

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer AG Waikiki Galleria, L.L.C. and BRS Waikiki Galleria, L.L.C.
Address 810 Richards Street, Suite 1000, Honolulu, Hawaii 96813
Project Name(*): Waikiki Galleria Tower
Address: 2222 Kalakaua Avenue, Honolulu, Hawaii 96815

Registration No. 5042 (Conversion) Effective date: April 14, 2003
Expiration date: May 14, 2004

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:

- X 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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION SHOULD BE GIVEN TO THE ADDITIONAL INFORMATION (PAGE 20) AND THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "I")

SPECIAL ATTENTION

.....
No warranties are given to the purchaser as to the construction, materials or workmanship of the improvements. The improvements are being sold in "as is" condition.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.
.....

TABLE OF CONTENTS

page

Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer Attorney for Developer General Contractor	
Real Estate Broker Escrow Company Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Description of Building	
EXHIBIT B: Boundaries of Apartments (Description of Units)	
EXHIBIT C: Permitted Alterations	
EXHIBIT D: Parking	
EXHIBIT E: Common Elements	
EXHIBIT F: Limited Common Elements	
EXHIBIT G: Encumbrances Against Title	
EXHIBIT H: Maintenance Fees	
EXHIBIT I: Summary of Sales Contract	
EXHIBIT J: Summary of Escrow Agreement	
EXHIBIT K: Reserved Rights	

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: AG Waikiki Galleria, L.L.C., a Delaware limited liability co. Phone: (808) 531-3000
BRS Waikiki Galleria, L.L.C., a Delaware limited liability co. (Business)
Name*
c/o The Shidler Group, 810 Richards Street, Suite 1000
Business Address
Honolulu, Hawaii 96813

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):

Waikiki Galleria Manager, Inc., a Delaware corporation, its manager (see page 5a for names of officers and directors)

Real Estate Broker*: Reynolds/Shidler Investment Corporation Phone: (808) 531-3000
Name (Business)
810 Richards Street, Suite 1000
Business Address
Honolulu, Hawaii 96813

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

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

Condominium Managing Agent*: Self-managed by the Association of Unit Owners Phone: _____
Name (Business)
Business Address

Attorney for Developer: Case Bigelow & Lombardi Phone: (808) 547-5400
(Scott D. Radovich/David F. Andrew) (Business)
Name
737 Bishop Street, Suite 2600
Business Address
Honolulu, Hawaii 96813-3214

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

Officers and Directors of Waikiki Galleria Manager, Inc.

Sole Director: Michael Gordon

<u>Officer</u> <u>Name</u>	<u>Office</u>
John M. Angelo	President and Treasurer
Michael L. Gordon	Vice-President and Secretary
David Roberts	Vice-President
Fred Berger	Vice-President
Keith F. Barket	Vice-President
Andrew Jacobs	Vice-President
Dana Roffman	Vice-President
Matthew Khoury	Vice-President
Adam Schwartz	Vice-President
Bruce M. Stachenfeld	Assistant Secretary

**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. _____
Book _____ Page _____
 Filed - Land Court Document Number _____

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

- 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 Condominium Map No. _____
 Filed - Land Court Condominium Map No. _____

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. _____
Book _____ Page _____
 Filed - Land Court Document Number _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<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>N/A</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 K to this public report]

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

- Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 2222 Kalakaua Avenue
Honolulu, Hawaii 96815

Tax Map Key: (1) 2-6-19:37, 38, 44, 64
(TMK)

Address TMK is expected to change because _____

Land Area: 41,256 square feet acre(s)

Zoning: Resort-Commercial Precinct
Waikiki Special District

Fee Owner: AG Waikiki Galleria, L.L.C., a Delaware limited liability co.
BRS Waikiki Galleria, L.L.C., a Delaware limited liability co.
 Name
c/o The Shidler Group, 810 Richards Street, Suite 1000
 Address
Honolulu, Hawaii 96813

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: one Floors Per Building 16

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other steel, glass and other building materials

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<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 Except to the extent specifically permitted by those rules and regulations adopted from time to time pursuant to the Declaration, no pets or other animals shall be kept within the Project or any Apartment.
- Number of Occupants: _____
- Other: See use restrictions contained in Section G of the Declaration.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 4, plus 2 for Apt. A only Stairways: 2, plus 5 for Apt. A only Trash Chutes: none

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath@</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>A</u>	<u>1</u>	<u>0/2</u>	<u>62,700**</u>	_____	_____
<u>B</u>	<u>1</u>	<u>0/20</u>	<u>190,400</u>	_____	_____
Total Number of Apartments			<u>2</u>		

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

@ The restrooms do not include bathing facilities.

**Apartment A (the Retail Apartment) comprises a net area of approximately 62,700 square feet. Nevertheless, as provided in Section P.2 of the Declaration, the DFS Lease provides that, upon expiration or other termination of the DFS Lease, DFS shall reconstruct the building to the configuration it was in at the time DFS took possession of the Retail Apartment under the DFS Lease, which provided for 74,497 square feet of retail space.

The floor areas shown are approximate only.

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. The Developer makes no representations or warranties as to the floor area of any particular apartment.

Boundaries of Each Apartment:

SEE EXHIBIT "B"

Permitted Alterations to Apartments:

SEE EXHIBIT "C"

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:

1. Alterations to the building were approved by Variance Nos. 78/ZBA-206 and 91/VAR-71.
2. Joint development of tax map keys: 2-6-19: 22-24, 27-29, 34-41, 44-48 and 64 was approved by Conditional Use Permit No. 1999/CUP-19. (The Project is covered by tax map key parcels 37, 38, 44 and 64.) The parking master plan by 2000/SDD-19 is for 442 off-street parking spaces that must be provided on the joint development.
3. Exterior building alterations and additions, including outdoor lighting, was approved by Special District Minor Permit No. 1999/SDD-102.
4. Zoning Variance No. 1999/VAR-69 approved: various building alterations and/or additions, which encroach into required building setbacks and increase nonconformity; outdoor lighting that creates light spillage or glare onto surrounding lots and public rights-of-way; and two signs that exceed the maximum size and number.

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	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> </u>	<u> X* </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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.

*SEE PAGE 13a

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

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

described in Exhibit E .

as follows:

Disclosure Regarding Non-Conforming Structure Referenced in Section III.C.11.b. above

According to the Department of Planning and Permitting of the City and County of Honolulu, the building met all applicable code requirements when it was constructed in 1964 and altered in 2001. However, based on the current Waikiki Special District Resort Mixed Use Precinct Development Standards, in the City and County of Honolulu Land Use Ordinance, the building is an existing non-conforming structure. Items of non-conformity include front-yard and transitional height setbacks, loading, building density, off-street parking and landscaping. Each item is currently either grand fathered or covered by a variance.

According to the City, because the existing structure is nonconforming, it is subject to LUO Sections 21-9.80-4(e)(1), (4) and (5), and in all other respects to Section 21-4.110(b). Within the Resort Commercial Precinct, a nonconforming structure may be replaced by a new structure with up to the maximum permitted floor area of the precinct for similar uses or the existing floor area, whichever is greater, provided all other Waikiki Special District standards are met. Also according to the City, minor elements of nonconforming structures may be renovated, reconfigured or replaced, provided certain standards are met.

