2107	C4	Studio/1	2	361	30	391	0.3401

EXHIBIT G

ROYAL GARDEN AT WAIKIKI

APT. NO.	UNIT TYPE	BEDRM/ BATH	NO. OF ROOMS	APPR. NET LIVING AREA (SQ.FT.)	APPR. NET LANAI AREA (SQ.FT.)	APPR. NET TOT.FLR. AREA (SQ.FT.)	COMMON INT (%)*
2108	C4R	Studio/1	2	361	30	391	0.3401
2109	C4R	Studio/1	2	361	30	391	0.3401
2110	C4-A	Studio/1	2	322	69	391	0.3401
2111	C4	Studio/1	2	361	30	391	0.3401
2112	C4-A	Studio/1	2	322	69	391	0.3401
2200	F	1/1	5	881	158	1039	0.9037
2202	E2	1/1	3	751	62	813	0.7071
2204	A2	Studio/1	2	341	17	358	0.3114
2205	E2	1/1	3	751	62	813	0.7071
2207	E2R	1/1	3	751	62	813	0.7071
2209	E1R	1/1	3	711	102	813	0.7071
2211	E1	1/1	3	711	102	813	0.7071
2300	J	2/2	6	1244	189	1433	1.2464
2303	D2	Studio/1	2	381	30	411	0.3575
2304	A2	Studio/1	2	341	17	358	0.3114
2305	E2	1/1	3	751	62	813	0.7071
2307	E2R	1/1	3	751	62	813	0.7071
2309	E1R	1/1	3	711	102	813	0.7071
2311	E1	1/1	3	711	102	813	0.7071
2400	J	2/2	6	1244	189	1433	1.2464
2403	D2	Studio/1	2	381	30	411	0.3575
2404	A2	Studio/1	2	341	17	358	0.3114
2405	E2	1/1	3	751	62	813	0.7071
2407	E2R	1/1	3	751	62	813	0.7071
2409	E1R	1/1	3	711	102	813	0.7071
2411	E1	1/1	3	711	102	813	0.7071
2500	K	3/3	7	1781	221	2002	1.7413
2504	A2	Studio/1	2	341	17	358	0.3114
2505	E2	1/1	3	751	62	813	0.7071
2507	E2R	1/1	3	751	62	813	0.7071
2509	E1R	1/1	3	711	102	813	0.7071
2511	E1	1/1	3	711	102	813	0.7071
TOTAL:				82466	9810	108323	94.2181

*Except with respect to Commercial Apartment No. 1, the common interest of each Apartment in the Project was calculated by dividing the Approximate Net Total Floor Area of the subject Apartment by the aggregate, approximate Net Total Floor Area for all of the Apartments in the Project (14,970 sq. feet). The Common Interest of Commercial Apartment No. 1 was calculated by first dividing the Approximate Net Total Floor Area for Commercial Apartment No. 1 by the aggregate Approximate New Total Floor Area for all of the Apartments in the Project (114,970 sq. feet), and then subtracting from the resulting amount the amount by which the actual aggregate Common Interests for all of the Apartments in the Project exceeds 100.0000% (.0041%).

The information listed in this Exhibit G shows only the information with respect to the 200 Apartments covered by this

EXHIBIT G

ROYAL GARDEN AT WAIKIKI

APT. NO.	UNIT TYPE	BEDRM/ BATH	NO. OF ROOMS	APPR. NET LIVING AREA (SQ.FT.)	APPR. NET LANAI AREA (SQ.FT.)	APPR. NET TOT.FLR. AREA (SQ.FT.)	COMMON INT (%)*
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Public Report and not the total 212 Apartments in the Project. As noted elsewhere, 12 Apartments are covered separately by the registration made by Beach Capital, Inc. as the "Developer" (Registration No. 5451). Therefore the totals shown on the bottom of each column are only totals for the 200 Apartments covered by this Public Report. For example, the total common interests listed in this Exhibit G is 94.2181%. The remaining common interests of less than 6% are covered in the above-noted Registration No. 5451.

ENCUMBRANCES AGAINST TITLE

1. Grant of easement in favor of HAWAIIAN ELECTRIC COMPANY, INC., dated May 23, 1927, filed as Land Court Document No. 13116, for construction of electric power and telephone lines across strip of land 5 feet wide along Lot 187 and for a perpetual easement for utility purposes over Lot 78.
2. *Subsurface easements in favor of the CITY AND COUNTY OF HONOLULU, for sewer purposes and water purposes (Board of Water Supply); Hawaiian Electric Company, Inc. for subsurface electric lines and facilities; GTE Hawaiian Telephone Company, Incorporated (now known as Verizon Hawaii, Inc.) for subsurface telephone lines and facilities; and the Honolulu Gas Company, Ltd. for subsurface gas lines, as set forth in Deed dated August 28, 1967, filed as Document No. 437474.*
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DEED dated August 28, 1967, filed as Document No. 437474.

The foregoing includes, but is not limited to the following:

"Reserving and excepting therefrom unto the Grantor, its successors and assigns, the right to construct, install, maintain, and repair sewers, water pipeline or pipelines and appurtenant equipment and facilities, and to properly measure and control water conveyed through such water pipeline or pipelines, and subject, to the right of the Hawaiian Electric Company, Inc., GTE Hawaiian Telephone Company, Incorporated and the Honolulu Gas Company, Ltd., their respective successors and assigns, to construct, install, maintain and repair electric lines, telephone lines, gas lines and appurtenant equipment and facilities; all of which rights, shall, however, be subject to the right of the Grantees to construct a building or portion of a building above the surface of said land, subject to applicable laws, ordinances or rules and regulations having the effect of law, provided, and so long as a clearance of at least 14 feet above the surface of the said land shall be forever maintained."

