

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Bank of Hawaii, a Hawaii corporation, by its division, Pacific Century Trust, as Trustee of the Robert E. Black Memorial Trust
Address P.O. Box 3170, Honolulu, Hawaii 96802
Project Name (*): QUEEN EMMA GARDENS -- PRINCE TOWER
Address: 1511 Nuuanu Street, Honolulu, Hawaii 96813

Registration No. 4597
(Conversion)

Effective date: May 8, 2001
Expiration date: June 8, 2002

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.
 - CONTINGENT FINAL:**
(green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.
 - No prior reports have been issued.
 - This report supersedes all prior public reports.
 - 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 _____
 - SUPPLEMENTARY:**
(pink) This report updates information contained in the:
 - Preliminary Public Report dated: _____
 - Final Public Report dated: _____
 - Supplementary Public Report dated: _____
- 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 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit M 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:

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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

Bank of Hawaii, a Hawaii corporation, by its division, Pacific Century Trust, as Trustee of the Robert E. Black Memorial Trust

Developer:

Phone: (808) 538-4562

Name*
P.O. Box 3170

(Business)

Business Address
Honolulu, Hawaii 96802

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):

Fred Ferguson-Brey, Vice President, Marilyn Matsumoto,
Vice President, and Bea Okuda, Real Estate Officer

Real Estate
Broker*:

None -- See Page 20

Phone: _____

Name

(Business)

Business Address

Escrow

Title Guaranty Escrow Services, Inc.

Phone: (808) 521-0211

Name

(Business)

235 Queen Street, 1st Floor

Business Address
Honolulu, Hawaii 96813

General
Contractor*:

Not Applicable

Phone: _____

Name

(Business)

Business Address

Condominium
Managing
Agent*:

Touchstone Properties, Ltd.

Phone: (808) 521-6500

Name

(Business)

567 S. King Street, Suite 178

Business Address
Honolulu, Hawaii 96813

Attorney for
Developer:

Randall K. Steverson
Goodsill Anderson Quinn & Stifel

Phone: (808) 547-5600

Name

(Business)

1099 Alakea Street, 18th Floor

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:

Proposed
 Recorded - Bureau of Conveyances: Document No. 98-009496
Book _____ Page _____
 Filed - Land Court: Document No. 2434139

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: See Exhibit I (Encumbrances Against Title)

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:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2649
 Filed - Land Court Condo Map No. 1230

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

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:

Proposed
 Recorded - Bureau of Conveyances: Document No. 98-009498
Book _____ Page _____
 Filed - Land Court: Document No. 2434140

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

See Exhibit I (Encumbrances Against Title)

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:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority of quorum of apartment owners</u>

* 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

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: 1511 Nuuanu Avenue Tax Map Key (TMK): (1) 2-1-005-004
Honolulu, Hawaii 96813

Address TMK is expected to change because _____

Land Area: 8.292 square feet acre(s) Zoning: A-2

Bank of Hawaii, a Hawaii corporation, by its
 division, Pacific Century Trust, Trustee of the
 Fee Owner: Robert E. Memorial Trust
Name
P.O. Box 3170
Address
Honolulu, Hawaii 96802

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: 12
 Exhibit B contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____

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>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input 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

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: No pets of any kind without written consent of the Board.

Number of Occupants: _____

Other: See Exhibit C

There are no special use restrictions.

6. Interior (fill in appropriate numbers): See Exhibit D

Elevators: _____ Stairways: _____ Trash Chutes: _____

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

Total Number of Apartments: 1 in the Prince Tower, 355 in the Project

*** 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:

See Exhibit E

Permitted Alterations to Apartments:

See Exhibit E

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 N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 244 for the Prince Tower, 741 for the entire Project

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>324</u>	<u>54</u>	<u>258</u>	<u>2</u>	<u>100</u>	<u>3</u>	<u>741</u>
Guest	-----	-----	-----	-----	-----	-----	-----
Unassigned	-----	-----	-----	-----	-----	-----	-----
Extra for Purchase	-----	-----	-----	-----	-----	-----	-----
Other: -----	-----	-----	-----	-----	-----	-----	-----
Total Covered & Open:	<u>378</u>		<u>260</u>		<u>103</u>		<u>741</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit F 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: See description of common elements in Exhibit H

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)

The Prince Tower is being sold in "AS IS" condition with "All FAULTS".
See Exhibit G and Purchase and Sale Agreement.

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):

The Developer does not make any representations regarding the condition or expected useful life of structural or mechanical or electrical installations of the Prince Tower or the Project.

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:

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*	_____	*See Exhibit G
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.

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.

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 H.

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 H.

as follows:

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 _____.

as follows:

The Prince Tower has an undivided 33.0602% interest in the common elements of the Project.

- 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 I describes the encumbrances against the title contained in the title report dated February 15, 2001 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>
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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:

The Prince Tower apartment is being sold in AS IS condition WITH ALL FAULTS. The Developer is not making any warranties of any kind, expressed or implied, regarding the Prince Tower or the Project. See Exhibit J and the Purchase and Sale Agreement for further details.

2. Appliances:

The Prince Tower apartment is being sold in AS IS condition WITH ALL FAULTS. The Developer is not making any warranties of any kind, expressed or implied, regarding the Prince Tower or the Project. See Exhibit J and the Purchase and Sale Agreement for further details.

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

The Prince Tower and the Project were completed in 1962.

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):

The owner of the Prince Tower apartment has the right to subdivide the Prince Tower apartment into not more than 235 individual condominium apartments. The developer of the Project, Queen Emma Gardens Development Co., Inc., has reserved certain rights under the Declaration. See Exhibit A.

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 K contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated December 18, 2000
Exhibit L 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.

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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 and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4597 filed with the Real Estate Commission on March 16, 2001.

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C. **Additional Information Not Covered Above**

The party identified as the developer in this report owns only the Prince Tower apartment. The Prince Tower apartment is one apartment out of a total of 355 apartments in the Project. The other 354 apartments are in the King Tower and the Queen Tower.

Queen Emma Gardens Development Co., Inc., a Hawaii corporation (hereinafter called "Development Co."), is the developer who converted the Project into a condominium project. The condominium project includes the King Tower, the Queen Tower and the Prince Tower. Development Co. acquired title to all of the apartments in the King Tower and the Queen Tower of the Project, and undertook a sales program for those apartments. Development Co. filed a Condominium Public Report covering the 354 apartments in the King Tower and the Queen Tower. Development Co. may still own a substantial number of those apartments and may still be undertaking a sales program for those apartments.

This report covers only the Prince Tower apartment. The information set forth in this report is based upon the Declaration and other documents prepared by Development Co., and filed with the Real Estate Commission or the Bureau of Conveyances. Such information, includes without limitation, the total number of apartments in the Project, the total number of parking stalls in the Project, information regarding the King Tower, the Queen Tower and the Prince Tower, and information regarding the common elements of the Project.

The party identified in this report as the "developer" (Bank of Hawaii, through its division, Pacific Century Trust, as Trustee of the Robert E. Black Memorial Trust), was not involved in any aspect of the creation or development of the Project, and has no responsibility or liability for the accuracy of any such information describing the Project. Prospective buyers of the Prince Tower apartment should undertake whatever steps they feel are necessary to confirm any such information.

- 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-] (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.

BANK OF HAWAII, A HAWAII CORPORATION, BY ITS DIVISION,
 PACIFIC CENTURY TRUST, AS TRUSTEE OF THE ROBERT E.
 BLACK MEMORIAL TRUST

Printed Name of Developer

By:  March 1, 2001
 Duly Authorized Signatory* Date

FRED FERGUSON-BREY, VICE PRESIDENT
 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.***

RESERVED RIGHTS TO CHANGE CONDOMINIUM DOCUMENTS

Following is a brief summary of certain provisions in the Declaration and By-Laws, wherein the owner of the Prince Tower apartment, and the developer of the Project, Queen Emma Gardens Development Co., Inc., a Hawaii corporation ("**Development Co.**"), each have certain reserved rights to change the condominium documents, including the Declaration, By-Laws, House Rules and the Condominium Map:

I. RIGHT TO SUBDIVIDE PRINCE TOWER APARTMENT

Under paragraph T of the Declaration, the owner of the Prince Tower apartment has the right to subdivide the Prince Tower apartment into not more than 235 individual condominium apartments. The owner has the right to successively amend the Declaration and the Condominium Map (and the By-Laws, if necessary) and take any other action required by the Condominium Property Act (Chapter 514A, Hawaii Revised Statutes) (the "**Condominium Property Act**") to effectuate such subdivision, without the necessity of obtaining the consent or joinder of the Association, the Board, or any other apartment owners or their mortgagees. In connection with such subdivision, the owner of the Prince Tower apartment has the right to designate portions of the Prince Tower apartment as common elements, including limited common elements. Upon the subdivision of the Prince Tower apartment, the Association must obtain a reserve study for the Project, and all the apartment owners in the Project will be assessed for the amounts (if any) required to establish the reserves attributable to their respective buildings, as required by the Condominium Property Act.

In exercising the foregoing right, the owner of the Prince Tower apartment also has the following rights:

1. To amend the Declaration, the Condominium Map and the By-Laws consistent with any grant or reservation of rights to the owner of the Prince Tower apartment under the Declaration, without obtaining the approval or consent of the Association, any apartment owner or any mortgagee.

2. To conduct sales of apartments in the Prince Tower at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales.

EXHIBIT A

3. To amend the Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any owner or purchaser of an apartment, 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, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency.

II. DEVELOPMENT CO.'S RESERVED RIGHTS

In paragraph R of the Declaration, Development Co. reserves the right, at any time prior to the conveyance of apartments to which are appurtenant more than 25% of the common interests in the Project, to amend the Declaration and the By-Laws in any manner as Development Co. may deem fit, and specifically, may amend the designation of the parking stalls appurtenant to the apartments.

In paragraph U of the Declaration, Development Co. reserves the right for itself and its agents, until such time as all the apartments in the Project are sold, to:

1. Grant utility and access easements and quitclaim any easements in favor of the Project which are not required for the Project. Apartment owners agree, upon request, to join in and execute any and all documents designating, granting and quitclaiming any such easements.

2. Amend the Declaration, the Condominium Map and By-Laws consistent with any grants or reservations of Development Co. under the Declaration.

3. Conduct sales of apartments at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces, and erecting lighting in connection with such sales.

4. Convey apartments U/K-1 and U/K-3 to the Association at such time(s) as determined by Development Co., at no cost to the Association; provided, however, that the Association shall pay all common expenses and any other expenses assessed against said apartments, except as otherwise provided in paragraph J of the Declaration.

5. Amend the Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any purchaser or owner of an apartment, 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, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency.

In Article II, Section 2 of the By-Laws, Development Co. reserves the right to exercise the powers, vote and act for the Association and the Board on all matters until the first apartment in the Project is conveyed to a buyer (except as to those rights reserved to Development Co. in paragraph U of the Declaration, which rights are reserved until all of the activities described therein have been completed).

This Exhibit contains only a brief summary of the provisions contained in the Declaration and the By-Laws respecting the right to subdivide the Prince Tower apartment and Development Co.'s reserved rights. Prospective owners should read and understand all of the provisions relating to the right to subdivide the Prince Tower apartment and Development Co.'s reserved rights contained in the Declaration and By-Laws.

DESCRIPTION OF BUILDINGS

The Project consists of three (3) buildings, designated as the King Tower, Queen Tower, and Prince Tower, which are constructed primarily of reinforced concrete. The Prince Tower contains twelve (12) stories, beginning with the 1st/Garden floor and ending with the 12th floor. Below the 1st/Garden floor is a partial basement/lobby level designated as the Upper floor, and below the Ground floor is a basement level designated as the Lower floor. There is also a two-story parking garage which connects the Upper and Lower floors of the Prince Tower and the King Tower

The King Tower and Queen Tower each contain twenty-two (22) stories beginning with the 1st floor and ending with the 23rd floor (the 13th floor being omitted). The King Tower and the Queen Tower also contain certain floors below the 1st floor.

USE RESTRICTIONS FOR APARTMENTS AND COMMON ELEMENTS

The following provisions in the Declaration, By-Laws and House Rules, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

I. DECLARATION

Pursuant to paragraph J of the Declaration, the Prince Tower apartment and the yard area appurtenant to the Prince Tower apartment may be used for any purpose permitted by law.

Each residential apartment in the King Tower and the Queen Tower must be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. Said apartments can not be rented for transient or hotel purposes, or used in connection with any time-sharing program, or rental pool.

Apartment U/K-1 may be used as an office for the resident manager and for any other purpose permitted by law. Apartment U/K-3, which will be conveyed to the Association, will be leased to Development Co. or its real estate brokerage affiliate for the purpose of managing apartments in the Project which are leased to tenants.

II. BY-LAWS

Article VIII, Section 4 of the By-Laws lists a variety of restrictions affecting the use of the apartments and common elements, including, without limitation, restrictions as to the posting of advertisements, posters or other signs on or about the Project; noise; disposal of garbage; uses which may cause an increase in the ordinary premium rates or cancellation or invalidation of any insurance maintained by or for the Board; improper or offensive activities; the storage of furniture, packages or other objects which could obstruct transit through the common elements; the alteration or removal of any furniture belonging to the Association; the construction or placement in the Project of any building or structure; the alteration of any common elements of the Project; installation or maintenance of television and other antennas in the Project visible from any point outside of the Project; and the keeping of pets.

III. HOUSE RULES

Section A of the House Rules lists rules relating to general matters, including, without limitation, restrictions as to creating any hazards in the Project; waterbeds; hazardous materials; fireworks; renting of the apartments, compliance with laws, and verbal abuse.

Section B of the House Rules lists restrictions affecting the apartments, including, without limitation, restrictions as to the exterior appearance of the apartments (e. g, prohibitions against attaching or hanging awnings, venetian blinds, window guards, radio or television antenna, planters, garments and other objects to the exterior of the apartments); noise; the keeping of pets; disposal of rubbish; the keeping of explosives or flammable, noxious materials; and the conduct of guests.

Section C of the House Rules lists restrictions affecting the common and limited common elements of the Project, including without limitation, restrictions as to soliciting for sales of goods and services; the storage of surfboards and bicycles; the alteration or removal of the furniture made available in the common areas; obstructing access in the Project; litter; the conduct of children; removal, picking or transplanting of any of the Project landscaping; use of the laundry area and facilities, and antenna and satellite dishes.

Section D of the House Rules lists restrictions affecting vehicles in the Project, including, without limitation, restrictions as to the washing, cleaning or polishing of cars and motorcycles; storage of personal items in the parking stalls; movement of vehicles while in the Project; parking which may impede or prevent ready access to any entrance or to any exit from the Project by another vehicle; repairing automobiles or motorcycles in the Project; loading zones; clean up of leaking oil; and parking permits for all cars parked in the Project.