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

There are no limited common elements in this project.

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

described in Exhibit F.

as follows:

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: Apartment A (the Retail Apartment) - 0.465 (46.5%);
Apartment B (the Office/Garage Apartment) - 0.535 (53.5%)

Note: The common interest for each apartments was rounded off so that the total of both common interests equaled 1.000 (100.00%).

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 G describes the encumbrances against the title contained in the title report dated February 7, 2003 and issued by Title Guaranty of Hawaii, Inc.

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.

[X] 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.

Type of Lien

Effect on Buyer's Interest and Deposit
if Developer Defaults or Lien is
Foreclosed Prior to Conveyance

Mortgage

The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements:

None

2. Appliances:

None

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

Construction of the building, which contains Apartments A and B, was completed in 1966. In 1995, the property's mechanical systems, tenant space and common areas were completely renovated. A major renovation of Apartment A (the Retail Apartment) was completed in 2001.

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):

SEE EXHIBIT "K"

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

None Electricity (X Common Elements only _____ Common Elements & Apartments)
 Gas (_____ Common Elements only _____ Common Elements & Apartments)
 Water (Common Elements only) Sewer (Common Elements only) Television Cable
 Other Costs related to use of the heating, ventilation and air conditioning (HVAC) system in the common elements, as well as for refuse collection for the common elements (each Apartment will be responsible for its own refuse collection)

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 I contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated March 4, 2003

Exhibit J contains a summary of the pertinent provisions of the escrow agreement.

Other: Specimen Deed

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. 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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 5042 filed with the Real Estate Commission on March 4, 2003.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

1. No Wheelchair Access to Penthouse. The elevators serving the building do not provide service to the penthouse level or to the loft above the penthouse. The only access through the building to those levels is via the internal stairwells. As such, there is currently no wheelchair access to the penthouse or penthouse loft level. To provide wheelchair access to those levels, a lift would have to be installed, the current cost of which is estimated to be between \$30,000 and \$50,000. Prospective purchasers of the Office/Garage Apartment are advised to consider this access issue.

2. Asbestos. The building was built prior to 1979 and may present risk of exposure to asbestos materials. Developer makes no representations or warranties with respect to, nor shall Developer be responsible or liable for, the presence or absence of asbestos on, within, or relating to the building, or for the removal of asbestos from the building.

3. Lead-Based Paint. The building was built prior to 1978 and may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Although any such paint should have no adverse impact on building occupants observing normal office, garage and retail activities, Developer makes no representations or warranties with respect to, nor shall Developer be responsible or liable for, the presence or absence of lead-based paint or lead-based paint hazards on, within or relating to the building, or for the removal of lead-based paint from the building.

4. DFS Lease. DFS Group L.P., a Delaware limited partnership ("DFS"), is currently leasing the Retail Apartment from the Developer, pursuant to that certain unrecorded Nicos Building - Waikiki Lease By and Between Nippon Shinpan U.S.A., Inc., as landlord, and DFS Group L.P., as tenant, dated April 1, 1999, of which a Short Form of Lease is dated May 6, 1999, and filed as Land Court Document No. 2550209, as amended and supplemented and as may be further amended and supplemented from time to time in accordance with the terms thereof (the "DFS Lease"). A purchaser of the Retail Apartment shall acquire the Retail Apartment subject to the DFS Lease and, at closing, such purchaser shall assume all obligations of the landlord under the DFS Lease and Developer shall have no further obligations with respect thereto.

A. Rights and Obligations. During the term of the DFS Lease: (a) as between the owner of the Retail Apartment and the owner of the Office/Garage Apartment, the owner of the Retail Apartment shall hold the interests of the "Landlord" under the DFS Lease; (b) all rights of the "Tenant" under the DFS Lease that affect the condominium project (the "Project"), or any portion thereof, shall be afforded to the owner of the Retail Apartment; and (c) all rights and obligations of the "Tenant" under the DFS Lease that affect the Project, or any portion thereof, shall be binding on the owner of the Retail Apartment. During the term of the DFS Lease, the Association of Apartment Owners (the "AOAO") and the owner of the Office/Garage Apartment shall cooperate with the owner of the Retail Apartment as may be reasonably necessary for the owner of the Retail Apartment to obtain its rights and meet its obligations under the DFS Lease as they relate to the common elements of the Project and/or to the Office/Garage Apartment; provided, however, that such cooperation by the AOAO and the owner of the Office/Garage Apartment shall be limited to that which would exist on the date of recordation of the Declaration (i.e., the level of cooperation by the AOAO and the owner of the Office/Garage Apartment shall not be increased or adversely affected by any amendment, modification or extension to the DFS Lease entered into after the date of recordation of the Declaration). The owner of the Retail Apartment shall pay all costs reasonably incurred by the AOAO and/or the owner of the Office/Garage Apartment as a result of such cooperation on the part of the Association and/or the owner of the Office/Garage Apartment; provided, however, that the owner of the Office/Garage Apartment shall be responsible for such costs that are incurred as a result of the negligent acts or omissions of the owner of the Office/Garage Apartment.

B. Reconstruction of Building. As of the date of recordation of the Declaration, but subject to amendment of the DFS Lease, the DFS Lease provides, among other things, that, upon expiration or other termination of the DFS Lease, DFS shall reconstruct, at DFS's sole expense, the building to the configuration it was in at the time DFS took possession of the Retail Apartment under the DFS Lease, including separation of the building from other buildings and the reconstruction of exterior and interior floors and walls.

C. Right of First Refusal. Pursuant to the DFS Lease as it exists on the date of recordation of the Declaration, DFS shall have, while the DFS Lease is in effect, the following rights with respect to the acquisition of the Retail Apartment and the Office/Garage Apartment:

(1) If the owner of the Retail Apartment receives an offer acceptable to the owner of the Retail Apartment from DFS's Competitor (as defined in the DFS Lease) to purchase the Retail Apartment, or any part thereof, the owner of the Retail Apartment shall give DFS the first right to purchase the Retail Apartment upon the same terms and conditions as contained in the offer from DFS's Competitor, provided, however, that DFS affirmatively exercises such right of first refusal within seven calendar days from notice thereof by the owner of the Retail Apartment.

(2) If the owner of the Office/Garage Apartment receives an offer acceptable to the owner of the Office/Garage Apartment from DFS's Competitor to purchase the Office/Garage Apartment, or any part thereof, the

owner of the Office/Garage Apartment shall give DFS the first right to purchase the Office/Garage Apartment upon the same terms and conditions as contained in the offer from DFS's Competitor, provided, however, that DFS affirmatively exercises such right of first refusal within seven calendar days from notice thereof by the owner of the Office/Garage Apartment.

The Project and the apartment owners, as appropriate, shall be subject to the rights of DFS set forth in Section P.3 of the Declaration. Nothing contained in Section P.3 of the Declaration shall give DFS any further rights than are provided under the DFS Lease.