4. Easement five (5) feet wide for utility purposes over and across Lot 187, as shown on Map 57, as set forth by Land Court Order No. 29984, filed April 30, 1969.
5. *Subsurface easements in favor of the CITY AND COUNTY OF HONOLULU for sewer purposes and water purposes (Board of Water Supply); Hawaiian Electric Company, Inc. for subsurface electric lines and facilities; and GTE Hawaiian Telephone Company, Incorporated for subsurface telephone lines and facilities, as set forth in Deed dated April 6, 1967, filed as Document No. 415175.*

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6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DEED dated April 6, 1967, filed as Document No. 415175.

The foregoing includes, but is not limited to the following:

"Reserving and excepting therefrom unto the Grantor, its successors and assigns, the right to construct, install, maintain, and repair sewers, water pipeline or pipelines and appurtenant equipment and facilities, and to properly measure and control water conveyed through such water pipeline or pipelines, and subject, to the right of the Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company, Incorporated, their respective successors and assigns, to construct, install, maintain and repair electric lines, telephone lines, and appurtenant equipment and facilities; all of which rights, shall, however, be subject to the right of the Grantees to construct a building or portion of a building above the surface of said land, subject to applicable laws, ordinances or rules and regulations having the effect of law, provided, and so long as a clearance of at least 14 feet above the surface of the said land shall be forever maintained."

7. Subsurface easements in favor of the CITY AND COUNTY OF HONOLULU for sewer purposes and water purposes (Board of Water Supply); Hawaiian Electric Company, Inc. for subsurface electric lines and facilities; and GTE Hawaiian Telephone Company, Incorporated for subsurface telephone lines and facilities, as set forth in Deed dated May 4, 1967, filed as Document No. 416840.
8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DEED dated May 4, 1967, filed as Document No. 416840.

The following includes, but is not limited to the following:

"Reserving and excepting therefrom unto the Grantor, its successors and assigns, the right to construct, install, maintain, and repair sewers, water pipeline or pipelines and appurtenant equipment and facilities, and to properly measure and control water conveyed through such water pipeline or pipelines, and subject to the right of the Hawaiian Electric Company, Inc., GTE Hawaiian Telephone Company, Incorporated, their respective successors and assigns, to construct, install, maintain and repair electric lines, telephone lines and appurtenant equipment and facilities; all of which rights, shall, however, be subject to the right of the Grantee to construct a building or portion of a building above the surface of said land, subject to applicable laws, ordinances or rules and regulations having the effect of law, provided, and so long as a clearance of at least 14 feet above the surface of the said land shall be forever maintained."

9. Subsurface easements in favor of the City and County of Honolulu for sewer purposes and water purposes (Board of Water Supply); Hawaiian Electric Company, Inc. for subsurface electric lines and facilities; GTE Hawaiian

EXHIBIT H

Telephone Company, Incorporated, for subsurface telephone lines and facilities; and the Honolulu Gas Company, Ltd. for subsurface gas lines, as set forth in DEED dated June 22, 1967, filed as Document No. 636373.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DEED dated June 22, 1967, filed as Document No. 636373.

The foregoing includes, but is not limited to the following:

"Reserving and excepting therefrom unto the Grantor, its successors and assigns, the right to construct, install, maintain, and repair sewers, water pipeline or pipelines and appurtenant equipment and facilities, and to properly measure and control water conveyed through such water pipeline or pipelines, and subject to the right of the Hawaiian Electric Company, Inc., GTE Hawaiian Telephone Company, Incorporated, and the Honolulu Gas Company, Ltd., their respective successors and assigns, to construct, install, maintain and repair electric lines, telephone lines, gas lines and appurtenant equipment and facilities; all of which rights, shall however, be subject to the right of the Grantees to construct a building or portion of a building above the surface of said land, subject to applicable laws, ordinances or rules and regulations having the effect of law, provided, and so long as a clearance of at least 14 feet above the surface of the said land shall be forever maintained.

11. The following encroachments, as set forth on the survey prepared by Richard K. Kawasaki, Registered Professional Land Surveyor, dated January 19, 1990:
 1. "There is a sewer manhole on the northwesterly corner of Lot 77 as shown on the Location Survey Map."
 2. "The hollow tile wall on the northwest corner of the subject parcel extends into the sidewalk area of Namahana Street as shown on the Location Survey Map and Enlargement 'A'".
 3. "The hollow tile wall on the northeast corner of the subject parcel extends into the sidewalk area of Namahana Street as shown on the Location Survey Map and Enlargement 'B'".
 4. "The hollow tile wall at the cut monkeypod tree on the property boundary of Lots 187 and 194 projects into Lot 194 as shown on the Location Survey Map and Enlargement 'C'".
12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT UNDER SECTION 4.40-21 OF THE LAND USE ORDINANCE dated January 15, 1992, filed as Land Court Document No. 1891152.

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13. ADJUSTABLE RATE MORTGAGE; SECURITY AGREEMENT AND FINANCING STATEMENT

LOAN NO. : 90-19305-9-636
MORTGAGOR: NICHIEI U.S.A., INC., also known as Nichiei (U.S.A.), Inc., a Hawaii corporation
MORTGAGEE: FINANCE FACTORS, LIMITED, a Hawaii corporation
DATED : September 8, 1998
FILED : Land Court Document No. 2484778
AMOUNT : \$300,000.00

14. ASSIGNMENT OF RENTS AND OTHER INCOME dated September 8, 1998, filed as Land Court Document No. 2484779.

15. FINANCING STATEMENT dated September 15, 1998, recorded as Document No. 98-136540.

16. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DECLARATION OF RESTRICTIVE COVENANTS (SPECIAL DESIGN), dated February 25, 1999, filed as Land Court Document No. 2525018.

17. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DECLARATION OF CONDOMINIUM PROPERTY REGIME OF ROYAL GARDEN AT WAIKIKI dated as of October 31, 2000, filed as Land Court Document No. 2662791. Said Declaration was amended by instrument dated June 18, 2004 filed as Land Court Document No. 3133952.

18. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF ROYAL GARDEN AT WAIKIKI dated as of October 31, 2000, filed as Land Court Document No. 2662791.