Exhibits 1 through 4 of the House Rules list restrictions affecting the swimming pool and wading pool, use of laundry facilities and the teahouses, and installation of air conditioners.

This Exhibit contains only a brief summary of certain use provisions stated in the Declaration, By-Laws and House Rules. Prospective owners should read and understand all of the use related provisions contained in the aforesaid documents.

DESCRIPTION OF BUILDING INTERIORS

There are three hundred fifty five (355) apartments in the Project, of which three hundred fifty-two (352) are intended for residential use and three (3) are intended for commercial use. All of the Prince Tower contains one apartment, which is intended for commercial use.

There are two (2) elevators and three (3) stairways in the Prince Tower. There is one (1) trash chute in the Prince Tower.

The Condominium Map indicates that within the Prince Tower apartment there are nine (9) types of spaces, designated from G through O. Types G, I, J, K and L contain one (1) bedroom and one (1) bathroom. Types H and M contain no bedrooms and one (1) bathroom. Types N and O contain two (2) bedrooms and one (1) bathroom. The number of each type and the net living areas and lanai areas of each type in the Prince Tower are as follows:

<u>Type</u>	<u>Number</u>	<u>Net Living Area (s.f.)</u>	<u>Lanai Area (s.f.)</u>
G	11	559	0
H	12	417	0
I	57	548	0
J	12	566	0
K	22	548	89
L	24	548	89
M	72	361	0
N	24	674	66
O	1	787	0

The location, type, net living area, net lanai area, gross living area, gross lanai area, and number of bedrooms for each of the apartments in the King Tower and Queen Tower are shown on the Condominium Map and set forth in Exhibit B to the Declaration, as amended by the Queen Emma Gardens Amendment of Declaration of Condominium Property Regime, dated September 16, 1998, filed as Land Court Document No. 2486771, and recorded as Document No. 98-141896.

BOUNDARIES AND PERMITTED ALTERATIONS TO APARTMENTS

I. BOUNDARIES OF THE PRINCE TOWER APARTMENT

The Prince Tower apartment is unique, and Paragraph D of the Declaration describes the boundaries of the Prince Tower apartment as follows:

The Prince Tower apartment shall be deemed to include:

- (i) all foundations, columns, girders, beams, floor slabs, supports, roofs, perimeter walls, perimeter doors and frames, windows and window frames, lanais, lobbies, decks, balconies, corridors, elevators and elevator shafts, stairways, walkways, entrances, exits, and refuse facilities located within or for the exclusive use of the Prince Tower apartment;
- (ii) all driveways, loading areas, parking area entryways and exitways located within or for the exclusive use of the Prince Tower apartment;
- (iii) all fixtures and appliances in the Prince Tower apartment; and
- (iv) all mechanical rooms, switchboard rooms, fan rooms, primary vaults, trash chutes and rooms, janitorial closets, electrical transformer vaults, exhaust plenums and areaways, intake areaways, generators, all central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television and cable lines, sewage disposal and other utilities (including all pipes, ducts, wire, cables and conduits used in connection therewith), and all boilers, tanks, pumps, motors, fans, ducts, and other apparatus and installations existing for or in the Prince Tower apartment *for its exclusive use.*

II. PERMITTED ALTERATIONS TO APARTMENTS

The Declaration and By-Laws permit alterations to the apartments as follows:

A. DECLARATION

Paragraph T of the Declaration provides that the owner of the Prince Tower apartment has the following rights to alter the Prince Tower apartment:

1. To install, at such owner's expense, a submeter for electricity, water or sewer used by the Prince Tower apartment and its limited common element yard area. In such event, the owner shall pay the actual costs for electricity, water or sewer, as

determined by said sub-meter(s), together with such owner's proportionate share of electricity, water and sewer for the common elements, instead of paying such owner's proportionate share of electricity, water and/or sewer (as the case may be) for the entire Project.

2. To perform, at such owner's expense, all work necessary or appropriate for the use and occupancy of the Prince Tower apartment for the uses permitted under the Declaration, including but not limited to, architectural, structural, mechanical and electrical work and work required under applicable building and zoning codes and other regulations.

Paragraph P of the Declaration provides that except as otherwise provided in the Declaration, rebuilding, restoration or replacement of the Project, or construction of any additional building or structural alteration or addition to any building different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any apartment owner only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) or more of the apartment owners, accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

Any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment which do not alter the characteristics of such apartment or limited common element, shall require the written consent and approval of the apartment owner's plans therefor only by the holders of all *liens affecting such apartment (if the lien holders require such consent and approval)* and the Board, and such alterations or additions may be undertaken without an amendment to the Declaration or the filing of a complete set of floor plans of the Project so altered.

No owner shall install any solar energy devices or make any addition or alteration in or to such owner's apartment which may affect the common elements or change the exterior appearance of the Project, without the prior written consent thereto of the Board.

B. BY-LAWS

Article VIII, Section 3(A) of the By-Laws provides that additions, alterations, repairs or improvements to the common or limited common elements of the Project may

be made only by or at the direction of the Board, except as provided for in the Declaration.

This Exhibit contains excerpts of the provisions contained in the Declaration and the By-Laws respecting permitted alterations to the apartments. Prospective owners should read and understand all of the provisions relating to permitted alterations contained in the aforesaid documents.

PARKING

The Prince Tower apartment has appurtenant to it as a limited common element the parking spaces designated in Exhibit "B" to the Declaration, as amended by the Queen Emma Gardens Amendment of Declaration of Condominium Property Regime, dated September 16, 1998, filed as Land Court Document No. 2486771, and recorded as Document No. 98-141896.

Although there are no guest parking stalls specifically designated as such, commercial apartment U/K-1, which is to be conveyed to the Association, may have certain parking stalls assigned to it as limited common elements, any number of which the Board, on behalf of the Association, may designate for guest parking.

The House Rules contain specific provisions concerning vehicles and parking. The provisions cover restrictions relating to, without limitation, vehicle registration by residents with the Board of Directors or Managing Agent, washing of vehicles, storage of personal items in parking stalls, and avoidance of access problems caused by vehicles. The House Rules also address particular problems such as tow-away for unauthorized parking and operation of vehicles while in the Project. Nuisances created by repairs, maintenance, noise and improper or unsafe vehicle operating conditions are prohibited. Owners will be held responsible for violations of parking rules by their lessees, renters or guests.

NON-CONFORMING USES AND STRUCTURES

According to a letter dated November 1, 1996, from the Building Department of the City and County of Honolulu (now known as the Building Division of the Department of Planning & Permitting), the buildings of the Project met all applicable code requirements at the time of their construction in 1962, except the Prince Tower. The Building Department records showed that the Prince Tower was constructed with only 230 apartment units. The first floor storage area on the approved plans had been converted into five (5) additional dwelling units without obtaining any building permits. In response to that letter, the developer obtained a building permit for the five (5) dwelling units. In connection with obtaining the permit, however, the Department of Land Utilization (now known as the Land Use Permits Division) advised that the 638 existing parking stalls for the Project are nonconforming because under current zoning requirements, 952 parking stalls would be required for the Project.

The Building Department's investigation also revealed the following nonconforming conditions: The apartments have openable windows with a sill height of less than forty-two (42) inches from the finished floor that lack guardrails located on floors more than five (5) feet above the adjacent grade.

The existence of these nonconforming conditions means that in the event of a major casualty, such that any or all of the buildings are destroyed to an extent of more than fifty percent (50%) of their replacement value at the time of destruction, they cannot be reconstructed except in conformity with the applicable provisions of the Land Use Ordinance. No other variances or special permits were granted to allow deviations from any applicable codes. The developer will not correct the nonconforming condition and cannot determine whether the Project contains any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

I. COMMON ELEMENTS

Paragraph E of the Declaration describes the common elements as all portions of the land and improvements (other than the apartments), the land on which the building is located and all common elements mentioned in the Condominium Property Act which are actually constructed on the land described in the Declaration. The common elements include, but are not limited to, the following:

1. The land described in Exhibit A attached to the Declaration, as amended.
2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surfaces within each apartment), roofs, corridors, stairways, walkways, entrances and exits of each of the King Tower and the Queen Tower.
3. All yards, grounds, planters, planting areas, landscaping, refuse and like facilities which are not part of any apartment.
4. All driveways, loading areas, parking area entryways and exitways, and the 638 parking stalls, 103 tandem stalls, 23 motorcycle/bicycle stalls and the bicycle parking area designated on the Condominium Map, which are not part of any apartment.
5. All mechanical rooms, switchboard rooms, fan rooms, primary vaults, trash chutes and rooms, janitorial closets, electrical transformer vaults, exhaust plenums and areaways, intake areaways, generators, all central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television and cable lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all boilers, tanks, pumps, motors, fans, ducts, and other apparatus and installations existing for, or in each building for common use and not for the exclusive use of, any apartment.
6. All lobbies, decks, balconies, corridors, elevators and stairways situate within the Project and not within any apartment.
7. The north tea house, the east tea house, the fish pond, picnic area and shed located in the northeast corner of the Project, as shown on the Condominium Map.

8. The swimming pool, wading pool, play area and sitting areas located in the southeast corner of the Project, as shown on the Condominium Map.

9. The areas designated on the Condominium Map as L/K-1 (workshop), L/K-2, and L/K-3 (storage rooms with lockers) and L/K-5 (lounge room) located on the Lower floor of the King Tower; U/K-2 (laundry room), U/K-4 (maintenance/security), mailroom (including all mailboxes), and the men's and women's restrooms located on the Upper floor of the King Tower; and G/K-1, G/K-2 and G/K-3 (storage rooms), and the men's and women's restrooms located on the Garden floor of the King Tower.

10. The areas designated on the Condominium Map as L/Q-1 and L/Q-7 (storage rooms with lockers) and L/Q-2 (storage room) located on the Lower floor of the Queen Tower; U/Q-1 (storage room with lockers), U/Q-2 (maintenance workshop), U/Q-3 (office/storage), mailroom (including all mailboxes), and the men's and women's restrooms located on the Upper floor of the Queen Tower; and G/Q-1 (laundry room and adjoining restroom) and G/Q-2 (storage) located on the Garden floor of the Queen Tower.

II. LIMITED COMMON ELEMENTS

Paragraph F of the Declaration describes the limited common elements as certain parts of the common elements which are set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. The yard area surrounding the Prince Tower apartment and designated on the Condominium Map as a limited common element, is a limited common element appurtenant to the Prince Tower apartment. The yard area may be changed from a limited common element to a common element, at the option of the owner of the Prince Tower apartment, at the time the Prince Tower apartment is subdivided into more than one apartment, pursuant to paragraph T of the Declaration.

2. The parking stall(s) designated for each of the apartments in Exhibit B attached to the Declaration, as amended.

3. One (1) mailbox located in the respective mailrooms of the King Tower and the Queen Tower, which mailbox bears the same number as the number of the apartment in said building.

4. Each apartment in the King Tower and Queen Tower that has a lanai immediately adjacent to it, as shown on the Condominium Map, has such lanai for its exclusive use and enjoyment.

5. The areas designated on the Condominium Map as L/K-1 (workshop), L/K-2 and L/K-3 (storage rooms with lockers) located on the Lower floor of the King Tower; and U/K-2 (laundry room), U/K-4 (maintenance/security) located on the Upper floor of the King Tower, are limited common elements appurtenant to commercial apartment U/K-1.

6. The areas designated on the Condominium Map as L/Q-1 and L/Q-7 (storage rooms with lockers) and L/Q-2 (storage room) located on the Lower floor of the Queen Tower; U/Q-1 (storage room with lockers) and U/Q-2 (maintenance workshop) located on the Upper floor of the Queen Tower; and G/Q-1 (laundry room and adjoining restroom) located on the Garden floor of the Queen Tower, are limited common elements appurtenant to commercial apartment U/K-1.

7. The area designated on the Condominium Map as U/Q-3 (office/storage) located on the Upper floor of the Queen Tower is a limited common element appurtenant to commercial apartment U/K-3.

ENCUMBRANCES AGAINST TITLE

1. -AS TO PARCEL FIRST:-
 - (A) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
 - (B) -AS TO LOT A:- Access to a public highway in favor of Lot 3-A, as set forth by Land Court Order No. 122030, filed October 4, 1995.
 - (C) -AS TO LOTS A AND B:-
 - (1) Restriction of access rights along the boundary abutting Lunalilo Freeway as shown on File Plan No. 712, as set forth in instrument recorded in Liber 4393 at Page 5.
 - (2) Restriction of rights of access into and from Interstate Route H-1, Federal Aid Project No. IM-IR-H1-1(216), which restriction was imposed by the STATE OF HAWAII, by LIMITED WARRANTY DEED dated May 2, 1996, filed as Land Court Document No. 2306805, recorded as Document No. 96-062250.
2. -AS TO PARCEL SECOND:-
 - (A) -AS TO LOT 3-A:- Designation of restriction of access rights, as shown on Map 4, as set forth by Land Court Order No. 122030, filed October 4, 1995.
 - (B) Excluding therefrom vehicular access into and from Lunalilo Freeway, Federal Aid Project F-59(2) Section "J", Nuuanu Avenue to Pele Street, over and across the common boundary of Lot 1-A and Lot 3, as shown on Maps 2 and 3 of Land Court Application No. 1273 (amended), as set forth in DEED dated July 21, 1959, filed as Land Court Document No. 240958.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED
DATED : October 22, 1962
FILED : Land Court Document No. 298283

EXHIBIT I

RECORDED : Liber 4393 Page 5

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

INSTRUMENT : DECLARATION OF RESTRICTIVE
COVENANTS (PRIVATE PARK)

DATED : June 2, 1997

FILED : Land Court Document No. 2387031

RECORDED : Document No. 97-080626

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

INSTRUMENT : DECLARATION OF CONDOMINIUM
PROPERTY REGIME FOR "QUEEN EMMA
GARDENS" CONDOMINIUM PROJECT

DATED : January 21, 1998

FILED : Land Court Document No. 2434139

RECORDED : Document No. 98-009496

MAPS : 1230 filed in the Office of the Assistant Registrar of
the Land Court, and 2649 recorded in the Bureau of
Conveyances, and any amendments thereto

Joinder by BANK OF HAWAII, a Hawaii corporation, by its division, PACIFIC CENTURY TRUST, Successor by Merger to Hawaiian Trust Company, Limited, a Hawaii corporation, as Trustee, by instrument dated January 21, 1998, recorded as Document No. 98-009497.