5. Lauula Street

A. At the time of recordation of the Declaration, Developer owned seven-eighths (7/8) of the fee simple interest in Lauula Street (referenced as Lot 41 in Exhibit "G" to this public report), which is a private roadway that adjoins the Project and is described in Exhibit "D" to the Declaration. Developer is considering acquiring the remaining one-eighth (1/8) fee simple interest in Lauula Street. If Developer acquires the remaining one-eighth (1/8) fee simple interest in Lauula Street, Developer shall have the unilateral right to annex Lauula Street to the Declaration and to the Project. Upon such annexation, Developer shall, at its sole discretion, designate Lauula Street (including the improvements on Lauula Street), in whole or in portions, as: (i) a part of one or more of the Apartments, including any Apartments no longer owned by Developer; (ii) among the common elements of the Project; and/or (iii) limited common element appurtenant to one or more of the Apartments, including any Apartments no longer owned by Developer, provided that, if it is so annexed, every portion of Lauula Street will be designated either as part of an Apartment or as a common element.

B. In the exercise of the foregoing rights, Developer may at any time and from time to time execute and record (i) one or more deeds conveying the fee simple interest in Lauula Street to the Apartment Owners in proportion to their respective common interests, as set forth in the Declaration; (ii) one or more amendments to the Declaration which may contain an amended description of the Project and any changes to the Project made pursuant to the terms of the Declaration; and (iii) one or more amendments to the Condominium Map showing any changes in the Project. Developer may apply for and obtain from the Real Estate Commission one or more supplementary or other public reports describing the changes made in the Project pursuant to the terms of the Declaration.

C. Lauula Street shall be deemed a part of the Project for all purposes upon recording by Developer of (i) one or more deeds conveying the fee simple interest in Lauula Street to the Apartment Owners in proportion to their respective common interests, as set forth in the Declaration, and (ii) one or more amendments to the Declaration which shall contain an amended description of the Project, including Lauula Street and any other changes made pursuant to the terms of the Declaration and such other changes as may be required by law.

D. Upon completion of the foregoing, Lauula Street (whether as part of an Apartment or among the common (or limited common) elements or both) shall be subject to the Declaration and part of the Project to the same extent as though it had been part of the original Project.

E. Developer shall have the right to execute, acknowledge and deliver any and all instruments, including without limitation all amendments to the Declaration and Bylaws, necessary or appropriate for the purpose of carrying out the provisions and exercising the rights, powers and privileges granted or reserved by the Declaration. Any such action shall be deemed taken by Developer as the true and lawful attorney-in-fact of the respective apartment owners and lien holders. Each and every party acquiring an interest in any apartment, the Project or the land covered by the Declaration, by such acquisition, consents to such annexation of Lauula Street and to the recordation of such documents as may be necessary to effect the same; agrees to execute such documents and do such other things as may be necessary or convenient to effect the same, and appoints Developer his or her attorney-in-fact with full power of substitution to execute such documents and do such other things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

F. Developer shall not be obligated to acquire the remaining one-eighth (1/8) fee simple interest in Lauula Street or to annex Lauula Street, and nothing herein shall be deemed to be a representation that any such acquisition or annexation will take place.

G. The rights reserved to Developer relating to annexation of Lauula Street expire on December 31, 2022.

H. Unless and until Developer acquires the remaining one-eighth (1/8) fee simple interest in Lauula Street, Developer makes absolutely no representations or warranties whatsoever with respect to Developer's or anyone else's ownership or right to use the improvements on Lauula Street.

6. Parking Letter. Apartment B (the Office/Garage Apartment) is subject to the provisions of that certain unrecorded letter agreement dated May 4, 1987, by and between Bankoh Corporation, a Hawaii corporation ("Bankoh") and Watumull Properties Corp., a Hawaii corporation ("Watumull") (the "Parking Letter"), which relates to the Parking Garage. The effect of the Parking Letter is as follows:

A. The Owner of the Office/Garage Apartment, successor to Bankoh's interest in the Parking Garage, must make available to Watumull 20 unreserved parking stalls in the Parking Garage. Each month, Watumull is to pay to the Owner of the Office/Garage Apartment the following amount for each of the 20 parking stalls: the higher of \$25.00 or the most favorable rate enjoyed at any given period by the tenants of the Office/Garage Apartment Owner in the Office/Garage Apartment. The 20 parking stalls are to include all those mentioned in any subleases and tenancy agreements in effect as of May 4, 1987.

B. The Owner of the Office/Garage Apartment must, upon not less than thirty (30) days' prior written notice, make available to Watumull from time to time up to and including an additional 15 parking stalls, provided that there are parking stalls available in addition to those reserved for tenants of the Office/Garage Apartment. Watumull is to pay for such additional parking stalls at the rate established from time to time for the original 20 parking stalls.

C. The Owner of the Office/Garage Apartment and Watumull are to retain the bridge (the "Parking Bridge") connecting the fifth floor of the Building to the Watumull Building located at 307 Lewers Street on property adjacent to the Project, provided, however, that, upon termination of that certain Indenture of Lease dated December 5, 1966, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 406662 (the "Watumull Lease"), either the Owner of the Office/Garage Apartment or Watumull shall have the right to demolish and remove the Parking Bridge. The cost of the maintenance of the Parking Bridge is to be borne by Watumull.

D. If the Parking Bridge ever interferes with or prevents any major remodeling or reconstruction or the demolition of the Building, the Owner of the Office/Garage Apartment shall have the right to relocate the Parking Bridge to another location providing similar utility, if feasible, or to demolish and remove the Parking Bridge if such relocation is not reasonably compatible with the remodeling or reconstruction of the Building or if the Building is demolished.

E. The Parking Letter terminates on the first to occur of (i) the expiration of the Watumull Lease, and (ii) the termination of the Watumull Lease.

7. Tenancy Agreements. Apartment B (the Office/Garage Apartment) is subject to various tenancy agreements (collectively, the "Tenancy Agreements") between Developer, as landlord, and various tenants (the "Tenants"). The purchaser of Apartment B shall acquire the Apartment subject to the Tenancy Agreements in effect as of Closing. At Closing, the purchaser shall assume all obligations of the lessor or landlord under the Tenancy Agreements accruing from and after the Closing Date, and the Developer shall have no further obligations with respect thereto.

D. 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.

AG WAIKIKI GALLERIA, L.L.C.,
a Delaware limited liability company

By: Waikiki Galleria Manager, Inc.,
a Delaware corporation
Its: Manager

By Andrew Jacobs*
Name: ANDREW JACOBS
Title: VICE PRESIDENT

MAR - 4 2003
Date

BRS WAIKIKI GALLERIA, L.L.C.,
Delaware limited liability company

By: Waikiki Galleria Manager, Inc.,
a Delaware corporation
Its: Manager

By Andrew Jacobs*
Name: ANDREW JACOBS
Title: VICE PRESIDENT

MAR - 4 2003
Date

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.