19. REAL PROPERTY MORTGAGE WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : NICHIEI U.S.A., INC., a Hawaii corporation
MORTGAGEE : FINANCE FACTORS, LIMITED, a Hawaii corporation
DATED : February 20, 2004
FILED : Land Court Document No. 3074150
AMOUNT : \$500,000.00

20. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : ASSIGNMENT OF RENTS AND OTHER INCOME
DATED : February 20, 2004
RECORDED : Document No. 2004-037746
PARTIES : NICHIEI U.S.A., INC., a Hawaii corporation,
"Assignor", and FINANCE FACTORS, LIMITED, a
Hawaii corporation, "Lender"
RE : as security for the payment of that certain promissory
note dated February 20, 2004, in the principal amount
of \$500,000.00

(Not noted on Transfer Certificate(s) of Title referred to herein)

21. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : ASSIGNMENT OF SALES CONTRACTS AND
DEPOSITS
DATED : February 20, 2004
RECORDED : Document No. 2004-037747
PARTIES : NICHIEI U.S.A., INC., a Hawaii corporation,
"Assignor", and FINANCE FACTORS, LIMITED, a
Hawaii corporation, "Assignee"
RE : as security for the payment of that certain promissory
note dated February 20, 2004, in the principal sum of
\$500,000.00

(Not noted on Transfer Certificate(s) of Title referred to herein)

22. FINANCING STATEMENT

DEBTOR : NICHIEI U.S.A., INC., a Hawaii corporation
SECURED
PARTY : FINANCE FACTORS, LIMITED, a Hawaii corporation
RECORDED : Document No. 2004-037748
RECORDED ON : February 25, 2004

23. ADJUSTABLE RATE MORTGAGE, SECURITY AGREEMENT AND FINANCING
STATEMENT; AND ASSIGNMENT OF RENTS (REVOLVING LOAN)

MORTGAGOR : NICHIEI U.S.A., INC., a Hawaii corporation

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MORTGAGEE : FINANCE FACTORS, LIMITED, a Hawaii corporation
DATED : February 20, 2004
FILED : Land Court Document No. 3074151
AMOUNT : \$1,000,000.00

24. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : ASSIGNMENT OF RENTS AND OTHER INCOME
DATED : February 20, 2004
RECORDED : Document No. 2004-037749
PARTIES : NICHIEI U.S.A., INC., a Hawaii corporation,
"Assignor", and FINANCE FACTORS, LIMITED, a
Hawaii corporation, "Lender"
RE : as security for the payment of that certain promissory
note dated February 20, 2004, in the principal amount
of \$1,000,000.00

(Not noted on Transfer Certificate(s) of Title referred to herein)

25. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : ASSIGNMENT OF SALES CONTRACTS AND
DEPOSITS
DATED : February 20, 2004
RECORDED : Document No. 2004-037750
PARTIES : NICHIEI U.S.A., INC., a Hawaii corporation,
"Assignor", and FINANCE FACTORS, LIMITED, a
Hawaii corporation, "Assignee"
RE : as security for the payment of that certain promissory
note dated February 20, 2004, in the principal amount
of \$1,000,000.00

(Not noted on Transfer Certificate(s) of Title referred to herein)

26. FINANCING STATEMENT

DEBTOR : NICHIEI U.S.A., INC., a Hawaii corporation
SECURED
PARTY : FINANCE FACTORS, LIMITED, a Hawaii corporation
RECORDED : Document No. 2004-037751

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RECORDED ON : February 25, 2004

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ROYAL GARDEN AT WAIKIKI

ESTIMATED MONTHLY MAINTENANCE FEE DISBURSEMENTS
As of April 1, 2002

REVENUES:

3010	Maintenance Fees	\$81,880
3300	Capital Reserve	0
4010	Interest Income – Operating	30
4020	Interest Income – Capital	0
4100	Late Fees	0
4250	Rental Income	0
4300	Telephone	100
4900	Non-Tax Income	0
4400	Other Income	<u>0</u>
	TOTAL REVENUE	\$82,010

EXPENSES:

Utilities:

6010	Electricity	\$20,000
6050	Gas	5,000
6150	Water	4,055
6200	Telephone Expense	150
6250	Television Cable	1,100
	Music Service	<u>500</u>
		\$30,805

Building:

7010	Air Conditioning	\$ 760
7050	Cleaning Service	0
7060	Cleaning Supplies	500
7100	Communications – Internal	160
7150	Elevator	2,400
7200	Electric Bulbs/Electrical	400
7300	Fire Equipment	500
7350	Grounds & Grounds Supply	500
7450	Painting Expense	400
7500	Pest Control	600
7550	Pool/Spa	350
7600	Pump & Ventilation	400
7650	Refuse	2,500
7700	Repairs & Purchases	1,000
7800	Watchmen	<u>10,000</u>
		\$20,470

	Administration:	
8010	Data Processing	\$ 400
8050	Management Fee	3,310
8100	Salaries – Utility Cleaning	3,300
8140	Salaries – Maintenance	5,000
8160	Salaries – Manager & Admin	5,500
8250	Payroll Tax Expenses	3,050
8300	Group Insurance	4,350
8350	Workers Compensation	1,315
8400	Rent Expense	0
		<u>\$26,225</u>

	Other:	
9010	Automobile Expense	\$ 50
9050	Insurance – Directors & Officers	190
9070	Insurance – CPP	2,090
9090	Insurance – Flood	590
9110	Insurance – Umbrella	415
9150	Insurance – Other	150
9250	Legal & Audit Expense	260
9300	Office Supplies	500
9320	Miscellaneous Expense	260
9321	Bad Debt – Operating	0
9350	Travel Expense	0
9600	Taxes – General Excise	5
9650	Taxes – Federal Income	0
9750	Taxes – State Income	0
		<u>\$ 4,510</u>