Said Declaration was amended by instruments dated September 16, 1998, filed as Land Court Document No. 2486771, recorded as Document No. 98-141896, dated October 27, 1998, filed as Land Court Document No. 2497135, recorded as Document No. 98-164518, dated November 10, 1998, filed as Land Court Document No. 2501056, recorded as Document No. 98-174115, dated December 31, 1998, filed as Land Court Document No. 2511886, recorded as Document No. 99-001209, dated January 13, 1999, filed as Land Court Document No. 2514545, recorded as Document No. 99-007484, dated December 24, 1998, filed as Land Court Document No. 2515753, recorded as Document No. 99-010751, dated February 4, 1999, filed as Land Court Document No. 2520511, recorded as Document No. 99-020675, dated February 16, 1999, filed as Land Court Document No. 2522417, recorded as Document No. 99-025221, dated February 22, 1999, filed as Land Court Document No. 2524099, recorded as Document

No. 99-028994, dated December 22, 1999, filed as Land Court Document No. 2526729, recorded as Document No. 99-035452, dated March 8, 1999, filed as Land Court Document No. 2527348, recorded as Document No. 99-036872, dated March 18, 1999, filed as Land Court Document No. 2530608, recorded as Document No. 99-044852, filed as Land Court Document No. 2530613, recorded as Document No. 99-044859, filed as Land Court Document No. 2530617, recorded as Document No. 99-044863, filed as Land Court Document No. 2532129, recorded as Document No. 99-048794, dated December 24, 1998, filed as Land Court Document No. 2535586, recorded as Document No. 99-057859, filed as Land Court Document No. 2535588, recorded as Document No. 99-057861, dated April 9, 1999, filed as Land Court Document No. 2535921, recorded as Document No. 99-058500, dated May 24, 1999, filed as Land Court Document No. 2547361, recorded as Document No. 99-085409, dated May 26, 1999, filed as Land Court Document No. 2547878, recorded as Document No. 99-086463, dated June 25, 1999, filed as Land Court Document No. 2556706, recorded as Document No. 99-104766, dated June 28, 1999, filed as Land Court Document No. 2557623, recorded as Document No. 99-106980, dated July 8, 1999, filed as Land Court Document No. 2561714, recorded as Document No. 99-116774, dated September 24, 1999, filed as Land Court Document No. 2578563, recorded as Document No. 99-157784, dated October 7, 1999, filed as Land Court Document No. 2581910, recorded as Document No. 99-165766, dated October 18, 1999, filed as Land Court Document No. 2583687, recorded as Document No. 99-169668, dated October 22, 1999, filed as Land Court Document No. 2585617, recorded as Document No. 99-173739, filed as Land Court Document No. 2585622, recorded as Document No. 99-173746, dated November 10, 1999, filed as Land Court Document No. 2591105, recorded as Document No. 99-187271, dated November 23, 1999, filed as Land Court Document No. 2591867, recorded as Document No. 99-189604, filed as Land Court Document No. 2591872, recorded as Document No. 99-189611, dated December 6, 1999, filed as Land Court Document No. 2594001, recorded as Document No. 99-194522, dated December 9, 1999, filed as Land Court Document No. 2594809, recorded as Document No. 99-196537, and filed as Land Court Document No. 2594813, recorded as Document 99-196543, dated January 10, 2000, filed as Land Court Document No. 2601468, recorded as Document No. 2000-005824, dated January 4, 2000, filed as Land Court Document No. 2601557, recorded as Document No. 2000-006181, dated February 22, 2000, filed as Land Court Document No. 2609627, recorded as Document No. 2000-026911, dated February 28, 2000, filed as Land Court Document No. 2610600, recorded as Document No. 2000-029016, dated February 25, 2000, filed as Land Court Document No.

2611351, recorded as Document No. 2000-030791, dated March 3, 2000, filed as Land Court Document No. 2612443, recorded as Document No. 2000-033674, and dated March 10, 2000, filed as Land Court Document No. 2612727, recorded as Document No. 2000-034446, dated April 11, 2000, filed as Land Court Document No. 2619460, recorded as Document No. 2000-050466, dated April 11, 2000, filed as Land Court Document No. 2621056, recorded as Document No. 2000-055025, dated April 25, 2000, filed as Land Court Document No. 2622125, recorded as Document No. 2000-057883, dated April 13, 2000, filed as Land Court Document No. 2623509, recorded as Document No. 2000-060715, dated May 8, 2000, filed as Land Court Document No. 2625325, recorded as Document No. 2000-065443, dated May 10, 2000, filed as Land Court Document No. 2626766, recorded as Document No. 2000-069384, dated October 14, 1999, filed as Land Court Document No. 2638013, recorded as Document No. 2000-097803, dated July 12, 2000, filed as Land Court Document No. 2638671, recorded as Document No. 2000-099437, dated July 18, 2000, filed as Land Court Document No. 2639821, recorded as Document No. 2000-102294, dated July 13, 2000, filed as Land Court Document No. 2639827, recorded as Document No. 2000-102300, dated July 20, 2000, filed as Land Court Document No. 2640651, recorded as Document No. 2000-104641, dated July 13, 2000, filed as Land Court Document No. 2641135, recorded as Document No. 2000-105532, dated August 22, 2000, filed as Land Court Document No. 2646465, recorded as Document No. 2000-118557, dated August 22, 2000, filed as Land Court Document No. 2647206, recorded as Document No. 2000-120036, dated July 18, 2000, filed as Land Court Document No. 2647381, recorded as Document No. 2000-120516, dated August 17, 2000, filed as Land Court Document No. 2647940, recorded as Document No. 2000-121409, dated September 11, 2000, filed as Land Court Document No. 2650670, recorded as Document No. 2000-128532, dated --- (acknowledged September 8, 2000), filed as Land Court Document No. 2651073, recorded as Document No. 2000-129492, dated September 11, 2000, filed as Land Court Document No. 2651835, recorded as Document No. 2000-131476, dated September 19, 2000, filed as Land Court Document No. 2652574, recorded as Document No. 2000-133210, dated September 17, 2000, filed as Land Court Document No. 2652581, recorded as Document No. 2000-133217; (re: parking stalls.), dated September 28, 2000, filed as Land Court Document No. 2659287, recorded as Document No. 2000-149206, dated November 7, 2000, filed as Land Court Document No. 2664143, recorded as Document No. 2000-159911, dated December 4, 2000, filed as Land Court Document No. 2671544, recorded as Document No. 2000-177573, and dated February 5, 2001, filed as Land Court Document No. 2681996, recorded as Document No. 2001-017690.

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF
APARTMENT OWNERS
DATED : January 21, 1998
FILED : Land Court Document No. 2434140
RECORDED : Document No. 98-009498

Joinder by BANK OF HAWAII, a Hawaii corporation, by its division, PACIFIC CENTURY TRUST, Successor by Merger to Hawaiian Trust Company, Limited, a Hawaii corporation, as Trustee, by instrument dated January 21, 1998, recorded as Document No. 98-009499.

Said By-Laws were amended by instrument dated October 14, 1999, filed as Land Court Document No. 2638013, recorded as Document No. 2000-097803, and dated September 28, 2000, filed as Land Court Document No. 2659287, recorded as Document No. 2000-149206.

7. Unrecorded Option Agreement dated August 1, 1998, of which a MEMORANDUM OF OPTION AGREEMENT is dated September 22, 1998, filed as Land Court Document No. 2490717, recorded as Document No. 98-150370, entered into by and between BANK OF HAWAII, a Hawaii corporation, by its division, Pacific Century Trust, as Trustee for the Robert E. Black Memorial Trust, as amended and restated by instrument dated October 25, 1991, and Hawaiian Trust Company, Limited, as Corporate Trustee, "Owner", and ICCMIC OF HAWAII LIMITED LIABILITY COMPANY, a Hawaii limited liability company, "Optionee".
8. Any unrecorded leases and matters arising from or affecting the same.
9. Encroachments as shown on survey map prepared by George A. Sumida, Professional Licensed Land Surveyor, with ParEn, Inc., dba Park Engineering, dated July 8, 1998, to-wit:

A 6-foot height chain link fence which runs along the north boundary corner crossing the northerly boundary line and encroaches into the Lunalilo Freeway right-of-way by 1.3 feet, fence in subject also crosses the southeasterly boundary line and encroaches into the Pali Highway right-of-way by 0.5 feet.

NO CONSTRUCTION WARRANTIES

Paragraph 4 of the Purchase and Sale Agreement to be used for the sale of the Prince Tower apartment provides as follows:

4. "AS-IS" Condition of Property.

4.1 Chapter 508D. Buyer understands, acknowledges and agrees that Seller is not required to, and will not make, any disclosures pursuant to Chapter 508D of the Hawaii Revised Statutes.

4.2 Buyer Acquiring Property "As Is". Buyer is relying solely upon its own inspection, investigation and analyses of the Property in entering into this Agreement and consummating the Closing and, except for the documents provided to Buyer pursuant to Paragraph 6 hereof, Buyer is not relying in any way upon any representations, statements, agreements, warranties, studies, reports, descriptions, guidelines or other information or material furnished by Seller or its representatives, whether oral or written, express or implied, of any nature whatsoever. **Buyer hereby agrees to accept the Property AS IS, WITH ALL FAULTS, without any expressed or implied warranties or guarantees, as to the condition, use, history, fitness or structural soundness of the Property", without any warranties whatsoever other than any title warranty set forth in the Deed for the Property.** No patent or latent condition affecting the Property in any way shall affect Buyer's obligations hereunder, nor shall any such condition give rise to any right of damage or rescission against Seller. Such conditions may include, without limitation:

- (a) The effect of (including non-compliance with) any applicable laws, statutes, rules, regulations, ordinances, limitations, restrictions or requirements concerning the use, density, location, construction or suitability for use or development of the Property or any existing or proposed development or condition thereof (collectively the "**Regulations**"), including but not limited to zoning, land use, development plan, subdivision, building, construction, Hazardous Materials, archeological, environmental or other such Regulations;
- (b) The necessity or availability of any development plan amendments, rezoning, zoning variances, conditional use permits, building permits, environmental impact statements, subdivision maps, and all other governmental permits, approvals or acts;
- (c) The necessity and existence of all dedications, fees, charges, costs or assessments which may be imposed by the City and County of Honolulu,

the State of Hawaii, and any other governmental or quasi-governmental agencies or entities in connection with use or development of the Property; the economic value of the Property;

- (d) The size, dimensions, location and topography of the Property, including its location within any flood zone or tsunami inundation zone; the availability or adequacy of access to the Property, or of water, sewage, gas, electrical or other utilities serving the Property;
- (e) The presence or adequacy of infrastructure or other improvements on, near or concerning the Property;
- (f) The extent or condition of any grading or other site work relating to the Property or as may be hereafter required for any future development or re-development of the Property;
- (g) Any surface, soil, subsoil, geologic, drainage or groundwater conditions or other physical conditions and characteristics of or affecting the Property, such as aircraft overflight, traffic, climate, drainage, air, water or minerals; the existence on or under the Property of any Hazardous Materials;
- (h) The existence or condition of any surface or underground storage tanks on or under the Property; and
- (i) All other matters concerning the condition, use, development or sale of the Property.

Except as expressly stated elsewhere in this Agreement, Seller makes no representation or warranty concerning the Property or any of the matters described above.

4.3 Buyer's Inspection of Property. Upon expiration of the Due Diligence Period, Buyer acknowledges that it will be familiar with the Property and will have made such independent investigations as Buyer deems necessary or appropriate concerning Buyer's intended use or development of the Property or the suitability of the Property for development. Buyer further acknowledges that Buyer is relying solely on its own investigation of the Property and review of the information and documentation concerning the Property, and not (except for Seller's express representations contained in Paragraph 10 hereof) on any information provided or to be provided by Seller. Buyer further acknowledges that any information made available to Buyer or provided or to be provided by or on behalf of Seller with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information and makes no representations as to the accuracy or completeness of such information.

4.4 Buyer's Release of Seller. Buyer agrees to fully and irrevocably release Seller from any and all claims that it may now have or hereafter acquire against Seller from any costs, loss, liability, damage, expense, demand, action or cause of action arising from such information or documentation. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person. Buyer further acknowledges and agrees that Seller has no obligations to make repairs, replacements or improvements except as may otherwise be expressly stated herein. Buyer represents, warrants, and covenants to Seller, which representation, warranty, and covenant shall survive the close of escrow and not be merged with the deed, that, except for Seller's express representations and warranties specified in this Agreement, Buyer is relying solely upon Buyer's own investigation of the Property.

This Exhibit contains excerpts of provisions contained in the Purchase and Sales Agreement respecting construction warranties. Prospective owners should read and understand all of the provisions contained in the Purchase and Sale Agreement document relating to such warranties.

SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Purchase and Sale Agreement with the Hawaii Real Estate Commission, which contains certain pertinent provisions summarized as follows:

1. **"AS-IS" Condition of Property.** The Buyer acknowledges that the Buyer is relying on its own inspection of the Property, and agrees to acquire the Property AS IS, WITH ALL FAULTS. The Buyer releases the Seller from any claims arising from any information the Seller provides to the Buyer.
2. **Due Diligence Period.** The Buyer will have a "Due Diligence Period" to be agreed upon with the Seller to inspect the Property, and evaluate all matters relating to the Property, including zoning and the physical condition of the Property.
3. **Seller's Instruments.** The Seller will convey its interests in the Property by a trustee's limited warranty deed, and a quitclaim bill of sale and assignment.
4. **Costs.** The Buyer will be responsible for the costs of escrow, title search and title insurance, any surveys, the conveyance tax, and recording fees.
5. **Future Development of Prince Tower.** The Buyer is prohibited from amending the Declaration or dividing the Prince Tower into more than one apartment until after closing. If the Buyer does divide the Prince Tower apartment into more than one apartment, the Buyer will give present tenants of the Prince Tower apartment the first right to purchase an apartment. For any present tenants who have lived in the Prince Tower for ten or more years, the Buyer will also use reasonable efforts to sell the apartment the tenant is renting to an owner-investor so that the tenant may remain in such apartment as a tenant. For any Tenured Tenants, the Buyer will use best efforts to provide such Tenured Tenant with assistance in the form of (a) additional time to decide to purchase an apartment or vacate, (b) special financing terms, and (c) relocation assistance.
6. **Employees.** The Buyer will retain all of the employees of the Prince Tower apartment who choose to remain employees of the Buyer after the closing date.
7. **Prorations.** Tenant lease rents and accounts payable will be prorated as of the closing date, as set forth in the Purchase and Sale Agreement.
8. **Damage to Property.** If the Property is destroyed or incurs damage which costs more than \$2,000,000 to repair, the Buyer has the right to cancel the Purchase and

Sale Agreement. If the cost to repair the damage is \$2,000,000 or less and the Seller is willing to repair the damage, the Buyer does not have a right to cancel the agreement.

9. **Back-up Offers.** The Seller is entitled to accept back-up offers for the Property.
10. **Time of the Essence.** Time is of the essence of the agreement.
11. **No Assignment.** The Buyer may not assign its rights under the Purchase and Sale Agreement without the consent of the Seller, which the Seller may withhold in its sole discretion.