The Project contains one existing commercial building comprised of 16 stories (plus a mezzanine level between the first and second floors and a loft level above the Penthouse). The Building contains two apartments. The Retail Apartment is comprised of the majority of the first (or ground), mezzanine and second floor levels of the Building. The Office/Garage Apartment is comprised of the majority of the third through fifteenth, penthouse and penthouse loft levels. The Building does not have a basement and is constructed principally of steel, poured concrete, glass and related building materials. Portions of the Building are built over and across Lauula Street.

EXHIBIT B

BOUNDARIES OF APARTMENTS (DESCRIPTION OF APARTMENTS)

Apartment A (the "Retail Apartment")

Except as otherwise provided in the Declaration, the Retail Apartment generally consists of everything from and within the perimeter exterior walls, floors and ceilings of the ground (first) level, mezzanine level and the second level of the Building, which includes, with respect to those levels: (a) the decorated or finished surfaces of the perimeter exterior walls; (b) the decorated or finished surfaces of the interior walls, columns, partitions, floors and ceilings, whether load-bearing or not; (c) the walls, columns, partitions, floors and ceilings which are not load-bearing and which are within the perimeter walls; (d) perimeter and interior doors and door frames; (e) perimeter and interior windows and window frames; (f) all fixtures installed in the Retail Apartment; (g) the aquarium and all appurtenances to the aquarium; (h) all pipes, shafts, plumbing (including water heaters), chillers, air conditioning units, wires, ducts, conduits and other utility or service lines and facilities servicing only the Retail Apartment; and (i) the air space within the perimeter of the Retail Apartment.

The Retail Apartment contains 27 rooms, together with other areas on the ground (first), mezzanine, second, third, fourth and fifth levels, comprises a net area of approximately 62,700 square feet, and specifically includes the following:

On the ground (first) level: Five retail spaces (identified as Retail Tenant Spaces 1 through 5), three electrical rooms, one elevator machine room, five display areas, the lower level of the aquarium, one stock room, the pedestrian mall, walkways, and such other areas designated on the Condominium Map and the improvements within the ground (first) level of that portion of the Building located on Lauula Street to the extent of the Developer's interests therein.

On the mezzanine level: One mechanical space (M1) and one electrical closet (M2), as shown on the Condominium Map.

On the second level: Five retail spaces (identified as Retail Tenant Spaces 6 through 10), one electrical room, two store rooms, men's and women's restrooms, the elevator lobby, the upper level of the aquarium, walkways and such other areas designated on the Condominium Map as part of the Retail Apartment, and the improvements within the second level of that portion of the Building located on Lauula Street to the extent of the Developer's interests therein.

On the third level: The aquarium storage room (3T1), the air ducts, the air shafts, the canopy/planter and the roof below the third level of the eastern exterior portion of the Building, as shown on the Condominium Map, and the improvements within the third level of that portion of the Building located on Lauula Street to the extent of the Developer's interests therein.

On the fourth level: The air shafts and the canopy/planter, as shown on the Condominium Map.

On the fifth level: The air shafts, the canopy and the four pop-up roofs (and their columns and other appurtenances), as shown on the Condominium Map.

The Retail Apartment also includes the five stairways (identified as Stairs A through E), the two elevators (identified as Elevators A and B) serving the first and second levels of the Building only, the aquarium and the appurtenances of the aquarium.

The Retail Apartment also includes the decorated or finished surfaces of the perimeter exterior walls and windows enclosing the third, fourth and fifth levels of the Building.

Notwithstanding anything to the contrary contained in the Declaration, the Retail Apartment does not include the following: (a) any garage or parking facilities (including driveways, ramps, entrances and exits) located on the Property; (b) those areas designated on the Condominium Map as Common Areas or as part of the Office/Garage Apartment.

The Retail Apartment comprises a net area of approximately 62,700 square feet. Nevertheless, as provided in Section P.2 of the Declaration, the DFS Lease provides that, upon expiration or other termination of the DFS Lease, DFS shall reconstruct the Building to the configuration it was in at the time DFS took possession of the Retail Apartment under the DFS Lease, which provided for 74,497 square feet of retail space.

Apartment B (the "Office/Garage Apartment")

Except as otherwise provided in the Declaration, the Office/Garage Apartment generally consists of everything from and within the perimeter exterior walls, floors and ceilings of the third level through the penthouse loft level of the Building, which includes, with respect to those levels: (a) the perimeter exterior walls, including the decorated or finished surfaces of the perimeter exterior walls, enclosing the sixth level through the penthouse loft level; (b) the pre-cast concrete, decorative grille work on the exterior of the sixth level through the penthouse level of the Building; (c) the decorated or finished surfaces of the interior walls, columns, partitions, floors and ceilings, whether load-bearing or not; (d) the interior walls, columns, partitions, floors and ceilings, whether load-bearing or not; (e) perimeter and interior doors and door frames; (f) perimeter and interior windows and window

frames; (g) all fixtures installed in the Office/Garage Apartment; (h) all pipes, shafts, plumbing (including water heaters), chillers, air conditioning units, wires, ducts, conduits and other utility or service lines and facilities servicing only the Office/Garage Apartment; (i) all restrooms and janitorial rooms; (j) all elevator lobbies; (k) all hallways and walkways; (l) that portion of the Parking Bridge attached to the fifth level of the Building; and (m) the air space within the perimeter of the Office/Garage Apartment. It is intended that the entire structure of the tower portion of the Building, which sits on the fifth level of the Building and which is comprised of the sixth level through the penthouse loft level of the Building, be considered part of the Office/Garage Apartment; provided that certain items within the tower are common elements of the Project, as identified below.

The Office/Garage Apartment contains 108 rooms, together with other areas on the ground (first) level and the third level through the penthouse loft level, comprises a net area of approximately 190,400 square feet, and specifically includes the following:

On the first (ground) level: One fire pump room and vehicle ramp(101) and one storage room (102), as shown on the Condominium Map.

On the mezzanine level: The electrical closet (MO1), as shown on the Condominium Map.

On the third level: Seventy-nine parking stalls (identified as 001 through 079), four storage rooms, one communications room, the audio/visual (A/V) room (3R1), the air handler unit (AHU) space (3R2), the elevator lobby and the driveways and ramps, as shown on the Condominium Map.

On the fourth level: Seventy-nine parking stalls (identified as 080 through 158), five storage rooms, one mechanical room, one electrical room, the air handler unit (AHU) space located adjacent to parking stall number 158, the air handler unit (AHU) space identified as 43R1, the elevator lobby, the vent shaft, the vent ducts and the driveways and ramps, as shown on the Condominium Map.

On the fifth level: Seventy-three parking stalls (identified as 159 through 231), one mechanical room, one mechanical space (with cooling tower and generator), one mechanical area near parking stall number 164, one storage room, one electrical room, one maintenance room, the elevator lobby, the portion of the Parking Bridge attached to the Building and the driveways and ramps, as shown on the Condominium Map.

On the sixth through fifteenth levels: All of the suites, the restrooms, the janitor's room, the elevator lobbies and the corridors, as shown on the Condominium Map.