	Non-Operating Transactions:	
9942	Capital Reserve Expenditure	\$ 0
9955	Operating Reserves Transfers to	0
9955	Operating Reserves Transfers From	0
9957	Capital Reserves Transfers To	0
9957	Capital Reserves Transfers From	0
		<u>\$ 0</u>

TOTAL EXPENSES \$82,010

NET \$ 0

APT. NO.	COMMON INT (%)	ESTIMATED INITIAL MAINTENANCE FEES \$
812	0.3323	\$272.05
900	0.3488	\$285.59
901	0.3323	\$272.05
902	0.3531	\$289.15
903	0.3531	\$289.15
904	0.3036	\$248.55
905	0.3323	\$272.05
906	0.3323	\$272.05
907	0.3323	\$272.05
908	0.3323	\$272.05
909	0.3323	\$272.05
910	0.3323	\$272.05
911	0.3323	\$272.05
912	0.3323	\$272.05
1000	0.3488	\$285.59
1001	0.3323	\$272.05
1002	0.3531	\$289.15
1003	0.3531	\$289.15
1004	0.3036	\$248.55
1005	0.3323	\$272.05
1006	0.3323	\$272.05
1007	0.3323	\$272.05
1008	0.3323	\$272.05
1009	0.3323	\$272.05
1010	0.3323	\$272.05
1011	0.3323	\$272.05
1012	0.3323	\$272.05
1100	0.3488	\$285.59
1101	0.3323	\$272.05
1102	0.3531	\$289.15
1103	0.3531	\$289.15
1104	0.3036	\$248.55
1105	0.3323	\$272.05
1106	0.3323	\$272.05
1107	0.3323	\$272.05
1108	0.3323	\$272.05
1109	0.3323	\$272.05
1110	0.3323	\$272.05
1111	0.3323	\$272.05
1112	0.3323	\$272.05
1200	0.3488	\$285.59
1201	0.3323	\$272.05
1202	0.3531	\$289.15
1203	0.3531	\$289.15
1204	0.3036	\$248.55
1205	0.3323	\$272.05
1206	0.3323	\$272.05

ROYAL GARDEN AT WAIKIKI

APT. NO.	COMMON INT (%)	ESTIMATED INITIAL MAINTENANCE FEES \$
Com. 1	8.4552	\$6,923.16
Com. 2	3.4713	\$2,842.33
Com. 3	1.8788	\$1,538.32
Com. 4	0.1522	\$124.63
600	0.3488	\$285.59
601	0.3323	\$272.05
602	0.3531	\$289.15
603	0.3531	\$289.15
604	0.3036	\$248.55
605	0.3323	\$272.05
606	0.3323	\$272.05
607	0.3323	\$272.05
608	0.3323	\$272.05
609	0.3323	\$272.05
610	0.3323	\$272.05
611	0.3323	\$272.05
612	0.3323	\$272.05
700	0.3488	\$285.59
701	0.3323	\$272.05
702	0.3531	\$289.15
703	0.2531	\$289.15
704	0.3036	\$248.55
705	0.3323	\$272.05
706	0.3323	\$272.05
707	0.3323	\$272.05
708	0.3323	\$272.05
709	0.3323	\$272.05
710	0.3323	\$272.05
711	0.3323	\$272.05
712	0.3323	\$272.05
800	0.3488	\$285.59
801	0.3323	\$272.05
802	0.3531	\$289.15
803	0.3531	\$289.15
804	0.3036	\$248.55
805	0.3323	\$272.05
806	0.3323	\$272.05
807	0.3323	\$272.05
808	0.3323	\$272.05
809	0.3323	\$272.05
810	0.3323	\$272.05
811	0.3323	\$272.05

APT. NO.	COMMON INT (%)	ESTIMATED INITIAL MAINTENANCE FEES \$
1207	0.3323	\$272.05
1208	0.3323	\$272.05
1209	0.3323	\$272.05
1210	0.3323	\$272.05
1211	0.3323	\$272.05
1212	0.3323	\$272.05
1400	0.3488	\$285.59
1401	0.3323	\$272.05
1402	0.3531	\$289.15
1403	0.3531	\$289.15
1404	0.3036	\$248.55
1405	0.3323	\$272.05
1406	0.3323	\$272.05
1407	0.3323	\$272.05
1408	0.3323	\$272.05
1409	0.3323	\$272.05
1410	0.3323	\$272.05
1411	0.3323	\$272.05
1412	0.3323	\$272.05
1500	1.2334	\$1,009.88
1503	0.3531	\$289.15
1504	0.3036	\$248.55
1505	0.3323	\$272.05
1506	0.3323	\$272.05
1507	0.3323	\$272.05
1508	0.3323	\$272.05
1509	0.3323	\$272.05
1510	0.3323	\$272.05
1511	0.3323	\$272.05
1512	0.3323	\$272.05
1600	1.2334	\$1,009.88
1603	0.3531	\$289.15
1604	0.3036	\$248.55
1605	0.3323	\$272.05
1606	0.3323	\$272.05
1607	0.3323	\$272.05
1608	0.3323	\$272.05
1609	0.3323	\$272.05
1610	0.3323	\$272.05
1611	0.3323	\$272.05
1612	0.3323	\$272.05
1700	1.2334	\$1,009.88
1703	0.3531	\$289.15
1704	0.3036	\$248.55
1705	0.3323	\$272.05
1706	0.3323	\$272.05
1707	0.3323	\$272.05