This Exhibit contains only summaries of certain pertinent provisions contained in the Purchase and Sale Agreement. Prospective owners should read and understand all of the provisions in their entirety contained in the Purchase and Sale Agreement.

SUMMARY OF PERTINENT PROVISIONS OF ESCROW AGREEMENT

Developer has filed an Escrow Agreement between Developer and Title Guaranty Escrow Services, Inc. with the Hawaii Real Estate Commission. The Escrow Agreement contains certain pertinent provisions summarized as follows:

1. All funds received by Escrow under the Escrow Agreement will be deposited, within a reasonable time of its receipt, in an account at a federally insured financial institution. Except as otherwise provided in the Escrow Agreement, all interest earned on such deposits will be credited to the account of the Seller.

2. Disbursements from the Buyer's escrow fund will be made by Escrow in accordance with the Escrow Agreement.

This Exhibit contains only summaries of certain pertinent provisions contained in the Escrow Agreement. Prospective owners should read and understand all of the provisions in their entirety contained in the Escrow Agreement.

QUEEN EMMA GARDENS-PRINCE TOWER

Registration No. 4597

DISCLOSURE ABSTRACT

1. **Project:** Queen Emma Gardens - Prince Tower
1511 Nuuanu Avenue
Honolulu, Hawaii 96813
2. **Developer:** Bank of Hawaii, a Hawaii corporation, by its division
Pacific Century Trust, as Trustee of the Robert E.
Black Memorial Trust
130 Merchant Street, 3rd Floor
Honolulu, Hawaii 96801
(808) 538-4580
3. **Managing Agent:** Touchstone Properties, Ltd.
567 S. King Street, Suite 168
Honolulu, Hawaii 96813
(808) 521-6500

4. **Maintenance Fees:** The breakdown of the estimated annual maintenance fees and the estimated monthly fees for the Queen Emma Gardens condominium are set forth in **Exhibit 1** attached hereto and made a part hereof. The estimated maintenance fees and monthly fees are based on the latest information available to the developer and the managing agent and are subject to revision based on actual costs for the items enumerated. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated, apartment owner delinquencies and other factors may cause the maintenance fees to be greater or less than the estimated assessments.

5. **Warranties:** The Prince Tower apartment was constructed in 1962. The Prince Tower apartment and anything installed or contained therein is being sold in "**AS IS**" condition "**WITH ALL FAULTS**" by the developer, without any warranties whatsoever, express or implied. Paragraph 4 of the Purchase and Sale Agreement used in connection with the sale of the Prince Tower apartment contains a detailed disclaimer of all warranties, and a release of the developer.

According to a letter dated November 1, 1996, from the Building Department of the City and County of Honolulu, the buildings met all applicable code requirements at the time of their construction in 1962, except the Prince Tower. The Building

EXHIBIT M

Department records show that the Prince Tower was constructed with only 230 apartment units. The first floor storage area on the approved plans had been converted into five (5) additional dwelling units without obtaining any building permit. In response to that letter, the developer obtained a building permit for the five dwelling units. In connection with obtaining the permit, however, the Department of Land Utilization (now known as the Land Use Permits Division) advised that the 638 existing parking stalls for the Project are nonconforming because under current zoning requirements, 952 parking stalls would be required for the Project.

The Building Department's investigation also revealed the following nonconforming condition: The individual apartments have openable windows with sill height of less than forth-two (42) inches from the finished floor that lack guardrails located on floors more than five (5) feet above the adjacent grade. The existence of this nonconforming condition means that in the event of a major casualty, such that any or all of the buildings are destroyed to an extent of more than fifty percent (50%) of their replacement value at the time of destruction, they cannot be reconstructed except in conformity with the applicable provisions of the Land Use Ordinance. No other variances or special permits were granted to allow deviations from any applicable codes. The developer has not determined whether the Prince Tower apartment contains any other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

6. **Number of Apartments; Permitted Use.** The Prince Tower apartment is one apartment out of a total of 355 apartments in the Queen Emma Gardens condominium. *The Prince Tower apartment is intended for commercial use.* The remaining 354 apartments in the Project are located in the King Tower and the Queen Tower, of which 352 apartments are intended for residential use, and 2 apartments are intended for commercial use. No apartments are intended for hotel use. The commercial apartments may be used for any purpose permitted by law. The residential apartments in the King Tower and the Queen Tower are subject to certain restrictions with regard to transient rentals, time-shares and other such uses.

7. **Existing Structures.** The present condition of the site on which the Prince Tower apartment is located and the structural components and the mechanical and electrical installations material to the use and enjoyment of the Prince Tower apartment are described in reports from a structural engineer, electrical engineer, mechanical engineer and architect attached hereto as **Exhibit 2**. The developer does not represent or warrant that the reports are correct or complete. The reports should not be relied upon as the opinion of the developer. The developer does not make any representations with respect to the expected useful life of the structural components or the mechanical and electrical installations for either the Prince Tower apartment or the Project.

Structural. Excerpts from the structural and civil engineer's report indicate that the structures for the Prince Tower are in good condition. Spalling of concrete lanai edges has occurred in the past in the Prince Tower, but maintenance records indicate the damaged areas were repaired.

Earlier reports indicated cracks in the end walls of the building that have been repaired. These walls do not continue to the foundation of the structure and are not part of the primary lateral load resisting system of the structure. These walls may be contributing some stiffness to the building as non-structural in-fill wall elements. Cracks in these walls may have been caused due to a number of different reasons including *deflection of structure due to lateral loads or thermal movements in the structure*. The panels can allow rain water to leak through these cracks and if this condition is not corrected, it can result in corrosion of reinforcement in the walls and spalling of concrete. It is the opinion of the structural/civil engineer that these cracks do not impair the overall integrity of the structure. It is recommended that these cracks be repaired with the consultation of a professional engineer.

The separation joints between the main tower and adjoining structures should be properly sealed, as seepage through these joints is causing damage to the structure in the basement.

The crack in the floor slab of the upper parking area and the damage to the main girder in the upper parking area should be repaired under the guidance of a professional engineer, as this can impact the structural integrity of the concerned members.

The parking structure under the Prince Tower is in good condition, except for the basement retaining wall areas where water seepage has caused damage to the wall. Damage caused by seepage of water can affect the integrity of the structural element. The reason for seepage of water through the walls and type of damage observed may be caused by failure of waterproofing (due to age) and drainage system behind the wall. Based on the observation made, it is the option of the structural/civil engineer that the integrity of the retaining wall has not been significantly compromised. However, if the situation is not corrected it may be a problem in the future. It is recommended that this problem be investigated and repaired with the consultation of a professional engineer.

The building complex appears to be well maintained. The building structures are in good condition and can be expected to continue to perform well with normal maintenance and upkeep.

Specific observations and items to be corrected are contained in the report.

Electrical. Excerpts from the electrical engineer's report indicates that the existing electrical service for the Prince Tower apartment is adequately sized for the present loads.

The loads designed for include an electric range, two appliance circuits for the kitchen and one circuit for general lighting and power. Any significant additions to the electrical load, such as air conditioners and dish washers, should be monitored very carefully. The electrical service equipment appears to be in good condition. This is a result of the equipment being in an enclosed environment and good maintenance. Review of the maintenance procedures should be made and continued effort should be maintained for the equipment.

The following corrective actions that affect safety were identified in the report:

- proper warning signs should be installed on the transformer room doors;
- the operating voltages of the exposed live parts of the transformer should be marked by signs or visible markings on the equipment;
- the door handles on the transformer room door should be changed to a pressure type door;
- the exit signs in the parking structure should be replaced;
- the receptacles near the pool should be changed to the GFI type;
- the receptacles in the apartment units should be changed to the GFI type should the apartment units be renovated.

Overall, the general condition of the electrical system is good. The maintenance has been adequate to keep the system operational. However, most of the equipment is past its useful economic life of 25 years. But with normal replacement and upkeep, many more years of life can be expected.

Specific observations and recommendations regarding the fire alarm system, security lighting, the laundry areas, the swimming pool and wading pool, and the apartments are contained in the report.

Mechanical. Excerpts from the mechanical engineer's report indicate that the building was not designed to have dishwashers, clothes washers or dryers, or air conditioners. Presently, apartment owners cannot install these appliances, but with the association of apartment owners direction and applicable system re-engineering, they may become installable. However, these installations can be very costly.

Generally, the plumbing systems observed were in usable condition, and will require ongoing repairs and replacements to keep them working properly. Replacement or repair of plumbing fixtures, faucets, equipment and piping have been taking place on an on-going basis and will continue. Many fixtures may be new due to ongoing

replacements. Existing fixtures generally do not meet current water conservation code. The underground soil, water, fire line, standpipe lines, storm drain and gas systems serving the tower buildings, swimming and wading pool, and teahouses are old and will generally require constant repairs and possible major replacements. The fire marshal should be invited to inspect the fire protection systems in the building for code compliance. His comments should be evaluated and implemented as necessary.

Overall, the mechanical system maintenance for the building has been adequate to keep it operational. But due to the age and above normal use, higher replacements should be anticipated as it has far passed its economic life of 25 years. With a highly skilled management team, constant maintenance and high replacements, the plumbing, ventilation and air conditioning, and fire protection systems could provide many more years of useful service. The project seems to be adequately served by the principal utilities of water, sewer, gas and storm drainage. The present mechanical systems may not meet current code, and as major repairs and replacements are undertaken, the building codes may require current code compliance. Compliance will be very costly.

Specific observations and recommendations regarding the plumbing systems, ventilation and a/c systems and fire protection system in the apartments and common areas, are contained in the report.

Architectural. Excerpts from the architect's report indicate that the building was constructed prior to the latest building code and zoning ordinance, and will have to meet all current requirements when future additions or alterations are made. However, "Grandfathered" (conforming at the time of construction) and nonconforming status will limit future renovations, alterations and addition possibilities. The buildings do not have any handicap-accessible apartments and do not comply with the Americans with Disabilities Act or Fair Housing Act requirements for disability accommodations. It is recommended that an architect be retained to design a barrier removal plan and obtain building permits to accommodate public visitors and guests. Any future new use or changes in occupancy will require full compliance with the Americans with Disabilities Act.

The Prince Tower building is well built and has held up to wear and tear very well. A strict maintenance and repair program has kept the building clean and functionally able to provide for the needs of the intended use. Some of the specific observations include the following:

- the walkways, stairs and corridors do not have a consistent level of surface texturing, which may make them slippery when wet;
- there are cracks, uneven joints and surfaces on walkways that could contribute to tripping or slippery conditions;

- termite damage was seen in the teahouses but not observed in the high-rises;
- all exit doors from the garage were not identified with exit signs;
- no GFIC electrical convenience outlets were provided in public toilets, laundry and other areas near water fixtures, which constitute a safety hazard;
- smoke detectors were seen in trash chute dumpster rooms but were not present in maintenance rooms, laundry, electrical rooms and other rooms where combustion may occur;
- building lobbies were not secured from exterior entry, and no enter phone system, security checkpoints or cameras are present;
- exhaust from laundry dryers are within one story from apartment windows and do not have filters;
- Frequent inspection to note cracks in the roofing surface layer should be conducted and repairs made to prevent leaking;
- all flammable materials must be relocated to approved fire-resistive storage;
- a high rock retaining wall does not have guardrails;
- there are no grab bars or non-slip surfaces in the bathtub areas; and
- electrical outlets adjacent to the kitchen and bathroom sinks should be replaced with GFI outlets.

Other specific observations and items to be corrected are listed in the report.

Environmental. A consultant was asked to perform an asbestos and lead paint survey of two apartments in the in the Prince Tower apartment. The consultant's report is also attached hereto as part of **Exhibit 2**. The developer does not represent or warrant that the report is correct or complete. The report should not be relied upon as the opinion of the developer. No representations are made by the developer with respect to the existence or condition of any asbestos or lead-based paint or lead-based paint hazards in the Prince Tower apartment. Furthermore, because the survey was limited to only two apartments in the Prince Tower and only certain areas within the two apartments themselves, the results should not be relied upon as complete or applicable to all apartments in the Prince Tower apartment; some apartments may have more or less asbestos, lead-based paint and/or lead-based paint hazards. The buyer will have an opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, as provided in the Purchase and Sale Agreement.

Excerpts from the consultant's report indicate that insulation on the underside of the sink in the kitchen from one apartment contained asbestos, and from the other apartment did not. Samples collected from the joint compound applied to the gypsum walls in both apartments contained asbestos. If any of the asbestos identified materials require abatement, demolition or remodeling, a certified and trained asbestos worker should perform the work.

Two representative paint samples were collected and analyzed for lead content. The analyses indicated that the samples contained 0.039% and 0.082% lead by weight. Current EPA guidelines for residential lead paint calls for abatement measures for lead paint concentrations of 0.5% or greater. Lead in the paint in the two units sampled and tested was significantly less than this value. No immediate abatement measures are required.

The information set forth in this paragraph 7 is only a summary of the observations and recommendations made by the engineers, architect and consultant in Exhibit 2 and is not intend, nor should be construed by its incorporation herein, to be a representation or warranty of the developer. Because the Prince Tower apartment is being sold by the developer in "AS IS" condition with "ALL FAULTS", the buyer should carefully review Exhibit 2 in its entirety. Furthermore, the buyer should have the Prince Tower apartment and the Project inspected by the buyer's own experts to buyer's complete satisfaction.

Dated: Honolulu, Hawaii, March 1, 2001.

BANK OF HAWAII, a Hawaii corporation,
by its division, **Pacific Century Trust**, as
Trustee of the Robert E. Black Memorial Trust

By 
Its **VICE PRESIDENT**

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. I am the Vice President of Touchstone Properties, Ltd., a Hawaii corporation, the Managing Agent for the management and administration of the Queen Emma Gardens condominium (the "**Project**")

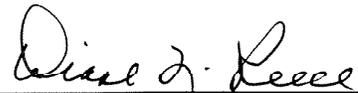
2. I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for the Project, as set forth in **Exhibit 1** attached hereto and hereby incorporated herein by reference, are reasonable estimates for the one-year period commencing January 1, 2001, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, MARCH 1, 2001.



STEPHANIE M. DUARTE WHALEN

Subscribed and sworn to before me this
1st day of March, 2001.



Notary Public, State of Hawaii
DIANE L. REECE
My commission expires: 7/7/2002

2. 5.