On the penthouse level: All of the space within the parapet wall, except the two exit stairways and the elevators and elevator shafts, as shown on the Condominium.

On the penthouse loft level: All of the enclosed space, except the elevator machine room, as shown on the Condominium.

Notwithstanding anything to the contrary contained in the Declaration, the Office/Garage Apartment includes all of the Parking Garage and parking facilities (including driveways, ramps, entrances and exits) located on the Property, even if located within the first or second levels of the Building, as well as the canopy above the penthouse loft level of the Building.

Notwithstanding anything to the contrary contained in the Declaration, the Office/Garage Apartment does not include: (a) those areas designated on the Condominium Map as Common Areas or part of the Retail Apartment; (b) those portions of the Building that are to be removed upon expiration or termination of the DFS Lease, including the aquarium storage space, the canopy/planter, the air ducts and the air shafts located on the third level of the Building, the air shafts located on the fourth level of the Building, and the four pop-up roofs (and their columns and other appurtenances) located on the fifth level of the Building, shown on the Condominium Map as being a part of the Retail Apartment; or (c) the decorated or finished surfaces of the perimeter exterior walls and windows enclosing the third, fourth and fifth levels of the Building.

The term "net area" as used in this Exhibit "B" when referring to the measurement of an Apartment or floor space within an Apartment means the floor area of such Apartment measured from the interior surfaces of the perimeter walls of such Apartment or floor space thereof, and includes the spaces occupied by all partitions, columns and walls (whether load-bearing or non-load-bearing), air shafts and plumbing, mechanical and electrical chases within such perimeter walls, which may be common element and not part of the Apartment. All floor areas, including the net areas, set forth in this Exhibit "B" are approximate only. DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREAS OF THE APARTMENTS.

EXHIBIT C

PERMITTED ALTERATIONS

Section L of the Declaration provides as follows:

"L. ALTERATION OF THE PROJECT.

1. General Provisions. Except as expressly provided otherwise in this Declaration, repair, reconstruction, restoration, replacement of the Project, the Building or any other structure or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map shall be undertaken by the Association or any Apartment Owner pursuant to an amendment of this Declaration, as and to the extent required by the Act. Except as expressly provided otherwise in this Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of seventy-five percent of the Apartment Owners and all Apartment Owners whose Apartments are directly affected, and in accordance with complete plans and specifications therefor first approved in writing by the Board, which approval shall not be unreasonably withheld or delayed. Promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the Association shall duly Record and file of record such amendment, as and to the extent required by the Act, together with a complete set of floor plans of the Project as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. Alterations by Owners.

(a) Alterations Permitted. Anything to the contrary contained in this Declaration, including, without limitation, Section L.1, notwithstanding, and except as otherwise provided by law, each Apartment Owner shall have the following rights:

(i) Additions or Alterations to an Apartment or Limited Common Element. Each Apartment Owner, with the consent of the holder of any first mortgage affecting the Owner's Apartment (if required by such mortgage), shall have the right, at any time and from time to time, at such Apartment Owner's sole cost and expense, and without the consent of any other person or entity, to make any of the following alterations solely affecting the Apartment or limited common element which such Owner controls: (A) to install, maintain, remove and rearrange partitions (including walls, floors and ceilings) and other structures from time to time within such Apartment or limited common element; (B) to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment or limited common element by such Owner or the tenants or lessees thereof; (C) to paint, paper, panel, plaster, tile, finish, recarpet, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls of any Apartment or limited common element; (D) to paint the exterior surfaces of the Apartment; (E) to redesign the interior and exterior of the Apartment; and (F) to make any other improvements, renovations or additions deemed appropriate. It shall be permissible for such alterations to increase and/or decrease the net floor area of an Apartment.

(ii) Alterations Between Apartments. An Apartment Owner who owns any two adjacent Apartments which are separated by a common element that is a wall, floor or a ceiling, or whose limited common elements are separated from each other or from those apartments by a common element that is a wall, floor, or ceiling, shall have the right, at any time and from time to time at such owner's sole cost and expense, to alter or remove all or portions of the intervening wall, floor, and/or ceiling, if (A) the structural integrity of the Building is not thereby adversely affected, and (B) the finish of the common element then remaining is then restored to a condition substantially comparable to that of the common element prior to such alterations, and (C) all construction activity necessary to any such alteration or removal shall be completed within a reasonable period of time after the commencement thereof, subject to extension for delays beyond the control of the Owner or its contractors, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence. The owner may install a door or doors to such opening or openings in the intervening common element, may seal hallways, and make other reasonable alterations or additions. Before the termination of the common ownership of any such adjacent apartments, if the intervening wall, floor, or ceiling shall have been altered or removed pursuant to the foregoing provisions and/or any entry to hallways sealed, the Owner of the Apartments shall be obligated to restore such intervening wall, floor, ceiling and or hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.

(iii) Division of Apartment. Each Apartment Owner shall have the right, at any time and from time to time at such Owner's sole cost and expense, to (A) divide such Apartment to create two or more Apartments provided that the total common interest appurtenant to the newly created Apartments shall equal the common interest appurtenant to the original Apartment, (B) designate which limited common elements appurtenant to the divided Apartment shall be appurtenant to the Apartments resulting from such division, and (C) convert portions of the existing Apartment to limited common element status to facilitate any division and designate such limited common elements as appurtenant to one or more of the newly created Apartments as the Owner thereof shall reasonably determine. All Apartments created from the initial division of the Retail Apartment or from any later division of Apartments created from the Retail Apartment shall be subject to and affected by all provisions of this Declaration that are applicable to the Retail Apartment. All Apartments created from the initial division of the Office/Garage Apartment or from any later division of Apartments created from the Office/Garage Apartment shall be subject to and affected by all provisions of this Declaration that are applicable to the Office/Garage Apartment, provided that the provisions of this Declaration relating to parking shall only apply as they may be relevant to the newly created Apartment.

(iv) Consolidation of Apartments. Any Apartment Owner who owns any two adjacent Apartments shall have the right, at any time and from time to time at such Owner's sole cost and expense, to (A) consolidate such Apartments into a single Apartment, provided that the common interest appurtenant to the newly created Apartment shall equal the sum of the common interests

of the Apartments being consolidated; and (B) if applicable, convert the improvements located between the Apartments that are being consolidated from the status of general common element to the status of an Apartment or limited common element.

(v) Redesignation of Limited Common Elements. Apartment Owners owning two adjacent Apartments shall have the right, with the consent of their respective mortgagees (if required by the terms of the mortgage), at any time and from time to time at such Owners' sole cost and expense, to change the designation of the limited common elements appurtenant to their respective Apartments such that one or more limited common elements appurtenant to one such Apartment shall thereafter be appurtenant to the other such Apartment or shall be appurtenant to both such Apartments.