APT. NO.	COMMON INT (%)	ESTIMATED INITIAL MAINTENANCE FEES \$
1708	0.3323	\$272.05
1709	0.3323	\$272.05
1710	0.3323	\$272.05
1711	0.3323	\$272.05
1712	0.3323	\$272.05
1803	0.3531	\$289.15
1804	0.3036	\$248.55
1805	0.3323	\$272.05
1806	0.3323	\$272.05
1807	0.3323	\$272.05
1808	0.3323	\$272.05
1809	0.3323	\$272.05
1810	0.3323	\$272.05
1811	0.3323	\$272.05
1812	0.3323	\$272.05
2000	1.3056	\$1,068.99
2003	0.3575	\$292.71
2004	0.3114	\$254.96
2005	0.3401	\$278.46
2006	0.3401	\$278.46
2007	0.3401	\$278.46
2008	0.3401	\$278.46
2009	0.3401	\$278.46
2010	0.3401	\$278.46
2011	0.3401	\$278.46
2012	0.3401	\$278.46
2100	1.3056	\$1,068.99
2103	0.3575	\$292.71
2104	0.3114	\$254.96
2105	0.3401	\$278.46
2106	0.3401	\$278.46
2107	0.3401	\$278.46
2108	0.3401	\$278.46
2109	0.3401	\$278.46
2110	0.3401	\$278.46
2111	0.3401	\$278.46
2112	0.3401	\$278.46
2200	0.9037	\$739.96
2202	0.7071	\$579.01
2204	0.3114	\$254.96
2205	0.7071	\$579.01
2207	0.7071	\$579.01
2209	0.7071	\$579.01
2211	0.7071	\$579.01
2300	1.2464	\$1,020.56
2303	0.3575	\$292.71
2304	0.3114	\$254.96

APT. NO.	COMMON INT (%)	ESTIMATED INITIAL MAINTENANCE FEES \$
2305	0.7071	\$579.01
2307	0.7071	\$579.01
2309	0.7071	\$579.01
2311	0.7071	\$579.01
2400	1.2464	\$1,020.56
2403	0.3575	\$292.71
2404	0.3114	\$254.96
2405	0.7071	\$579.01
2407	0.7071	\$579.01
2409	0.7071	\$579.01
2411	0.7071	\$579.01
2500	1.7413	\$1,425.80
2504	0.3114	\$254.96
2505	0.7071	\$579.01
2507	0.7071	\$579.01
2509	0.7071	\$579.01
2511	0.7071	\$579.01
	94.2222	\$77,145.59
		\$691,639.38

Nichiei U.S.A., Inc., the developer of the Royal Garden at Waikiki condominium project (the "Project"), hereby certifies that the estimated monthly maintenance fee disbursements for the Project and the estimated initial monthly maintenance fees assessable to each apartment in the Project set forth hereinabove in Exhibits A and I were prepared in accordance with generally accepted accounting principles.

Pursuant to §514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. Accordingly, Nichiei U.S.A., Inc. has not conducted a reserve study for the Project.

NICHIEI U.S.A., INC.

By 
Name: Eiji Sato
Title: President

SUMMARY OF SALES CONTRACT

The specimen Condominium Purchase Agreement, Deposit Receipt and Contract ("Purchase Agreement") contains, among others, the following terms and provisions (which may be modified or otherwise limited by provisions not summarized):

1. The Purchase Price shall be paid in three (3) payments, the last of which shall be paid to the escrow agent, subject to other terms, on the earlier of (a) the Date of Preclosing, or (b) three (3) days prior to the Date of Closing, except that mortgage proceeds from Buyer's Permanent Loan may be paid one (1) day prior to the Date of Closing.
2. The Purchase Price does not include the Project start-up fee, closing costs, prorations, and additional costs payable by Buyer under the Purchase Agreement.
3. The Purchase Agreement shall be a fully binding contract between Buyer and Seller once (i) Seller has accepted the Purchase Agreement, (ii) Buyer has received for or is deemed to have received for the Final Public Report for the Project (the "Final Public Report"), and (iii) Buyer has waived or is deemed to have waived Buyer's right to cancel under Hawaii Revised Statutes ("H.R.S.") §514A-62. Prior to the time the Purchase Agreement becomes a binding sales contract, the Purchase Agreement may be terminated at any time, with or without cause, at the option of either party, by written notice of such termination delivered to the other party.
4. Buyer has received a copy of the Declaration, By-Laws, House Rules, public report(s) for the Project, form of Apartment Deed, and Escrow Agreement. Buyer shall have the right to terminate the Purchase Agreement provided that within seven (7) days of the date of Buyer's execution of the Purchase Agreement Buyer notifies Seller in writing of Buyer's rejection of the Final Public Report and/or Supplementary Public Reports, if any, for the Project, or the Declaration, By-Laws, House Rules, the form of Apartment Deed or the Escrow Agreement. Unless Buyer provides Seller with such written notice of termination within said seven (7) day period, Buyer shall be deemed to have approved and accepted the terms of all of said documents.
5. Within thirty (30) days after the date Seller accepts the Purchase Agreement, Buyer must submit to Seller evidence of Buyer's ability to pay the Purchase Price.
6. If Buyer will be utilizing mortgage financing to pay a portion of the Purchase Price, then:
 - (i) Buyer must submit to Seller a firm written commitment for Buyer's Permanent Loan from Buyer's Permanent Lender within forty-five (45) days from the date of delivery to Buyer of the Final Public Report (or within sixty (60) days if Buyer is not a resident of the State of Hawaii). If said written commitment is issued more than one hundred twenty (120) days prior to the Date of Closing, Buyer agrees to submit all verifications, authorizations, certifications, tax returns, and other documents that may be required by Buyer's Permanent Lender to reconfirm the written commitment for Buyer's Permanent Loan. If Buyer's application for mortgage financing is not approved within forty-five (45) days from the date of delivery to Buyer of the Final Public Report (or within sixty (60) days if Buyer is not a resident of the

EXHIBIT J

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State of Hawaii), either Buyer or Seller may terminate the Purchase Agreement, provided that Buyer's option to terminate must be exercised, if at all, within sixty (60) days after delivery to Buyer of the Final Public Report (or within seventy-five (75) days if Buyer is a not a resident of the State of Hawaii).

7. All payments made by Borrower under the Purchase Agreement will be deposited with Escrow under the terms of the Escrow Agreement.

8. Seller has reserved the right to make certain modifications to the Declaration, By-Laws, House Rules, Apartment Deed, and other documents as may be required by law, any title insurance company, any institutional mortgagee, or any governmental agency, or as Seller otherwise deems appropriate.