EXHIBIT 1
QUEEN EMMA GARDENS AOA
 Estimated Annual Common Expenses

	Monthly	Annual
Utilities and Services		
Electricity	\$30,739	\$368,867
Water and Sewer	19,208	230,500
Gas	6,906	82,866
Exterminating	42	500
Maintenance, Repair and Supplies		
Building	267	3,200
Grounds	11,706	140,480
General and Other Maintenance	1,621	19,454
Management		
Management Fee & Accounting	4,585	55,014
Office Expenses	2,253	27,039
Insurance	1,160	13,916
Taxes	1,304	15,644
Professional Services	627	7,520
Wages and Benefits/Security	31,676	380,111
Other Fixed Expenses	1,938	23,260
Reserves**	6,021	72,256
Total Disbursements	\$120,052	\$1,440,627

**Includes 2 months start-up fee for projected 48 unit sales in the King and Queen Towers by Development Co.

Estimated Maintenance Charge for the Prince Tower Apartment

The estimated monthly maintenance charge and electricity charge for the Prince Tower Apartment is \$25,566.44 and \$10,162.35, respectively.

NOTE: This common area budget does not include the estimate of maintenance fees required for the King and Queen Tower common expenses attributable only to those two buildings, and the Prince Tower is responsible for the maintenance of the entire Prince Tower building interior and exterior, including a ten foot strip of landscaping along the Pali Highway side of the building.



**HAWAII
ENGINEERING
GROUP, INC.**

Consulting Civil & Structural Engineers

January 10, 2001

Ms. Beatrice Okuda, Real Estate Officer
Pacific Century Trust
Real Estate Dept. 722
P.O. Box 3170
Honolulu, HI 96802-3170

QUEEN EMMA GARDENS – PRINCE TOWER DUE DILIGENCE

1511 Nuuanu Avenue, Honolulu, Oahu, Hawaii
TMK: (1) 2-1-005-004

STRUCTURAL OBSERVATION REPORT

A Site Visit was held to note cursory observations of Queen Emma Gardens, Prince Tower at 1511 Nuuanu Avenue on January 2, 2001. The project consists of a 12 story reinforced concrete tower with a two storied basement comprising of storage/parking areas.

The inspection involved a walk-through of the building complex limited to the following

Prince Tower

- Apartment #535
- Apartment #725
- Apartment #821
- Apartment #938
- Common Areas
- Upper Storage/Parking
- Lower Storage/Parking

No calculations or testing of any kind was performed. Architectural, Mechanical, Electrical and other nonstructural aspects were not addressed. A set of existing structural drawings, sheets S-1 thru S-58 dated April 15, 1962, were provided by the client. The drawings indicate Mr. Alfred A. Yee as the Engineer of Record for this project. These drawings show details for the Prince Tower. No soil exploration report was made available for review.

98-023 Hekaha Street, Unit 2B, Aiea, Hawaii 96701 – Tel: (808) 486-2092 Fax: (808) 486-9261
Email: heg@hawaii.rr.com



PRINCE TOWER: This building is a reinforced concrete structure consisting of 12 floors above the ground level and 2 basement levels. The roof has an elevator machine room. The basement levels serve as storage and parking areas. The building has one stair shaft at each end of the building and one stair shaft and two elevator shafts in the middle of the building. Typical floor plan dimensions are 271'-4" x 51'-0". Typical bay dimensions are 18'-0" x 20'-9". Typical floor to floor height is 8'-6 1/2". Typical floor framing consists of poured in place concrete flat slabs with a perimeter beam. The typical floor slabs are 6 1/2" thick. Typical interior floor columns are 10"x 4'-4 1/2" and exterior columns are 1'-4"x2'-6". Each floor also has precast sunshades that have been cast integral with the perimeter beam. The elevator and stair shaft walls are all 10" thick reinforced concrete cast in place walls that continue all the way to the foundations. These walls serve as the lateral force resisting system for the Tower. The ground floor framing and basement floor framing, under the tower foot print, is similar to the typical floors. The ground floor framing supporting the garden and the basement floor framing supporting the parking area consist of 16" deep prestressed joists with a 4 1/2" thick poured in place concrete deck slab. The floor framing is supported by precast concrete frames. The perimeter basement walls are 8" thick reinforced concrete walls. The drawings indicate that the basement slab is a 4" thick slab on grade and has been cast integral with the perimeter walls. The foundation system for the tower consist of isolated spread footings bearing on rock surface (indicated on the drawings).

OBSERVATION & COMMENTS

The drawings indicate that the project was designed for seismic loads for zone 1 intensity. The current earthquake zone for the island of Oahu is zone 2A. This change in the building code was adopted by the City and County of Honolulu in 1990. Structures which received a building permit before the new code went into effect are grandfathered as being acceptable from the building code standpoint.

Apartment Units

All apartments observed did not indicate any structural related problems except for minor hair cracks on surfaces of concrete members. These cracks are typical of concrete structures and do not impair the integrity of the structure.

Building maintenance records indicate that spalling of concrete at lanai edges has occurred in the past in this tower. Maintenance records also indicate that the damaged areas were repaired.

Common Areas

Lower Parking Area; the following observations were made

Cracks were observed in the slab on grade

Cracks were observed in the ceiling of the slab in between gridlines 17 & 18 adjacent to gridline Y.



Damage due to seepage of water was observed in the basement wall along gridline Y at various locations. It seems that the water had seeped through the wall and slab joint at the ceiling level. At the time of observation no active seepage was observed. We were also informed by the Building Maintenance Manager Mr. Mike Murphy, that he has not observed any active seepage through the wall along gridline Y.

Some separation was observed between the masonry and the concrete column on gridline 14 between gridlines B & C.

Damage due to leakage of water, observed at the expansion joint (between the Parking Garage and the Prince Tower) located along gridline 1 and along gridline F. The damage is limited to surface discoloration of concrete walls.

Ceiling cracks were observed along gridlines 17 between gridlines A & F. Mr. Murphy said that water from the upper parking area leaks thru these cracks during heavy rainfall.

Lower Storage Area

No structural damage was observed.

Upper Parking Area

Severe damage was observed to the main girders on gridline A between gridlines 10 & 11. The concrete has spalled and the exposed reinforcement is starting to rust.

Cracks in floor slab were observed along gridline 17 between gridlines A & F.

According to Mr. Murphy the roof above the upper parking area supports the garden and water leaks thru the roof along gridline A during heavy rainfalls.

No observation were made along the retaining wall above gridline A in the fresh air intake plenum area.

Some diagonal cracking was observed around the column and floor slab joints at different locations.

Upper Storage Area

No structural damage was observed.

Garden Entrance/Lobby Level

The open lobby at the Mauka Ewa corner of the building has water seepage coming in from the garden side. Mr. Murphy indicated that this problem worsens during heavy rains. Mr. Murphy also indicated that water leaks to the lower floors from the joint along gridlines 1 & F on the garden level.



Exterior Elevations

The exterior of the building was freshly painted. Mr. Murphy said that repairs to spalled concrete were made before painting. No damage was apparent at the time of observations. Mr. Murphy also indicated that most of the spalling had occurred at exposed corridor lanais at the mauka end of the building.

CONCLUSIONS AND RECOMMENDATIONS

The structures for the Prince Towers is in good condition. Spalling of concrete lanai edges is typical for concrete buildings in Hawaii due to the corrosive atmosphere. Even though this problem can affect the appearance of the building it does not impair the overall integrity of the structure. It is recommended to repair similar damage with the consultation of a professional engineer. No spalling was observed at the time of inspection due to the fresh paint and repair job on the building exterior.

Even though no cracks were apparent on the elevations of the building due to the new paint job, earlier reports indicate cracks in the end walls of the building that were repaired. These walls do not continue to the foundation of the structure and are not part of the primary lateral load resisting system of the structure. These walls may be contributing some stiffness to the building as non-structural in-fill wall elements. Cracks in these walls may have been caused due to a number different reasons including deflection of structure due to lateral loads or thermal movements in the structure. The panels can allow rain water to leak through these cracks and if this condition is not corrected, it can result in corrosion of reinforcement in the walls and spalling of concrete. It is the opinion of Hawaii Engineering Group that these cracks do not impair the overall integrity of the structure. It is recommended that such cracks be repaired with the consultation of a professional engineer.

The separation joints between the main tower and the adjoining structures should be properly sealed as seepage thru these joints is causing damage to the structure in the basement area.

The crack in the floor slab of the upper parking area and the damage to the main girder in the upper parking area should be repaired immediately under the guidance of a professional engineer, as this can impact the structural integrity of the concerned members.

The parking structure under Prince Tower is generally in a good condition except for basement retaining wall areas where water seepage has caused damage to the wall. Damage caused by seepage of water can affect the integrity of the structural element. The reason for seepage of water through the walls and type of damage observed may be caused by failure of waterproofing (due to age) and drainage system behind the wall. Based on the observations made, it is the opinion of Hawaii Engineering Group that the integrity of retaining wall has not been significantly compromised. However, if the situation is not corrected it may be a problem in the future. It is recommended that this problem be investigated and repaired with the consultation of a professional engineer.

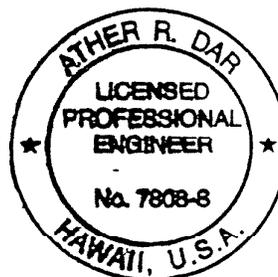


The building complex appears to be well maintained. The building structures are in good condition and can be expected to continue to perform well with normal maintenance and up keep.

This report does not address portions of the building other than those areas mentioned, nor does it provide any warranty either expressed or implied for any portion of the existing building. If there are any comments or questions on any item above, please do not hesitate in calling.

Submitted by:

Ather R. Dar, S.E.
Structural Engineer



RS Engineering

1376 Kalaniiki Street
Honolulu, Hawaii 96821

Phone (808) 377-9210
Fax (808) 377-9210

January 23, 2001

Pacific Century Trust
111 South King Street
Honolulu, Hawaii 96817

Attn: Bea Okuda

Queen Emma Gardens - Prince Building
1511 Nuuanu Avenue
Honolulu, Hawaii 96813

REFERRED TO _____
RECEIVED

JAN 24 2001

ANS. BY _____
DATE ANS. _____

ELECTRICAL OBSERVATION REPORT

On Thursday, January 18, 2001, a cursory inspection was performed on the subject property to evaluate the condition of it's electrical system. The inspection was limited to observations of exposed electrical devices, equipment and wiring, fire alarm system and devices, exit signs and security lighting.

REFERENCES

1. Electrical Design Drawings
Queen Emma Gardens
Minoru Yamasaki and Associates
Drawing Sheets E-2 through E-14, dated April 15, 1962
2. *National Electrical Code, 1999*
with C & C of Honolulu Amendments
3. Uniform Fire Code, 1988
with C & C of Honolulu Amendments

Note: The plans noted above were used for reference only. Our scope of work did not include reviewing the design plans for conformance to applicable Codes. The electrical drawings were assumed to be correct unless specifically noted otherwise. Building permits were assumed to have been obtained and all required inspections were assumed to have been performed by the proper authorities.

The term "good condition" refers to the observed device or equipment being physically free from excessive deterioration and, if tested, fully performing it's intended function.

EXHIBIT 2

GENERAL

The subject property is an 11 story building with a two-level parking structure beneath. The building is approximately 37 years old. The property shares common areas with two other structures, the King building and the Queen building. The common area includes two tea houses, a fish pond, parking areas, grassed areas, a swimming pool and a wading pool. In addition, the fire alarm system and the emergency generator are shared by the three buildings.

ELECTRICAL SERVICE SYSTEM

The electrical service is provided by 12KV cables from Nuuanu Avenue to a cable vault in the Queen building. From the cable vault, cables are run to the transformer vault in the Prince building. The transformers convert the 12 KV power to 120/208 volts and the power is distributed throughout the building through distribution equipment in the main electrical room. Since the service equipment is indoors, it appears to be in very good condition and, in addition, appears to have been well maintained. No corrosion or other signs of deterioration were noted.

The doors to the electrical room are locked and are marked with a "high voltage" sign. The sign does not meet the NEC requirement described in section 110-43 (c), which requires that as a minimum, the sign should read "Warning - High Voltage - Keep Out". In addition, the operating voltage of the exposed parts of the transformer installation is not marked on the equipment or structure as required by NEC section 450-8(d). Signs meeting the NEC requirements should be installed immediately.

The door handles to the transformer room are the rotary type. NEC section 450-43(c) requires that these doors be equipped "with panic bars, pressure plates or other devices that are normally latched but open under simple pressure". The handles should be replaced as soon as possible.

The apartment units are fed from the main electrical room through five risers. Each riser has a capacity of 200 amps, three phase, and feeds 11 single phase panels. Each panel feeds 4 apartment units.

The designed load for each apartment is one 40-amp circuit for the electric range, two 20-amp circuits for small appliances and one 20-amp circuit for lighting and general power. No provisions have been made for dishwashers or air conditioning units. Any significant increase in these types of loads should be closely monitored.

EMERGENCY GENERATOR

In April 1995, an emergency generator was installed. The installation is located mauka of the parking structure. Since the unit is relatively new, it appears to be in very good physical condition. The generator provides power to the elevators and the emergency lights in case of utility power outages.

"No load" tests are run on a periodic basis. We recommend that "load" tests be run on a yearly basis in addition to these "no load" tests.

FIRE ALARM SYSTEM

There is a central fire alarm system for the three building complex. The control panel is located in the maintenance office. All pull stations, alarm devices and smoke detectors, including those in the apartment units, are tied in to the main fire alarm control panel.

The present Fire Code does not require that the apartment smoke detectors be tied into the fire alarm control panel because of the nuisance factor. However, according to the maintenance personnel, this has not been a problem.

In the two units inspected, one smoke detector was noted in the in the hallway outside the bedroom. Present Code requires that additional smoke detectors in the bedrooms. The maintenance personnel indicated that in the five units that were renovated on the first floor, the required smoke detectors were installed.

SECURITY LIGHTING

The interior exit corridors appear to be adequately lit. The hallways are lit by fluorescent fixtures above each apartment door. The corridors to the stairways are lighted by two ceiling mounted fixtures and appear to be adequate. The stairways have a 4 foot fluorescent fixture on each landing and appear to be adequate. Since these fixtures are on the emergency generator, emergency lighting should be adequate.

The lighting in the parking structure appears to be low. A study should be made to determine the adequacy of the lighting.

The lighting in the driveway and other roadways appears to be adequate.

Exit signs were noted on each floor level at the end of the hallways as well as the middle stairway. Exit signs were also noted in the parking garage. The exit signs in the parking garage are deteriorated to a point that they should be replaced immediately.

LAUNDRY AREA

There is a laundry area on the Garden Level which has 6 washers and 6 dryers. The receptacles located in the laundry room were not ground fault protected as required by NEC section 210-8. This should be corrected immediately.

SWIMMING POOL AND WADING POOL

The swimming pool and the wading pool are part of the common area amenities. Receptacles near the pool are required to be GFI protected. These receptacles should be replaced as soon as possible.