(vi) Nonmaterial Structural Additions or Modifications. An Apartment Owner may make nonmaterial structural additions or modifications to the common elements (excluding limited common elements) so long as prior approval has been given by the Board of Directors. Nonmaterial structural additions or modifications are additions or modifications to the common elements that do not jeopardize the soundness or safety of the Building, reduce the value thereof, impair any easement or hereditament, detract from the external appearance of the Project, violate any law, ordinance or building code, interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Project, or directly affect any non-consenting Owner. Nonmaterial structural additions or modifications include, but are not limited to, such ducts, wiring, pipes and other installations for services such as power, light, water, gas, sewer, telephone, radio, cable and television and for radio, television, telephone and computer signal distribution, and accompanying penetrations through common elements as are reasonably necessary to the Owner's use and enjoyment of the Apartment.

(b) Limitations on Owner Alterations. The actions described in Section L.2(a) above are collectively referred to in this Section L as "Alterations".

(i) Nothing contained in Section L.2(a) shall authorize any Alteration which would jeopardize the soundness, safety or structural integrity of the Building, reduce the value thereof, unreasonably interfere with or disturb the rights of other Owners, materially increase the rate of fire insurance on the Building or the contents of the Building, materially affect or impair any easement or rights of any of the other Apartment Owners or materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the common elements, subject, however, to the exclusive use of the limited common elements. Further, nothing in Section L.2 shall prohibit the Board from effecting such changes within an Apartment or limited common element, or to require the same, in order that the Building may continue to comply with applicable laws, including any fire code requirements.

(ii) If the Alterations to be made pursuant to Section L.2(a) have an estimated cost of more than \$100,000, the Owner of the Apartment shall obtain a performance and labor and materials payment bond, naming as obligees the Board, the Association and collectively all Apartment Owners and their respective mortgagees, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such construction.

(iii) All building plans for any Alterations shall be prepared by a Hawaii licensed architect or professional engineer and conform with all applicable laws and ordinances, and all construction changes shall be undertaken by a building contractor licensed in the State of Hawaii.

(iv) During the entire course of any physical Alteration, the Owner making such Alteration will cause to be maintained at such Owner's expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association and the other Apartment Owner(s) shall be named as additional insureds.

(v) All construction activity relating to any Alterations affecting the exterior of the Building or otherwise visible from another Apartment (or appurtenant limited common element) or from any areas open to the public shall be completed within a reasonable period of time after the commencement thereof, subject to extension for delays beyond the control of the Owner or its contractors, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence.

3. Amendment To Declaration and Condominium Map. In the event of an Alteration pursuant to and in compliance with Sections L.2(a) and L.2(b) that alters (a) the depiction of the particular Apartment(s) or limited common elements as they may be shown on the Condominium Map, (b) the description thereof in the Declaration or (c) the common interest or limited common elements appurtenant thereto, the Apartment Owner or Owners making the change shall, as and to the extent required by the Act, amend this Declaration and, if applicable, the Condominium Map to set forth such change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments without the need for execution by any other person, and such amendment(s) shall become effective upon the Recordation thereof. The provisions of Section S of this Declaration notwithstanding, such amendment shall not require the vote, consent, or joinder of any other Apartment Owner or any other person having any interest in the Project, other than the approval of a first mortgagee of the Apartment or Apartments being changed or altered, if such approval is required by the relevant mortgage. Every Apartment Owner, as Apartment Owners and as members of the Association and, if applicable, the Board of Directors, all holders of liens affecting any of the Apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest: (y) consents to and agrees that he, she or it shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid (the "Altering Owner"), join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of this Declaration and/or the Condominium Map; and (z) appoints the Altering Owner and the Altering Owner assigns his, her or its attorney-in-fact and/or agent with full power of substitution to execute, deliver and record such documents and to do such things on his, her or its behalf, which grant of such power, being coupled with an interest, is irrevocable and being a durable power of attorney and/or agency, shall not be affected by the disability of any such party.

If and to the extent required by the Act (e.g., Section 514A-89 of the Act), Alterations made pursuant to Section L.2(a) by any Owner other than Declarant, shall require the consent of the Board, such consent may be executed by the Altering Owner as attorney-in-fact or agent pursuant to the previous sentence. Pursuant to Section 514A-11(12) of the Act, Alterations made pursuant to Section L.2(a) by Declarant shall not require the vote or consent of the Board or any other person.

4. Declarant's Reserved Rights. Any other provision in this Declaration to the contrary notwithstanding and without limiting any other provision in this Declaration, prior to the time that all Apartments in the Project have been sold and the conveyance thereof Recorded, Declarant shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including the Association, any Apartment Owner or any mortgagee, lienholder, Apartment purchaser or any other person who may have an interest in the Project, to do the following:

(a) To make alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) which change the floor plan of, change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Apartment and/or the limited common elements appurtenant thereto, which is not sold and the conveyance thereof Recorded; and

(b) To make other alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) which make minor changes in any Apartment in the Project or in the common elements which do not affect the physical location, design or size of any Apartment which has been sold and the conveyance thereof Recorded.”

EXHIBIT D

PARKING

Section Q of the Declaration provides as follows:

"Q. **PARKING.**

1. A portion of the Office/Garage Apartment is comprised of parking facilities, consisting of three split-levels of parking stalls and related facilities, located on the third, fourth and fifth levels of the Building, approximately as shown on the Condominium Map. The parking facilities, including parking stalls, and the driveways, ramps, entrances and exits serving the Parking Garage shall at all times be subject to the exclusive control and management of the Owner of the Office/Garage Apartment. Without limiting any other rights of the Owner of the Office/Garage Apartment set forth herein, but subject to Sections Q.3, Q.4 and Q.5 of this Declaration, the Owner of the Office/Garage Apartment shall have the right, from time to time, to: (a) charge fees for the use of the parking facilities; (b) establish a validated parking system; (c) lease or grant a concession of the parking facilities to an operator who may charge fees for parking; (d) hire a parking facilities manager; (e) install parking meters, gates, security devices, checkpoints and other equipment; (f) issue parking stickers; (g) adopt a parking allocation system; (h) change the area, level, location and arrangement of all parking facilities and parking operations; (i) adopt, amend and enforce (including by assessment of penalties) rules and regulations governing use of the parking facilities; and (j) do and perform such other acts in and to such areas and improvements as the Owner of the Office/Garage Apartment shall determine to be appropriate for improvement of the convenience and use thereof by users of the Building and others.

2. In furtherance of the Office/Garage Apartment Owner's rights and powers to regulate and control the parking facilities, use of the parking stalls within the Office/Garage Apartment by the Owner of the Retail Apartment, or such Owner's designees and permittees, may be governed by rules and regulations for the parking facilities adopted and amended by the Office/Garage Apartment Owner. The Office/Garage Apartment Owner shall have the right to enforce the observance and performance of all of said rules and regulations, including the assessment of penalties for any and all violations thereof, provided, however, the Office/Garage Apartment Owner shall deliver a copy of all such rules and regulations to the Owner of the Retail Apartment prior to enforcing such rules and regulations.