9. Buyer acknowledges that construction may continue on the site after Buyer has occupied the Apartment, and sales activities will continue until the last unsold apartment in the Project has been sold.

10. The Purchase Agreement shall not be construed as a present transfer of any interest in the Apartment, but is an agreement to transfer in the future.

11. Buyer waives, relinquishes, and subordinates the priority or superiority of any lien or any other legal or equitable interest arising under the Purchase Agreement in favor of the lien or charge on the Project or the security interests of the Lender, including but not limited to any lien, mortgage, or other charge securing a loan made to finance the acquisition of the land and the costs of construction and other costs during such construction and any and all advances therefor, whether contractual or voluntary, until the final closing and delivery by Seller of an apartment deed to Buyer.

12. Buyer consents to Seller's assignment to Lender, as security, of Seller's interests in the Purchase Agreement and Buyer's deposits with Escrow. In the event Lender acquires Seller's interest in the Purchase Agreement pursuant to said assignment, Buyer will, at Lender's option, perform to, attorn to, and recognize Lender as the Seller under the Purchase Agreement.

13. All renovations to be made to the Apartment in accordance with the Condominium Plans shall be completed prior to conveyance of the Apartment to the Buyer. If the renovations to the Apartment are not completed within six (6) months after the estimated closing date (which period shall in no event extend beyond two (2) years after the date of execution by Buyer of the receipt for the Final Public Report), then at the sole option of Seller, the obligations of both Buyer and Seller under the Purchase Agreement shall terminate.

14. So long as Seller owns an interest in any apartment in the Project, and until the election of the Board of Directors and officers of the Association of Apartment Owners, Seller may exercise all of the powers of the Board of Directors and officers.

15. In the event that the development and renovation of the Project or Apartments is delayed due to any governmental restrictions or regulations enacted after the date of acceptance of the Purchase Agreement by Seller, or by the occurrence of a contingency, the nonoccurrence of which was a basic assumption on which the Purchase Agreement was made, and Seller determines that increases in the

development and construction costs due to such delay require increases in the sales price of apartments to maintain financial feasibility of the Project, Seller may increase the Purchase Price of the Apartment, and after Buyer's receipt of notice of such increase in the Purchase Price, Buyer shall have fifteen (15) days within which to cancel the Agreement. Seller reserves the right, from time to time, to increase or decrease the listed purchase price of any unsold apartment in the Project.

16. After Buyer has receipted for or is deemed to have receipted for the Final Public Report, and Buyer has waived or is deemed to have waived Buyer's right to cancel under H.R.S. §514A-62, Buyer may rescind the Purchase Agreement only if there is a material change in the Project (other than a change made pursuant to the Declaration) which directly, substantially, and adversely affects the use or value of the Apartment or appurtenant limited common elements or the amenities of the Project available for Buyer's use. The foregoing rescission right may be waived as provided in H.R.S. §514A-63.

17. Seller may terminate the Purchase Agreement if (i) Buyer fails to make any payment when due under the Purchase Agreement, or (ii) Buyer fails to furnish to Seller satisfactory evidence of Buyer's ability to pay the Purchase Price, or (iii) if Buyer is paying the Purchase Price partially from the proceeds of a loan to Buyer, Buyer fails to furnish to Seller a firm written commitment for such loan within the time period specified in the Purchase Agreement, or (iv) if Buyer is paying the entire Purchase Price in cash, Buyer fails to provide evidence to Seller of Buyer's ability to pay the Purchase Price as required by the Purchase Agreement, or (v) if Buyer is not a natural person, Buyer fails to have its obligations under the Purchase Agreement guaranteed by a person acceptable to Seller, or (vi) Buyer fails to execute and return the receipt and notice of right to cancel in connection with Buyer's receipt of a copy of the Final Public Report within the time period specified in the Purchase Agreement, or (vii) Buyer fails to perform any other obligation required under the Purchase Agreement and such failure continues for fifteen (15) days after Seller gives written notice to Buyer of such failure, or (viii) the renovations to be made to the Apartment in accordance with the Condominium Plans are not completed within six (6) months after the estimated closing date, or (ix) any Buyer under the Purchase Agreement dies prior to the performance of all of Buyer's obligations under the Purchase Agreement.

18. None of Seller, Project Broker or any of Seller's or Project Broker's representatives has made any representations or references as to the tax treatment (Federal, State or otherwise) of any purchaser of the Apartment, rental of the Apartment, or the income, or any other economic benefit to be derived from the rental of the Apartment. Buyer will not enter into any rental pool or similar arrangement until Seller has closed the sale of all the apartments in the Project or until December 31, 2005, whichever shall first occur.

19. SELLER MAKES NO WARRANTIES OR PROMISES OF ANY KIND ABOUT THE APARTMENT OR THE PROJECT, AND WITH THE EXCEPTION OF THE SELLER'S IMPROVEMENTS, IS SELLING THE APARTMENT "AS IS".

20. Seller may preclose on or about thirty (30) days prior to the estimated Date of Closing by having all documents necessary for closing executed and deposited with Escrow. Upon preclosing, Buyer must deposit into Escrow all sums due at closing, except Buyer's Permanent Loan proceeds, if applicable.

21. Buyer will not take possession of the Apartment prior to the Date of Closing and full satisfaction by Buyer of all terms and conditions of the Purchase Agreement.