APARTMENT UNITS

Two units were inspected in addition to other units inspected in previous inspections. The 1999 NEC requires that receptacles in the bathrooms and kitchens be GFI protected. For the units inspected, the kitchen receptacles were GFI protected. The ones in the bathrooms were not. The maintenance personnel informed us that the two units inspected were not the norm and that most units do not have GFI receptacles in the kitchen. GFI protected receptacles may not have been required by the electrical code at the time the building was built.

Each bedroom, living room and kitchen had either a ceiling light fixture or a switched outlet as required by NEC section 210-70. All switches tested functioned properly. All light fixtures appeared to be in good condition.

CONCLUSIONS

The existing electrical service for the Prince building is adequately sized for the present loads. The loads designed for include an electric range, two appliance circuits and one circuit for lighting and general power. Any significant additions to the electrical load, such as air conditioning and dish washers, should be monitored very carefully.

The electrical service equipment appears to be in good condition. This is a result of the equipment being in an enclosed environment and good maintenance. Review of the maintenance procedures should be made and continued effort should be maintained for the equipment.

Corrective actions that affect safety should be made as soon as possible. As enumerated above, these are:

1. It is strongly recommended that proper warning signs be installed on the transformer room door. Similarly, operating voltages of the exposed live parts of the transformer should be marked by signs or visible markings on the equipment.
2. The door handles on the transformer room door should be changed to a pressure type door.
3. The exit signs in the parking structure should be replaced immediately.
4. The receptacles near the pool should be changed to the GFI type.
5. The receptacles in the apartment units should be changed to the GFI type should the apartment units be renovated.

Overall, the general condition of the electrical equipment is good. The maintenance has been adequate. However, most of the equipment is past its useful economic life of 25 years. But with normal replacement and upkeep, many more years of useful life can be expected.

Submitted by:



Samuel S. Matsuo
Phd, PE

MECHANICAL SYSTEMS OBSERVATION REPORT

FOR

QUEEN EMMA GARDENS CONDOMINIUM

PRINCE TOWER
1511 NUUANU STREET
HONOLULU, HAWAII

FOR

PACIFIC CENTURY TRUST

130 MERCHANT STREET, SUITE 330
HONOLULU, HAWAII 96813

JANUARY 25, 2001

EXHIBIT 2

Mechanical Engineers • 826 Kaheka St. • Suite 305 • Honolulu, HI 96814 (808) 946-7774

YIP LANGE MOTONAGA, INC.

REPORT FOR QUEEN EMMA GARDENS CONDOMINIUM

PRINCE TOWER

SUBMITTED BY

A handwritten signature in black ink, appearing to read 'G. Motonaga', written over a horizontal line.

GEORGE Y. MOTONAGA, P.E.

**LANGE MOTONAGA, INC.
826 KAHEKA STREET, SUITE 305
HONOLULU, HAWAII, 96814**

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INTRODUCTION

This is an updated mechanical system observation report for the Prince Tower in the Queen Emma Gardens Condominium complex. Mechanical systems intended to be covered in this observation report will be for the major items of the plumbing, ventilation and fire protection systems for only the Prince Tower.

Our basic scope was to provide Pacific Century Trust with insight into the general condition for the major mechanical components within the Princess Tower Building and comments on the common areas. Cursory observations and inquiry with building management personnel, Mike Murphy, Maintenance Engineer, was coordinated. Only selected apartment units were observed to obtain information as to observable mechanical conditions, without any part of the building being demolished or removed. No design analysis, building permit verification, or in depth code reviews are included. Site Civil scope is generally not included such as site utilities five feet outside of building walls or connections to the city's systems and permits for Waste Water Connection. No hazardous material assessment services are included in this report.

This update observations were conducted for this tower on January 18th as coordinated with Bea Okuda, Real Estate Officer/Pacific Century Trust, and Ernest Umemoto, Architect. Also present for this observation was the Maintenance Engineer, Mike Murphy, for the Prince Tower and team electrical engineer, Sam Matsuo.

Building plans were provided as referenced in this report. These plans were not as-built drawings but original construction plans. No as-built drawings were available or provided. Only construction plans were

INTRODUCTION

.....(continued)

made available during our 1996 observations for the initial report.

This complex consist of three main apartment towers; Queen, King and Prince; two large levels of underground parking; the Garden level with oval swimming and round wading pools; two Teahouses with surrounding fish ponds; and on site outside parking areas along main driveway.

The Queen and King Towers are 22 stories high. The Prince Tower is 12 stories high. The Prince Tower has two parking levels interconnected to the main parking areas.

This complex is connected to the street gas, sewer, water, and storm drain systems. Gas, water and sewer connections are provided on the Nuuanu Avenue side. Sewer and storm drain connections are provided on Vineyard Boulevard side.

The Prince Tower apartment units were not designed for installation of air conditioning, automatic dishwasher, and clothes washer or dryer.

REFERENCES

1. Mechanical Design Drawings reviewed in 1996
(Original construction drawings)

QUEEN EMMA GARDENS LTD.
Minoru Yamasaki, Registered Professional
Architect;
Cass. S. Wado, Registered Professional Engineer
Hawaii
Plans provided: Sheets M-1 thru M-26
Dated: April 15, 1962
Project No. 5933
2. No as-built drawings were available from
building management.
3. 1511 (Prince Tower), 1515, & 1519
Nuuanu Avenue
Honolulu, Hawaii
TMK: (1)2-1-005-004

ASSUMPTIONS

1. Mechanical design drawings are correct unless
observed otherwise.
2. Mechanical equipment is operational unless
noted otherwise by observation or noted by
Queen Emma Garden management or Prince
Tower management.
3. Buildings are about 33 years old and installation
is original unless noted otherwise.
4. Building permits were obtained for all work and
changes for present usage.

OBSERVATION/ DISCUSSION

PLUMBING SYSTEM

Apartment Units

Typical apartment units opened for observation for the Prince Tower update were Unit #821, Unit #938, and Unit #939.

The kitchen fixtures seem to be in operational condition or being replaced. The sink was either a single compartment stainless steel sink (studio unit) with a single handle Moen faucet, or a double compartment stainless steel sink (all others) with a single handle Moen faucet. All sinks have a garbage disposal installed. All fixtures are either old or new depending on unit status. Units are being upgraded as apartments becomes available when tenants leave.

The bathroom fixtures seem to be in operational condition or being replaced. A typical bathroom has a floor mounted tank type water closet, a wall hung or countertop lavatory with a dual handle faucet, and a tub/shower or shower stall with dual handle faucet.

Common Area Systems

The plumbing system for the Prince Tower is similar to the other two towers, Queen & King, but larger in capacity.

The domestic water booster pump system for the Prince Tower was replaced about six years ago. The booster pump unit had three pumps, two 25hp & one a 15 hp motor sizes. The system was noted to be under maintenance with Doonwood Engineering.

A heat pump water heater system consist of a compressor/condenser heat exchanger unit and a air

**OBSERVATION/
DISCUSSION**
(continued)

evaporator unit was installed about 15 years ago. This system has a dual 705 gallons water storage tank associated with the heat pump system. The observed heat pump system was not working and is obsolete. The refrigerant R-12 is no longer manufactured and is required by EPA to be replaced being an environmentally unfriendly gas. The Maintenance Engineer indicated that it is not being repaired. Presently no indication that it will be replaced.

The Prince Tower heat pump system is out of operation. The two backup 600,000 BTU input Champion gas water heaters are supplying this building with hot water. These heaters are dated 1992 indicating an age of about eight years. Condition seems good. Maintenance Engineer stated that the hot water capacity is adequate.

Swimming pool and wadding pool equipment are maintained by AOA management and are in operational condition. No special automatic chemical feed system is provided. Chlorine and other chemicals are hand fed. Pool make-up water is manually controlled. From the plans it seems that the filter backwash drain is connected to the storm drain system.

Emergency Generator Unit was installed into one of the garage intake areaway about 1996 and seem to be in good condition. Storm drain for the Areaway was changed into a sump pump system where the pump discharges into a drywell on grade. The engine exhaust, radiator exhaust air, and fuel oil tank vent all terminated above grade. The fuel tank fill is located at the grating opening level without any spill containment. The unit was noted to be maintained and tested by Pacific Machinery.

**OBSERVATION/
DISCUSSION**
(continued)

Trash chutes are provided with a wash down head at the top of the chute. A floor drain is provided at the bottom of the trash chute. This floor drain seems to be connected to the storm drain system according to the plans.

The original plans noted that each tower had an elevator pit sump pump. But none was noted as installed for the Prince Tower. No attempt was made to get into the elevator pit.

An 8 inch reduced pressure backflow preventor (RPBP) was installed on the main water supply into this complex to meet Board of Water Supply requirements. The RPBP was a Hersey model 8-6CMDA with two isolation valves mounted about 38 inches above slab. Installation seem to meet Board of Water Supply requirements.

Utilities; water, sewer, and gas; are not metered individually for each tower. Individual units are not separately metered for water use.

There are no irrigation piping plans available. It was pointed out that the irrigation system are the visible atmospheric vacuum breakers with PVC piping in the planter areas. Noted also that hose bibbs and box hydrants did not have any vacuum breakers.

Prince Tower has a common laundromat for use by tenants at the Lobby Level. Area seems well maintained. There are six Huebsch gas clothes dryers and one Unimat 35 gas clothes dryer. Six topload clothes washers were Maytags. One Laundry Tray was noted and useable condition. The other towers have there own common laundromat as well.

**OBSERVATION/
DISCUSSION**
(continued)

Each Teahouse is provided with a kitchen sink, electric water heater, and a toilet with a wall hung lavatory, and a floor mounted water closet. All noted to be operational or being repaired.

A number of common area toilets were noted and seem to be in operational condition and well maintained.

The Prince Tower kitchen waste stacks are being replaced or repaired as needed. A number of them have been done. The bathroom soil stacks are also old but operational. With age and with the condition of the kitchen piping system as an indication, the soil stacks will also be requiring more repairs and replacements in the future.

Code Items

Plumbing code items noted from cursory observations and design drawing review that do not meet present code are as follows:

- No shut off valve for individual units. Each unit is required to have its own water shut-of valve.
- No sudsing sewer piping configuration consideration provided for vertical stacks to minimize sudsing at the low points.
- No pressure balance type shower unit.
- No water conservation fixtures.

**OBSERVATION/
DISCUSSION**
(continued)

VENTILATION & AIR CONDITIONING SYSTEMS

Typically, the apartment unit vertical vent shafts are common with the piping shafts. There are no sheetmetal ductwork provided to carry the exhaust air from the apartment wall exhaust register to the roof exhaust fan. This scheme does not comply with present building code. All the apartment shaft exhaust fans are located on the roof of the towers. All the toilets are mechanically vented. All the kitchen is mechanically vented except the end units, where the unit has a window or lanai door.

The roof exhaust fans are utility type fans ducted from each shaft roof opening to the fan inlet. The fans are the original ones as noted and are operational but looks old and shows heavy corrosion. Fan and ducts are heavily painted. Noted belt and drive noises from many. Fan performance is questionable in this condition and age. Typically two shafts are connected to one fan. This is and will be a continuous maintenance item.

Noted that the lower common area of the Towers are mechanically ventilated with supply and exhaust air. Fans and ductwork are located at these lower levels. Areaway shafts are provided for intake and exhaust air.

The underground Parking Garage is ventilated by supply or intake areaways and exhaust areaways. The areaway shafts are provided with propellar type belt driven fans. These fans were noted to be the originals and are about 33 years old. They are operational but show signs of corrosion. These fans are controlled manually as needed. This is and will be a continuous maintenance item.

**OBSERVATION/
DISCUSSION**
(continued)

Generally all accessories such as volume dampers, fire dampers, controllers and air devices are corroded.

Code Items

Building code items noted from cursory observations and design drawing review are as follows:

- No separate sheetmetal duct shaft for kitchen and bathroom exhaust systems in pipe chase. Pipe chase cannot be used as a combination duct shaft and pipe chase.
- Ventilation rates for building spaces.

**OBSERVATION/
DISCUSSION**
(continued)

FIRE PROTECTION SYSTEM

The Tower's Lower Storage Floors and the two level of the underground parking garage structure are generally fully protected by automatic, wet type, fire sprinkler systems. The Tower's Upper Storage Floors are generally partially protected by automatic, wet type, fire sprinkler systems. The Transformer Vault, Switchgear and Elevator Machine Rooms were not protected with fire sprinklers.

The apartment floors have no fire sprinkler protection.

Trash chutes are provided with a fire sprinkler head at the top of the chute. No fire sprinkler heads on other floors were indicated.

All fire sprinkler alarm riser assemblies for the complex are located in the basement of the King Tower. Five fire zones were indicated.

Sprinkler piping and accessories are old and corroding.

Fire dampers are corroded and its function questionable.

Dry standpipes are located in both stairwells for the Prince Tower. These standpipes terminate above the roof on each tower. Generally they seem to be in operational condition.

Wet standpipe/Fire Hose Cabinets are located on each apartment floor and throughout the common areas. They are old but seem to be operational and with a test tag.

**OBSERVATION/
DISCUSSION**
(continued)

Code Items

Some building code items noted from cursory observations and design drawing review are as follows:

- The building stairwells have no smoke tower ventilation system per current code.
- Electrical related rooms have no fire sprinkler protection. (maybe exempt by Electrical code)
- Elevator shafts and machine rooms have no fire sprinkler protection. (maybe exempt by Electrical code)
- No Trash Chute fire sprinkler head at intermediate floors.

**CONCLUSION/
RECOMMENDATION**

PLUMBING SYSTEM

Generally the plumbing systems seem to be in a maintained condition. But these systems being about 33 years old have exceeded their economic life of 25 years. Constant repairs, fixes, and replacement cost should be anticipated in future maintenance budget. Fixes have been done to inaccessible parts of the plumbing system and need to be addressed for complete replacements as these areas become known.

Replace remaining Prince Tower kitchen sink waste stacks and associated piping and fittings, as soon as possible. A number of them have been indicated to have been replaced per Maintenance Engineer. Closely coordinate this work with all floors vertically. This pipe replacement will require the pipe chase wall (an exhaust shaft also) kitchen counters and cabinets be removed on all floors for any one stack. The probable mechanical average replacement cost per stack is \$66,000.

Treat and paint all rusted pipe supports on the roof of the tower. Cost unknown.

Correct the water pressure variations which occur in each tower's cold and hot water system effecting the water temperature at the shower head. This may require the replacement of each shower valve assembly with a new pressure balance type as the present code requires. Shower valve assembly replacement probable cost is approximately \$1800 per apartment and will be a responsibility of the owner. This cost is for mechanical work only and does not include wall, shaft, counter, or cabinet work.

**CONCLUSION/
RECOMMENDATION**
(continued)

Convert fixtures to water conservation type. The probable replacement cost is \$100,000 for the Prince Tower.