3. Notwithstanding anything to the contrary contained in this Declaration, during the time that the DFS Lease is in effect, DFS will be entitled to use such parking stalls as shall be provided in the DFS Lease, subject to payment of such fees as may be required by the DFS Lease. DFS's use of the parking spaces and of the parking facilities for the Parking Garage shall be subject to the rules and regulations promulgated by the Office/Garage Apartment Owner pursuant to Section Q.2.

4. Upon expiration or termination of the DFS Lease, whichever is earlier, the Owner of the Retail Apartment shall have the right, in the nature of an appurtenant easement and right of entry, to use of up to 30 unreserved parking stalls, and use of such portions of the Parking Garage as shall be necessary for such use, subject to payment of a monthly rental per parking stall set by the Office/Garage Apartment Owner from time to time upon 30 days prior written notice to the Owner of the Retail Apartment. The monthly rental set by the Office/Garage Apartment Owner shall not exceed the then-prevailing per-stall rate charged to tenants in the Office/Garage Apartment for unreserved parking stalls; provided, however, that if the Owner of the Retail Apartment believes, in good faith, that such rate is unreasonable in light of then-current parking rates in Waikiki, the Owner of the Retail Apartment shall have the right to trigger the mediation/arbitration provision of this Declaration to determine the parking rate for the Retail Apartment Owner's 30 parking stalls. The Retail Apartment Owner's use of the parking stalls and of the parking facilities for the Parking Garage shall be subject to the rules and regulations promulgated by the Office/Garage Apartment Owner pursuant to Section Q.2.

5. Upon expiration or termination of the DFS Lease, whichever is earlier, the Office/Garage Apartment Owner shall be required, upon not less than 20 days' prior written notice, to make available to the Owner of the Retail Apartment, from time to time and on a monthly basis, up to 30 additional parking stalls within the Parking Garage, provided that there are parking stalls available in addition to those reserved for occupants of the Office/Garage Apartment and in addition to the 30 parking stalls referenced in Section Q.4 above. Within five days after receiving the written notice from the Office/Garage Apartment Owner of the availability of parking stalls, the Retail Apartment Owner shall (a) notify the Office/Garage Apartment Owner in writing how many of the available stalls it shall use and (b) pay for such stalls at the same monthly rate established from time to time for the 30 parking stalls referenced in Section Q.4 above."

EXHIBIT E

COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the Declaration, in fee simple.
2. Only with respect to the ground (first) level of the Building through the fifth level of the Building, all structural components of said portions, including the foundation of the Building, the undecorated or unfinished portions of the perimeter walls, the undecorated or unfinished portions of the interior load-bearing columns, girders, beams, supports and walls, and the undecorated or unfinished portions of the floors and ceilings surrounding said portions, the spaces between the ceiling and floor slabs and other structural appurtenances to the ground (first) level through the fifth level of the Building. (As noted in Exhibit B above, it is intended that the entire structure of the tower portion of the Building, which sits on the fifth level of the Building and which is comprised of the sixth level through the penthouse loft level of the Building, be considered part of the Office/Garage Apartment and not part of the common elements.)
3. All emergency/fire exit stairs, stairways and doors, including Exit 1 and Exit 2, as shown on the Condominium Map.
4. All planters, sidewalks and pathways located outside of the Building and within the Property.
5. The elevator cars and elevator shafts for Elevators 1, 2, 3 and 4, as shown on the Condominium Map, as well as the elevator lobby for Elevators 1, 2, 3 and 4 located on the ground (first) level of the Building.
6. Unless otherwise defined in the Declaration as part of an Apartment, all ducts, chutes, shafts, electrical equipment, transformers, wires, pipes, plumbing (including water heaters), chillers, air conditioning units, conduits or other utility or service lines or facilities, and other central and appurtenant transmissions facilities and installations of the Project within or outside of the Building, which are for common use or which are utilized by or serve more than one Apartment for utility or mechanical services.
7. Unless otherwise defined in the Declaration as part of an Apartment, all areas, rooms, spaces, structures, housings or facilities of the Project within or outside of the Building, which are for common use or which are utilized by or serve more than one Apartment, such as electrical, maintenance, service, security, machine, mechanical, trash, mail and equipment rooms, equipment and facilities' shafts or corridors and the equipment, machinery and facilities in any of the foregoing, including the security surveillance system located within the security office on the fifth level of the Building.
8. All the benefits, if any, inuring to the land or to the Project from all easements and appurtenances shown on the Condominium Map or listed in Exhibit "A".
9. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use and which are not included as part of an Apartment, including all fire and life safety systems within the Building.
10. All portions of the Project identified as Common Areas on the Condominium Map, including the corridors leading from the lobby area for Elevators 1, 2, 3 and 4 to the door leading to Kalakaua Avenue located at the northwest corner of the Building, as well as the manholes, handholes, utility systems, lines, conduits and appurtenances serving those common areas.
11. The Elevator Machine Room located on the penthouse loft level of the Building, as shown on the Condominium Map.
12. The HECO Vault, Electrical Room, Exterior Passage and Service Corridor located in the north corner of the ground level of the Building, as shown on the Condominium Map.
13. Those portions of the Office/Garage Apartment, if any, that are retrofitted or connected by the Owner of the Retail Apartment to allow shared use between the Office/Garage Apartment, the Retail Apartment and the common elements, pursuant to Sections E. 18 and E. 19 of the Declaration.
14. All other parts of the Project which are not included in the definition of an Apartment.

EXHIBIT F

LIMITED COMMON ELEMENTS

Certain Apartments shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. The following are limited common elements appurtenant to the Retail Apartment:
 - a. The surface of the land and the improvements (including, without limitation, any sidewalks, pathways, walkways, planters and landscaped areas) lying between the footprint of the Building and the boundary of the Property described in Exhibit "A" to the Declaration adjoining the public property along Kalakaua Avenue and Royal Hawaiian Avenue, subject, however, to rights of access appurtenant to the owner of the Office/Garage Apartment pursuant to Section E.5 of the Declaration.
 - b. If, as provided in Section E.20 of the Declaration, any additional equipment is added by the owner of the Retail Apartment to accommodate a new HVAC system, such additional equipment shall be considered limited common element appurtenant to the Retail Apartment.