22. Within ten (10) days following Buyer's execution of the Purchase Agreement, Buyer shall inspect the Apartment. If based on such inspection, Buyer disapproves the Apartment, Buyer shall be entitled to terminate the Purchase Agreement provided that within seven (7) days after such inspection Buyer delivers written notice of termination to Seller. If Buyer does not deliver such written notice of termination to Seller within said seven (7) day period, Buyer shall be deemed to have accepted the Apartment in its condition as of the inspection date. Within seven (7) days after Seller notifies Buyer that the Apartment is available for final inspection, Buyer shall inspect the Apartment and shall sign an inspection sheet listing (i) any defects in or damages to any improvements made by Seller to the Apartment after the inspection date, and (ii) any repairs or maintenance required to restore the Apartment to the condition it was in as of the inspection date, except to the extent that any improvements made by Seller to the Apartment after the inspection date have modified such condition, or Buyer will appoint the Seller or any agent of Seller to inspect the Apartment and execute the inspection sheet on behalf of Buyer. Buyer agrees to accept possession of the Apartment despite the existence of the damages and defects noted on the inspection sheet as long as Seller agrees to repair such defects or damage within a reasonable time. Buyer agrees to indemnify Seller for any damages resulting from any wrongful refusal to accept possession of the Apartment.

23. Risk of loss to the Apartment shall be borne by Seller until the Date of Closing.

24. Time is of the essence of the obligations of Buyer under the Purchase Agreement.

25. In the event of any default under the Purchase Agreement by Buyer which occurs before the Purchase Agreement becomes a binding contract, Seller may cancel the Purchase Agreement and (a) all moneys paid under the Purchase Agreement shall be refunded or the check returned to Buyer, with interest to the extent provided in the Purchase Agreement, less any cancellation fee imposed by Escrow and any other actual expenses incurred by reason of Buyer having signed the Purchase Agreement; and (b) all costs, including reasonable attorneys' fees, incurred by reason of the default by Buyer shall be paid by Buyer promptly upon Seller's demand therefor. In the event of any default under the Purchase Agreement by Buyer which occurs after the Purchase Agreement becomes a binding contract, Seller may cancel the Purchase Agreement and thereupon, at Seller's option, all sums previously paid by Buyer, together with all accrued interest thereon, shall belong to Seller as liquidated damages.

Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings given them under the Purchase Agreement.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS-CONTAINED IN THE PURCHASE AGREEMENT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF BUYER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, BUYER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.

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Summary of Escrow Agreement

The Escrow Agreement ("Escrow Agreement") dated as of March 5, 2004 made by and between GUARDIAN ESCROW SERVICES, INC. ("Escrow") and NICHIEI U.S.A., INC. ("Developer") contains among other provisions the following (which may be modified or otherwise limited by provisions not summarized herein):

1. **Payment of Funds to Escrow.** Developer is to deliver a copy of the sales contract together with the payment due thereunder to Escrow. Developer is to notify Escrow whether the purchaser's funds were received before or after the issuance of the Final Public Report. Developer to make sure that all purchaser's funds including financed funds be delivered to Escrow.
2. **Receipt of Funds by Escrow.** Escrow is to receive and hold funds from any source relating to the Project and pursuant to the sales contract in separate escrow accounts. Escrow shall not commingle of purchaser's and Developer's funds.
3. **Deposit of Funds; Interest.** All funds to be deposited in federally insured account and interest to be credited to Developer unless otherwise indicated in sales contract. Escrow has no liability for losses resulting from its deposit of funds in such account.
4. **Receipt of Purchaser's Financing Documents.** Escrow is to receive purchaser's financing documents and to act in accordance with instructions of the lender and act in conformance with the sales contract.
5. **Collection of Purchaser's Funds.** Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Escrow shall collect any late charges if specified by the sales contract. Escrow is to collect maintenance charges, real property taxes, any prorations, start up fees, and special assessments in accordance with the sales contract.
6. **Handling of Purchaser's Funds.** Escrow is to earmark funds from purchaser as funds for the purchase of an apartment and shall disburse in accordance with the sales contract.
7. **Disbursement of Purchaser's Funds.** Escrow shall not disburse funds or proceeds except in accordance with the Condominium Act, and until:
 - a) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";
 - b) Escrow receives a certification from the Developer that the sales contract

EXHIBIT K

Page 1 of 3

is effective and that the rescission right requirements in favor of purchaser have been complied with by the Developer; and

c) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances or filed in the Land Court as the case may be.

8. Refunds to Purchasers. The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

a) The Developer and purchaser direct Escrow in writing to return the purchaser's funds in held by Escrow,

b) The Developer and purchaser notify Escrow in writing of Developer's exercise of its right to rescind the sales contract;

c) The Developer and purchaser notify Escrow that the conditions for refund under Sections 514A-62 or 514A-63 of the Condominium Act have been met.

9. Closing Duties and Responsibilities of Escrow. Escrow is to act diligently and with dispatch to close the sales in accordance with the sales contract including coordinating with any permanent lenders and the title insurance company, arranging the proper execution of documents, arranging for any pre-closing or partial closings, and promptly facilitating the recordation/filing of the conveyance, supervising the disbursement of funds, facilitating the cure of any title defects, and otherwise acting to close the sale.

10. Unclaimed Funds. Escrow will provide written notice to the purchaser of any refunds to be paid to the purchaser. 60 calendar days after such notice, Escrow may disburse such funds as escrowed funds of the Developer in accordance with the sales contract.

11. Purchaser's Default. The Escrow Agreement says what will happen to a purchaser's funds upon a default under the sales contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

12. Periodic Reports. Escrow to provide periodic reports to Developer.

13. Disbursements of Developer's Funds. Escrow to disburse funds to Developer as directed by Developer except as otherwise covered in the Escrow Agreement.

14. Exemption of Escrow. If Escrow acts in accordance with the terms of the Escrow Agreement, Escrow is relieved from liability despite contrary direction from purchaser or the Developer. In the event of a dispute, Escrow may submit the issue to legal determination by way of an interpleader or other action.