Replace heat pump system with new for the presently broken one. Recommend a new hot water system and cost study. Cost unknown.

A waste water study is recommended. Noted on plans that floor drains connected to storm drain system which we believe needs to be connected to the sewer system. Cost impact unknown.

Recommend a swimming pool study to determine code compliance. Cost impact unknown.

Provide vacuum breakers for all hose bibbs and box hydrants or replace if necessary to comply with code. Probable cost \$6,000.

Recommend study for all other code compliance items to meet current plumbing code. Cost impact unknown.

**CONCLUSION/
RECOMMENDATION**
(continued)

VENTILATION & AIR CONDITIONING SYSTEMS

All systems seemed to be operational and fairly maintained. But having past its economic life of 25 years, all the ventilation fans and accessories are due for programmed replacements to regain its intended efficiency and function. Probable replacement cost is \$200,000 for the Prince Tower.

Providing separate sheetmetal duct shaft for kitchen and bathroom exhaust will be costly, but recommend a study be done for concept, costing, and possible decision. Cost impact unknown.

Conduct indepth design/code study for Tower Upper and Lower Storage Levels for ventilation adequacy due to partition and use changes from original design intent. Cost impact unknown.

**CONCLUSION/
RECOMMENDATION**
(continued)

FIRE PROTECTION SYSTEM

Obtain automatic fire sprinkler system approval from Hawaii Insurance Rating Bureau if original system was not recorded. Obtain fire sprinkler and standpipe system test and performance certification conducted by a certified fire inspector. Cost unknown.

Clean and paint corroding fire sprinkler piping and accessories. Probable cost is \$35,000.

Test automatic function for all fire dampers and replace as necessary. Cost impact unknown.

Exit stairwell smoke tower ventilation system may become a future requirement. Cost impact unknown.

Fire sprinkle the remaining portions of the Tower Complex presently not protected. Probable cost is \$500,000 for the Prince Tower.

Add fire sprinkler intermediate floor heads in trash chute or replace with new trash chute. Cost unknown.

**CONCLUSION/
RECOMMENDATION**
(continued)

GENERAL

Plans indicated that individual apartments were not designed to have air conditioners, dishwashers, and clothes washers & dryers. Presently apartment owners cannot install these appliances. But with the association of apartment owners direction and applicable system re-engineering, they may become installable. These installations can be very costly.

Generally the plumbing systems observed are in usable condition and will require on going repairs, fixes, and replacements to keep it working properly.

Replacement or repair of plumbing fixtures, faucets, equipments, and piping have been taking place on an on-going basis and will continue. Many fixtures looked new due to on going replacements. Existing fixtures generally does not meet today's current water conservation code. The underground soil, water, fire line, standpipe lines, storm drain, and gas systems serving the tower buildings, swimming & wading pool, and teahouses are old and will generally require constant repairs, fixes, and possible major replacements in the near future.

Arrange for the Fire Marshall to inspect this building complex for code violations and evaluate his comments and implement as necessary to comply.

Overall, the mechanical system maintenance for this building has been adequate to keep it operational. But due to the age and above normal use, higher replacements should be anticipated as it has far pasted its 25 years of economic life. With a highly skilled management team, constant maintenance and high replacements, the plumbing, ventilation & air conditioning, and fire protection systems could provide

**CONCLUSION/
RECOMMENDATION**
(continued)

many more years of useful service. This project seems to be adequately served by the principle utilities of water, sewer, gas, and storm drainage.

The present mechanical systems may not meet today's codes, and as repairs and replacements are , the Building Codes may require current code compliance. Compliance will be very costly.

The above applicable comments for the apartments should generally apply to all of the Prince Tower units since they are all somewhat of the same age and maintenance level.



ERNEST M. UMEMOTO AIA

Architect, Inc.

Pacific Century Trust
111 South King Street
Honolulu, Hawaii 96813

January 23, 2001

Subject: Queen Emma Gardens (QEG)
Prince Tower Condominium Conversion
1511 Nuuanu Ave., Honolulu, Hawaii
TMK:(1)2-1-05:04

REFERRED TO _____
RECEIVED
JAN 26 2001

ANS. BY _____
DATE ANS. _____

ARCHITECTURAL REPORT

A Site Visit was done to note cursory observations of Queen Emma Gardens Prince Tower. Only what was visible at the walk-through is noted without further testing or further investigations. The Prince Tower consists of a 12-story high-rise structure with underground basement parking and storage areas. A two-story parking garage connects the King Tower and Prince Tower structures. The construction drawings dated April 15, 1962 were found but some changes were observed from the original design.

No Soils and Foundation Engineer, Civil Engineer, Hazardous Waste (asbestos, etc.) or other specialists were retained. Structural, Mechanical and Electrical Engineers were retained for separate reports. The Buildings were built prior to the latest Building Code and Zoning Ordinances and may not meet all the latest requirements. When future additions or alterations are executed these latest requirements will have to be met. "Grandfathered" and non-conforming status will limit future renovations, alterations and addition possibilities.

The original building permit did not cover 5 apartments on the 1st floor. A new building permit was obtained for the 5 apartments after upgrading the apartments for current Building Code requirements concerning bedroom window size for fire exit; additional smoke detectors on the bedroom side of door to hall; low-flow plumbing fixtures; electrical GFI convenience outlet located in toilet and kitchen; and fire-rated entry doors to building corridor. The remainder of the apartments are "grandfathered" under previous code requirements and must be made current when substantial alteration or renovation work occurs in the future.

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QEG Prince Tower Architectural Report

January 23, 2001

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Compliance to the ADA Requirements for disability accommodations are not required for single family units, however, common areas may require compliance. The Buildings do not have any handicap accessible apartments and do not comply to the ADA or FHA Requirements for disability accommodations. Public visitors and possible commercial lease facilities are required to comply with the Americans with Disabilities Act(ADA). "Readily achievable" removal of architectural barriers are required by law. There are presently no commercial lease facilities on site, but visitors are allowed on the premises and no accommodations are provided. It is recommended that an Architect be retained to design a barrier removal plan and obtain Building Permits to accommodate public visitors and guests. Any future new use or changes in occupancy will require full compliance to ADA requirements.

The Building Maintenance Supervisor conducted the tour of the Prince Tower and did not indicate any on-going or recurring operating and maintenance problems. He reports that there are no leaks. The Building exterior was just painted and the roof redone five years ago.

The following concerns were observed and are presented for your consideration:

COMMON AREAS

1. There are cracks in the sidewalk. Concrete repair is recommended to prevent pedestrians slipping and tripping.
2. Exterior stairs that are major exit ways have handrails wider apart than the maximum allowed by Code. These may be non-conforming and may be grandfathered.
3. Lighting of exit ways should be reviewed.
4. Lighting and security measures in dark walkways and public areas (such as parking stalls and storage) should be reviewed.
5. Termite damage was seen in the teahouses but not observed in the high-rises. Periodic termite inspection is recommended.
6. Ramps do not have handrails as required by Code. These may be non-conforming and may be grandfathered.
7. Cracks and drops in concrete paving at joints and edges could contribute to tripping. Recommend repair or replacement by ramps.

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8. Fire pull stations were identified in the parking garages by orange colored light fixtures but not identified with sign.
9. All the exit doors from the garage were not identified with exit signs. These exit signs should be on emergency power.
10. Fire hose standpipes and fire extinguishers should be periodically inspected as required by Code and tagged.
11. No tests were done on building materials and finishes for toxic content. New painting should be EPA approved.
12. No GFIC electrical convenience outlets were provided in public toilets, laundry and other areas near water fixtures and constitutes a safety hazard. Although legal when built, recommend electrical outlets near wet areas be replaced with GFIC outlets.
13. Plumbing for water supply and water fountains should be lead-free.
14. Low-flow plumbing fixtures must be used for all future replacements.
15. Smoke detectors were seen in trash chute dumpster rooms but were not present in maintenance rooms, laundry, electrical rooms and other rooms where combustion may occur.
16. Storage should not be permitted under open stairs. This should be a Building Maintenance check item.
17. Walkways and stairs do not have a consistent level of texturing and water drainage slope which may cause slipping. Constant maintenance to clear debris, algae and fungus from surfaces is necessary.
18. The building fire alarm is a local system. The emergency procedures local sounding alarm range and testing records were not examined. A report by the Fire Department is recommended.
19. Exterior walkways and stairway lighting should illuminate the complete exit paths and be switched by sensor switch instead of timer switches.
20. Due to minor construction deficiencies some stairway risers and treads vary more than 3/8" currently permissible by Code.

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21. Due to minor construction deficiencies some entry doors are more than 1/2" above the landing.
22. Roof access was locked and should be kept locked by Building Management policy with access allowed only to maintenance workers.
23. Site encroachments, access routes and other site features should be reviewed in the Site Survey drawn by a licensed Surveyor.
24. No observations were made of the following, but attention by Building Maintenance is recommended:
 - a. Prevention of access in or out of Site along mauka and Koko Head freeways.
 - b. Prevention of access in or out of Site where guardrails do not protect drop in site elevation.
 - c. Security for personal safety and property from injury or damage.
 - d. Flooding and blockages to drainage.
 - e. Condition of retaining walls.
 - f. Safety grating, covers and secured opening from entry by unauthorized personnel.
 - g. Swimming and wading pool safety rules.
 - h. Playground and children play yard safety rules.
 - i. Site soil settlements.
 - j. Trash removal safety rules.
 - k. Clearance of gas heater flues to occupied areas.
 - l. Clearance of exhaust air to occupied areas.
 - m. Parking garage exhaust fans.
 - n. Fire doors and frames labels.
 - o. Ground condition under playground equipment.
25. Building lobby was not secured from exterior entry. No enter phone system, security checkpoints or cameras are present.
26. Exhaust from laundry dryers are within one story from apartment windows and do not have filters. Laundry lint from dryer must be periodically cleaned.
27. Exit doors were found propped open when closers were required.

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28. Area separation doors due to occupancy group transitions were found propped open or missing when closers were required. An example is between garage and lobby entry.
29. Electrical panels were generally clear for servicing but at least one instance of storage blocking panels was observed.
30. Loading areas are available near porte cocheres of all towers, but loading stalls are not marked.
31. The children play areas are not fenced and border an open pond near the Queen Tower and the swimming and wading pools between the King and Prince Towers.
32. The number of handicap parking stalls is below current Code requirements and no exterior route of travel is provided per ADA. Conforming signs, ramps, curb cuts and clear path should be provided.
33. Frequent inspection to note cracks in the roofing surface layer should be conducted and repairs made to prevent leaking.
34. The roof drains appear too small. Either provide larger scuppers or an engineering examination of the drain size is recommended.
35. Unused TV antennas on the roof should be removed.
36. Parapets on the roof should not be cracked, chipped or have exposed reinforcing. Repair is required to prevent further deterioration.
37. Flammables were observed in unprotected areas and must be relocated to approved fire-resistive storage.
38. There is a crawl space under the first apartment floor accessed via a scuttle from the garden level. There is also a plenum space between the roof slab and the top apartment ceiling. There is no indication that there are fire-stopped as required by current Code. Further investigation by an Engineer is recommended.
39. There is stabilized chlorinating concentrate stored in Room 315. Building Management needs to have rules regarding storage of chlorine, gardening, maintenance and housekeeping chemicals.

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40. The fire panel in the maintenance office in the King Tower ground level should be keyed for HFD access.
41. The Ewa makai corner of the Prince Tower entry level(between basement and garden levels) has high rock retaining wall and does not have guardrails.
42. Wading pool should not be hidden from view of the adjoining recreational area. To be more open would enable others to see if children are being properly supervised.
43. Mauka corridor exterior exit balcony door should not be louvered.
44. Guardrail recommended at open stair by emergency generator room.
45. Emergency Generator Room needs roof or screen over grating to prevent leaves from plugging floor drain.
46. Upper garage mauka doors to garden stair locked. Building Management needs to verify that these were not required exit doors.
47. Utility spaces may have components such as ship ladder to Elevator Machine Room that do not meet current OSHA Standards but may be grandfathered.
48. Maintenance shops or storage in lower basement should be fire separated from garage.
49. If painting is done in Maintenance Shop an exhaust hood is required.
50. Fire rated door labels have been painted over and cannot be read.
51. Pump Room does not have fire sprinklers should not be blocked by piping.
52. Fire extinguisher in Maintenance areas should be strategically located.
53. Electrical Room should be fire separated from storage lockers. No fire sprinklers or detectors in either areas.
54. High Voltage Room must have "NO ENTRY" sign. Maintenance personnel have access at present and are not trained to access these rooms.

QEG Prince Tower Architectural Report

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55. Fire detector in trash chute dumpster room dirty and covered with cobwebs. Periodic cleaning of fire detector required.
56. Lower parking Staff Lunch Room is not vented with outside air.
57. Carwash in garage was not in original construction. Drain may be undersized.
58. Tunnel connecting King and Queen Towers lower level has CMU walls that do not go up to structural slab. Fire separation may be required between tunnel and adjoining storage rooms. This needs to be altered to conform.
59. HECO vault door fire resistive rating not checked.
60. Teahouses do not have railing at step. No ramp or guardrail along access. For safety these should be provided.
61. Security in basement areas difficult due to numerous access points, hidden corners and large area for surveillance.
62. The lighting design in the corridor results in dark areas alternating with light areas. The dark areas may not meet minimum level of illumination.
63. Exhaust from emergency generator is not fenced off from access from lawn.
64. Pool fence is a little short. The wading pool perimeter fence is too short.
65. Storage lockers are not secured at top wire mesh allows contents to be visible so that high value property should not be stored. Numbers are not on permanent plaques. Some lockers need repair and at least one was flooded.
66. Retaining walls on grounds require guardrails when grade differences exceed Code maximums.
67. Locker rooms have dead-end corridors longer than twenty feet. Exit signs are not visible from all points in the corridor and exit signs may not be on emergency power.
68. No fire evacuation plan showing exit ways were posted. Exit signs should be on emergency power.

69. Fire pull boxes were not clearly identified by sign. Fire hose standpipe and fire extinguisher should be periodically inspected as required by Code and tagged.

RESIDENTIAL APARTMENTS

1. Extension cords were seen in Apartments. The use of and extent of extension cords should follow rules posted by Building Management.
2. No checks were done on building materials and finishes for toxic content. New painting should be EPA approved.
3. No GFIC electrical convenience outlets were provided in kitchens and baths and constitutes safety hazard.
4. Wall behind the kitchen range were in most cases plastic laminate or metal but at least one instance was found where painted wallboard was left unprotected.
5. Cabinets above the kitchen range must be metal or UL approved metal hood but at least one instance was found where painted wood cabinet was left unprotected.
6. Plumbing for water supply should be lead-free.
7. Low-flow plumbing fixtures must be used for all future replacement.
8. A smoke detectors were observed in each Apartment, but in the future additional smoke detectors must be placed on both sides of each bedroom door.
9. There should be a policy from Building Management in the storage of flammable materials. Unless a fire-resistive closet is provided, improper storage may occur elsewhere.
10. No peep holes in entry doors and no special high security locksets were observed for Apartment security.
11. The units were not designed for individual washer, dryer, dishwasher or window air conditioning units. The addition of these appliances would severely impact the Building's capacity to provide for its basic utility needs.
12. Termite damage was not observed, but is possible even in high-rises so periodic inspection is recommended.

QEG Prince Tower Architectural Report

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13. Apartments are not individually metered so that utility charges may not reflect actual use.
14. No grab bars or non-slip surface in bathtub area.
15. Windows at bedroom do not meet current fire exit opening Code Requirements. The openings are grandfathered.
16. Kitchen appliances are of smaller size than found in houses.
17. Window at living room does not have 3'-6" high safety bar which should be added. Recommend adding this item. It is possible to remove the screen and open the window. This results in a dangerous condition where a 3'-6" high safety bar is insufficient and a full guardrail with 4" maximum opening pickets is recommended.
18. Lanai guardrail spacing is half inch larger than 4 inches, the current Code maximum opening but may be grandfathered.

Many of the above comments contain a note that the referenced item may be grandfathered. This means that it may have conformed to the Building Code at the time of construction. Usually, the item does not need to be altered to meet the latest Building Code until substantial renovation or addition takes place in the area where the item is located. The mention of this grandfathered status is meant to recommend further study by the property managers and the occupants, sometimes involving inquiry to the governing agencies or commissioning professional engineering consultants to make further studies, especially in cases where health and safety of occupants, guest and staff are concerned.

The Prince Tower Building is well built and has held up to wear and tear very well. A strict maintenance and repair program has kept the building clean and functionally able to provide for the needs of the intended use.

Respectfully submitted by:



Ernest M. Umemoto, AIA
Architect



7. Analyzing the collected paint samples using recognized USEPA methodology for lead content.
8. Assessing the condition of the confirmed lead paint areas.

Our results are as follows.

Unit 821

Unit 821 is a studio that consisted of a bathroom, living area and a small partitioned kitchenette.

Asbestos

The vinyl floor tile was relatively new and in excellent condition. Consequently, the flooring was not sampled.

The insulation on the underside of the stainless steel sink in the kitchenette was sampled for asbestos and contains 5% chrysotile asbestos.

The joint compound applied to the gypsum walls in the bathroom contains 3% chrysotile asbestos. The gypsum board in the kitchen did not have asbestos, however, the joint compound applied to the gypsum board contains 3% chrysotile.

The studio unit was in excellent condition.

Paint

The entire room was painted white. The paint was in excellent condition.

Interior paint collected from a closet had 0.039 percent lead by weight.

Unit 938

Unit 938 is a two-bedroom apartment that consisted of two bedrooms, a bathroom, living area and a small partitioned kitchenette.



January 26, 2001

Ms. Bea Okuda
Pacific Century Trust
P.O. Box 3170
Honolulu, Hawaii 96802

RE: Suspect Asbestos Building Materials and Suspect Lead Paint
Sampling & Testing Results
Queen Emma Gardens, Prince Tower, Units 821 & 938

Dear Ms. Okuda:

On January 16, 2001, suspect asbestos building materials and suspect lead paint samples were collected from Units 821 and 938 of the Prince Tower at Queen Emma Gardens. The scope of the assessment included:

1. Identifying suspect building materials for possible asbestos content.
2. Collecting representative samples of the identified suspect asbestos containing building materials.
3. Testing via USEPA methods the collected samples to determine percent of asbestos content.
4. Assessing the condition of the confirmed asbestos containing building materials.
5. Identifying painted areas to be sampled.
6. Collecting representative paints samples for subsequent testing.



Asbestos

The vinyl floor tile was relatively new and in excellent condition. Consequently, the flooring was not sampled.

The insulation on the underside of the stainless steel sink in the kitchenette was sampled for asbestos and does not contain asbestos.

The joint compound/gypsum samples collected from the walls of the bathroom and bedroom each contain 3% chrysotile asbestos.

The unit was in excellent condition.

Paint

The entire room was painted white. The paint was in excellent condition.

Interior paint collected from a closet had 0.082 percent lead by weight.

The Occupational Health and Safety Administration considers a material to be asbestos containing whenever there is a measurable amount of asbestos detected. If any of the asbestos identified materials require abatement, demolition or remodeling, a certified and trained asbestos worker should perform the work.

Lead paint is primarily regulated by OSHA, EPA and HUD. Current EPA guidance for residential lead paint calls for abatement measures for lead paint concentrations of 0.5% or greater. Lead in the paint in the two units sampled and tested was significantly less than this value. No immediate abatement measures are required.

Should you have any questions, please contact us.

Sincerely,



Randy Herold
President

enc.





7342 EAST THOMAS RD. / SCOTTSDALE, ARIZONA 85251 / (480) 990-2069 / FAX (480) 990-8468

LEAD (Pb) IN PAINT CHIP SAMPLES
EMC SOP METHOD #L01/1 EPA METHOD SW-846

Page 1 of 1

EMC LAB #: L14715		DATE RECEIVED: 01/22/01			
CLIENT: J.R. Herold & Associates		REPORT DATE: 01/24/01			
		DATE OF ANALYSIS: 01/24/01			
CLIENT ADDRESS: 1128 Nuuanu Ave., Suite 270 Honolulu, HI 96817		P.O. NO.:			
PROJECT NAME: Queen Emma Prince		PROJECT NO.: 1A007107			
EMC #	SAMPLE DATE /01	CLIENT SAMPLE #	DESCRIPTION	DETECTION LIMIT	%Pb BY WEIGHT
L14715-					
1	01/16	LP-1	#938 / Interior - White	0.022	0.082
2	01/16	LP-2	#821 / Interior White	0.022	0.039

* = Dilution Factor Changed

* = Excessive Substrate May Bias Sample Results

BDL = Below Detectable Limits

* = Very Small Amount Of Sample Submitted, May Affect Result

This report applies to the standards or procedures identified and to the samples tested only. The test results are not necessarily indicative or representative of the qualities of the lot from which the sample was taken or of apparently identical or similar products, nor do they represent an ongoing quality assurance program unless so noted.

Where it is noted that a sample with excessive substrate was submitted for laboratory analysis, such analysis may be biased. The lead content of such sample may, in actuality, be greater than reported. EMC makes no warranty, express or implied, as to the accuracy of the analysis of samples noted to have been submitted with excessive substrate. Resampling is recommended in such situations to verify original laboratory results.

This report is for the exclusive use of the addressed client and are rendered upon the condition that they will not be reproduced wholly or in part for advertising or other purposes over our signature or in connection with our name without special written permission. Samples not destroyed in testing are retained a maximum of sixty (60) days.

ANALYST: Sherry Gelsomino
Sherry Gelsomino

QA COORDINATOR: Kurt Kettler
Kurt Kettler

BULK MATERIAL REPORT

REPORT Laboratory Analysis: BULK MATERIAL

Client: J.R. HEROLD & ASSOCIATES

Reported to: RANDY HEROLD

Sampled from: QUEEN EMMA PRINCE

Shipped via: US MAIL

LAB: 71453

Methodology: EPA 600/M4-82-020

P/O#:

Proj: IA007107

By: Client

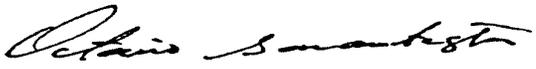
Received: 1/22/01

Reported: 1/25/01

SAMPLE	IDENTIFICATION	PARAMETER	TEST RESULTS
01	A-1 gypsum board, joint compound off white, white #938/BEDRM	Asbestos	Positive. This sample contains approx. 3% Chrysotile, 97% Quartz, CaCO ₃ , CaSO ₄ , Mica, Binder
02	A-2 sink coat white #938/KITCHEN	Asbestos	None detected. This sample contains approx. 15% Cellulose, 85% Quartz, CaCO ₃ , Mica, Binder
03	A-3 gypsum board, joint compound off white, white #938/BATH	Asbestos	Positive. This sample contains approx. 3% Chrysotile, 97% Quartz, CaCO ₃ , CaSO ₄ , Mica, Binder
04	A-4 sink coat black #821/KITCHEN	Asbestos	Positive. This sample contains approx. 5% Chrysotile, 95% Quartz, CaCO ₃ , Mica, Binder

THE REPORT APPLIES TO THE STANDARDS OR PROCEDURES IDENTIFIED AND TO THE SAMPLE(S) TESTED. THE TEST RESULTS ARE NOT NECESSARILY INDICATIVE OR REPRESENTATIVE OF THE QUALITIES OF THE LOT FROM WHICH THE SAMPLE WAS TAKEN OR OF APPARENTLY IDENTICAL OR SIMILAR PRODUCTS. NOR DO THEY REPRESENT AN ONGOING QUALITY ASSURANCE PROGRAM UNLESS SO NOTED. THESE REPORTS ARE FOR THE EXCLUSIVE USE OF THE ADDRESSED CLIENT AND ARE RENDERED UPON THE CONDITION THAT THEY WILL NOT BE REPRODUCED WHOLLY OR IN PART FOR ADVERTISING OR OTHER PURPOSES OVER OUR SIGNATURE OR IN CONNECTION WITH OUR NAME WITHOUT SPECIAL WRITTEN PERMISSION. SAMPLES NOT DESTROYED IN TESTING ARE RETAINED A MAXIMUM OF THIRTY DAYS.

ACCREDITED BY THE NATIONAL INSTITUTE OF STANDARDS TECHNOLOGY, VOLUNTARY LABORATORY ACCREDITATION PROGRAM FOR SELECTED TEST METHOD FOR ASBESTOS. THE ACCREDITATION OR ANY REPORTS GENERATED BY THIS LABORATORY IN NO WAY CONSTITUTES OR IMPLIES PRODUCT CERTIFICATION, APPROVAL, OR ENDORSEMENT BY THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY. ALL ANALYSES ARE DERIVED FROM CALIBRATED VISUAL ESTIMATE UNLESS OTHERWISE NOTED. POLARIZED-LIGHT IS NOT CONSISTENTLY RELIABLE IN DETECTING ASBESTOS IN FLOOR COVERINGS AND SIMILAR NON-FRIABLE ORGANICALLY BOUND MATERIALS. QUANTITATIVE TRANSMISSION ELECTRON MICROSCOPY IS CURRENTLY THE ONLY METHOD THAT CAN BE USED TO DETERMINE IF THIS MATERIAL CAN BE CONSIDERED OR TREATED AS NON-ASBESTOS-CONTAINING.



Analyst: Octavio Gavarreteayestas



By: Kurt Kettler

NVLAP Accreditation #1926, CA ELAP #1913, TX DOH #30-0094

7342 EAST THOMAS ROAD SCOTTSDALE, ARIZONA 85251-7216 (480) 990-2069 FAX: (480) 990-8468

EXHIBIT

BULK MATERIAL REPORT

REPORT Laboratory Analysis: BULK MATERIAL

Client: J.R. HEROLD & ASSOCIATES

Reported to: RANDY HEROLD

Sampled from: QUEEN EMMA PRINCE

Shipped via: US MAIL

LAB: 71453

Methodology: EPA 600/M4-82-020

P/O#:

Proj: IA007107

By: Client

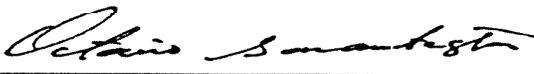
Received: 1/22/01

Reported: 1/25/01

SAMPLE	IDENTIFICATION	PARAMETER	TEST RESULTS
05	A-5 joint compound off white, white #821/BATH	Asbestos	Positive. This sample contains approx. 3% Chrysotile, 97% Quartz, CaCO, CaSO, Mica, Binder
06A	A-6 gypsum board white, brown #821/KITCHEN	Asbestos	None detected. This sample contains approx. 10% Cellulose, 1% Talc, 89% Quartz, CaCO, CaSO, Mica, Binder
06B	A-6 joint compound white #821/KITCHEN	Asbestos	Positive. This sample contains approx. 3% Chrysotile, 97% Quartz, CaCO, CaSO, Mica, Binder

THE REPORT APPLIES TO THE STANDARDS OR PROCEDURES IDENTIFIED AND TO THE SAMPLE(S) TESTED. THE TEST RESULTS ARE NOT NECESSARILY INDICATIVE OR REPRESENTATIVE OF THE QUALITIES OF THE LOT FROM WHICH THE SAMPLE WAS TAKEN OR OF APPARENTLY IDENTICAL OR SIMILAR PRODUCTS, NOR DO THEY REPRESENT AN ONGOING QUALITY ASSURANCE PROGRAM UNLESS SO NOTED. THESE REPORTS ARE FOR THE EXCLUSIVE USE OF THE ADDRESSED CLIENT AND ARE RENDERED UPON THE CONDITION THAT THEY WILL NOT BE REPRODUCED WHOLLY OR IN PART FOR ADVERTISING OR OTHER PURPOSES OVER OUR SIGNATURE OR IN CONNECTION WITH OUR NAME WITHOUT SPECIAL WRITTEN PERMISSION. SAMPLES NOT DESTROYED IN TESTING ARE RETAINED A MAXIMUM OF THIRTY DAYS.

ACCREDITED BY THE NATIONAL INSTITUTE OF STANDARDS TECHNOLOGY, VOLUNTARY LABORATORY ACCREDITATION PROGRAM FOR SELECTED TEST METHOD FOR ASBESTOS. THE ACCREDITATION OR ANY REPORTS GENERATED BY THIS LABORATORY IN NO WAY CONSTITUTES OR IMPLIES PRODUCT CERTIFICATION, APPROVAL, OR ENDORSEMENT BY THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY. ALL ANALYSES ARE DERIVED FROM CALIBRATED VISUAL ESTIMATE UNLESS OTHERWISE NOTED. POLARIZED-LIGHT IS NOT CONSISTENTLY RELIABLE IN DETECTING ASBESTOS IN FLOOR COVERINGS AND SIMILAR NON-FRIABLE ORGANICALLY BOUND MATERIALS. QUANTITATIVE TRANSMISSION ELECTRON MICROSCOPY IS CURRENTLY THE ONLY METHOD THAT CAN BE USED TO DETERMINE IF THIS MATERIAL CAN BE CONSIDERED OR TREATED AS NON-ASBESTOS-CONTAINING.



Analyst: Octavio Gavarreteayestas



By: Kurt Kettler

IVLAP Accreditation #1926, CA ELAP #1913, TX DOH #30-0094

342 EAST THOMAS ROAD SCOTTSDALE, ARIZONA 85251-7216 (480) 990-2069 FAX: (480) 990-8468

EXHIBIT 2