EXHIBIT K

Page 2 of 3

15. Compensation of Escrow and Expenses. Escrow shall be compensated in accordance with a fee schedule to be mutually agreed to by the Developer and Escrow. Cancellation fees are also provided for.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, ONE MUST REFER TO THE ACTUAL ESCROW AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

ROYAL GARDEN AT WAIKIKI

STATEMENT RE:
CONDITION OF STRUCTURAL COMPONENTS
AND MECHANICAL AND ELECTRICAL INSTALLATIONS
AND USEFUL LIFE ESTIMATIONS

Nichiei U.S.A., Inc. (the "Developer"), the developer of the Royal Garden at Waikiki condominium project (the "Project"), hereby makes the following statement based on a report prepared by Kai Yajima, A.I.A. regarding the condition of the structural components and mechanical and electrical installations and their expected useful lives. The Developer however, expressly states that these statements of conditions and useful life expectancies are only estimations and the actual life expectancies of each item may be shorter than anticipated and therefore, Developer makes no warranties as to the actual life expectancies of each of the items.

NICHIEI U.S.A., INC.

By 
Name: Sachiko Sato
Title: Secretary

Date: July 22, 2004

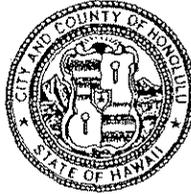
ROYAL GARDEN HOTEL
Equipment and Apparatus

1.	Carpet Replacement	New 2000 / 5 years life
2.	Common Area Furniture	New 2000
3.	A/C System	New 2000 / 5 years
4.	Reline Pool	1994/30 years life
5.	Elevator Cab Renovation	1990 & 1995 years old
6.	Entrance and perimeter Landscaping	Fair condition
7.	Recreation Furniture	1998 / 5 years life
8.	Exterior Paint	1990
9.	Locks & Keys	1994
10.	Water Pump	1992 / 10 years life / Well maintained
11.	Elevators	2000 / New system
12.	Lighting	1990 / 100 years life
13.	Resurface Top Deck	Well maintained
14.	Heat Booster Pumps	Good condition / booster new system
15.	Hot Water Tanks	Good condition / 50 years life
16.	Exhaust Fan Systems	Fair condition
17.	Exterior Renovations	Fair condition
18.	Fire Door, Frames & Closures	Good condition / 20 years life
19.	General Plumbing	Good condition / 20 years life
20.	Parking Garage Lighting	Fair condition
21.	Parking Stall Striping	1994 / Good condition
22.	Pool Bathrooms	1994 / Good condition
23.	Pool Deck Furniture	1995 / Fair condition
24.	Sauna	1994 / Good condition; switches replaced
25.	Security System	Good condition
26.	Backup Generator	Good condition
27.	Chainlink Fence Perimeter	Fair condition
28.	Common Area Bathroom – Pool & Sauna	Good condition
29.	Custodial Equipment PH2	Good condition

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.cc.honolulu.hi.us

JEREMY HARRIS
MAYOR



RANDALL K. FUJIKI, AIA
Acting DIRECTOR
LORETTA K.C. CHEE
DEPUTY DIRECTOR

2000/CLOG-5563(RLK)

January 4, 2001

Mr. Kai Yajima, A.I.A., President
Kai Yajima, A.I.A., Inc.
2600 South King Street, Suite 203
Honolulu, Hawaii 96826-3266

Dear Mr. Yajima:

Subject: Condominium Conversion Project
Royal Garden at Waikiki
440 Olohana Street, Tax Map Key: 2-6-16: 39

This is in response to your letter dated October 12, 2000 requesting verification that the structure at the above-mentioned address met all applicable code requirements at the time of construction.

Investigation revealed that the twenty-four-story 260-unit hotel with 84 off-street parking spaces met all applicable code requirements when it was constructed in 1975 on this 24,250-square-foot previously zoned Hotel/Apartment Precinct. This lot was rezoned to Apartment Precinct on April 1, 1976, which made the hotel and its accessory uses nonconforming.

Investigation also revealed the following:

1. On November 3, 1977, 77/ZBA-120 a variance from the zoning code was approved with conditions to allow addition of sundry shop and toilet to nonconforming hotel which eliminated two off-street parking.
2. On November 3, 1977, 77/ZBA-128 a variance from the zoning code was approved with conditions which allowed the expansion of the existing hotel restaurant with the construction of a mezzanine level.

EXHIBIT M

Mr. Kai Yajima, A.I.A., President

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January 4, 2001

3. On July 23, 1991, 91-WSD-16 a Special District Permit was approved with conditions for the addition of hotel windows.
4. On November 14, 1991, 91-VAR-7 a variance from the zoning code was approved with conditions for the expansion of nonconforming hotel which exceeds maximum density, decreases off-street parking and increases nonconformity.
5. On February 11, 1992, 92/CUP1-4 a Conditional Use Permit was approved with conditions for the joint development of Tax Map Keys 2-6-16: 39 and 2-6-16: 53.
6. On May 19, 1993, 93/WSD-34 a Special District Permit was approved with conditions to paint hotel and add stone veneer.
7. On October 3, 1995, 94/VAR-73 a variance from the zoning code was partially approved to allow the expansion of a nonconforming use by conversion of floor area from storage to banquet room use.
8. On February 3, 1999, 1998/SDD-514 a Special District Permit was approved for exterior alteration.
9. On July 19, 1999, 1999/VAR-23 a variance from the zoning code was approved with conditions for awning encroachment into required yard.
10. On November 15, 1999, 1999/SDD-96 a Special District Permit was approved with conditions for the exterior awning.

On March 17, 2000, building permit No. 506168 was issued to reduce the number of hotel units to 208. This permit is still active. The hotel and accessory uses are considered nonconforming. The structure (spacing, density-FAR) is considered nonconforming under the Land Use Ordinance because the building encroaches into the required 20-foot front yard along two streets, encroaches into the height setback, is deficient in open space, and exceeds the maximum density by 80,674 square feet.

The 63 existing all-weather surface off-street parking spaces were allowed by a variance (91-VAR-7).

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Mr. Kai Yajima, A.I.A., President

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January 4, 2001

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create a separate lot of record.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of this office at 527-6341.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Randall K. Fujiki".

RANDALL K. FUJIKI, AIA
Acting Director of Planning and Permitting

RKF:ft

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