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes which may be due and owing. Reference is made to the Real Property Tax Office of the City & County of Honolulu.
2. Improvement Assessments (Waikiki Business Improvement District) which may be due and owing. Reference is made to the Real Property Tax Office of the City & County of Honolulu.
3. As to Lot 6-A:
 - a. Building setback (10 feet wide) along the southerly boundary of said lot as shown on Map 26 filed with Land Court Application No. 551.
 - b. Pending Civil No. 02-1-001939 filed in the Circuit Court of the First Circuit, State of Hawaii; AG WAIKIKI GALLERIA, L.L.C. and BRS WAIKIKI GALLERIA, L.L.C., "Plaintiff", vs. BIC BRIDAL HAWAII, INC., "Defendant"; re: breach of agreement.
4. As to Lots 253 and 254:
 - a. Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, now known as Verizon Hawaii Inc., dated November 18, 1965, filed as Land Court Document No. 378114, granting a perpetual right and easement for underground lines as may be necessary for the transmission and distribution of electricity to be used for light and power and/or communications and control circuits, as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001.
 - b. Designation of Easement "D" as shown on Map 59, as set forth by Land Court Order No. 25308, filed February 28, 1966.
 - c. Grant in favor of City and County of Honolulu dated August 12, 1966, filed as Land Court Document No. 402587, granting an easement for underground sewer pipelines, manholes and other appurtenant equipment, as part of a sewer system, through, under and across Easement "D", as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001.
5. As to Lots 7-A and 7-B, Grant in favor of Abraham Livingston Gump dated May 20, 1929, filed as Land Court Document No. 18844, granting as an appurtenance to Lots 8-A and 8-B (now known as Lots 253 and 254) of Land Court Application No. 551, the full, free and perpetual right to the enjoyment of light and air over and across Lots 7-A and 7-B and the right to go over said lots to make connections with and repairs to any underground mains and conduits for public utility connections which are now or may hereafter be located on or under said Lots 7-A and 7-B, etc., as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001
6. As to Lots 7-A, 7-B and 7-C, Grant in favor of City and County of Honolulu dated May 20, 1937, filed as Land Court Document No. 39953, granting a perpetual easement for underground mains or conduits for electric light and power wires, telephone wires, gas pipes, water pipes and sewer pipes or other public utility service connections, as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001.
7. As to Lot 261:
 - a. Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, now known as Verizon Hawaii Inc. dated November 18, 1965, filed as Land Court Document No. 378114, granting a perpetual right and easement for underground lines as may be necessary for the transmission and distribution of electricity to be used for light and power and/or communications and control circuits, as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001.
 - b. Designation of Easement "E" as shown on Map 60, as set forth by Land Court Order No. 25309, filed February 28, 1966.
 - c. Grant in favor of City and County of Honolulu dated December 6, 1967, filed as Land Court Document No. 436592, granting an easement for underground sewer pipe line or pipe lines, with manholes and other appurtenant equipment, as part of a sewer system, under Easement "E", as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001.
8. Parking and pedestrian access rights across an overhead walkway pursuant to unrecorded letter agreement dated May 4, 1987, by and between Bankoh Corporation and Watumull Properties Corp. This agreement terminates upon the earlier to occur of the expiration or the termination of the lease referred to therein.

9. Unrecorded Lease by and between Nippon Shinpan U.S.A. Inc., a Hawaii corporation, as lessor, and DFS Group L.P., a Delaware limited partnership, as lessee, dated April 1, 1999, of which a Short Form of Lease is dated May 6, 1999, filed as Land Court Document No. 2550209.
10. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance dated December 17, 1999, by and among DFS Group, L.P., Nippon Shinpan U.S.A. Inc. and Watumull Properties Corp., filed as Land Court Document No. 2600129.
11. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the unrecorded Tenancy-in-Common Agreement dated October 12, 2001, by and between AG Waikiki Galleria, L.L.C. and BRS Waikiki Galleria, L.L.C., of which a Memorandum of Tenancy-in-Common Agreement is dated October 12, 2001, filed as Land Court Document No. 2744302.
12. Encroachments or any other matters as shown on survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001.
13. Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Leases, Rents and Security Deposits dated October 12, 2001, by and between AG Waikiki Galleria, L.L.C., as mortgagor, and German American Capital Corporation, as mortgagee, filed as Land Court Document No. 2744857. Said Mortgage was assigned to LaSalle Bank National Association as Trustee for the registered holders of Comm 2001-FL5 Commercial Mortgage Pass-Through Certificates by that certain instrument dated December 17, 2001, filed as Land Court Document No. 2778308.
14. ASSIGNMENT OF LEASES, RENTS AND SECURITY DEPOSITS dated October 12, 2001, made by AG Waikiki Galleria, L.L.C. and BRS Waikiki Galleria, L.L.C., as Borrower, to German American Capital Corporation, as Lender, assigning all of the right, title and interest of Borrower in and to all Leases, Rents and Security Deposits, etc., for the purpose of securing the payment and performance of all Obligations, filed as Land Court Document No. 2744858. The above Assignment was assigned to LaSalle Bank National Association, as Trustee for the registered holders of Comm 2001-FL5 Commercial Mortgage Pass-Through Certificates dated December 17, 2001, filed as Land Court Document No. 2778308.
15. Financing Statement by AG Waikiki Galleria, L.L.C., as Debtor, in favor of German American Capital Corporation, as secured party, recorded in the Bureau of Conveyances of the State of Hawaii as Document No.2001-162889 on October 16, 2001, of which an Amendment was recorded on February 13, 2002 as Document No. 2744858, assigning the above Financing Statement to LaSalle Bank National Association, as Trustee for the Registered Holders of Comm 2001-FL5 Commercial Mortgage Pass-Through Certificates.
16. Financing Statement by BRS Waikiki Galleria, L.L.C., as Debtor, in favor of German American Capital Corporation, as secured party, recorded in the Bureau of Conveyances of the State of Hawaii as Document No.2001-162890 on October 16, 2001, of which an Amendment was recorded on February 13, 2002 as Document No. 2002-025799, assigning the above Financing Statement to LaSalle Bank National Association, as Trustee for the Registered Holders of Comm 2001-FL5 Commercial Mortgage Pass-Through Certificates.
17. Any unrecorded leases and matters arising from or affecting the same.
18. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

Lot 41 (Lauula Street) is encumbered by the following:

1. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Deed dated August 22, 1927, filed as Land Court Document No. 13624, including, but not limited to, matters relating to an easement for utility purposes, five feet in width.
2. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Deed dated September 23, 1927, filed as Land Court Document No. 13824, including, but not limited to, matters relating to an easement for utility purposes, five feet in width.
3. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Deed dated September 16, 1927, filed as Land Court Document No. 14219, including, but not limited to, matters relating to an easement for utility purposes, five feet in width.
4. Grant in favor of City and County of Honolulu dated August 12, 1966, filed as Land Court Document No. 402589, granting an easement for underground sewer pipe line or pipe lines, with manholes and other appurtenant equipment, as part of a sewer system.

5. Grant in favor of City and County of Honolulu dated August 31, 1966, filed as Land Court Document No. 404566, granting an easement for underground sewer pipe line or pipe lines, with manholes and other appurtenant equipment, as part of a sewer system.
6. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Deed dated August 29, 1969, filed as Land Court Document No. 482316, including, but not limited to, matters relating to an easement for ingress and egress.
7. Final Order of Condemnation dated August 4, 1969, filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 20641 on August 4, 1969, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, as Land Court Document No. 480489, in favor of the City and County of Honolulu, a Municipal corporation, re: an easement for sanitary sewer.
8. Grant in favor of City and County of Honolulu dated October 6, 1969, filed as Land Court Document No. 488475, granting an easement for underground sewer pipe line or pipe lines, with manholes and other appurtenant equipment, as part of a sewer system, as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated October 9, 2001.
9. Rights of others who may own undivided interest(s), or have easement or access rights, in Lot 41.

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES AND MAINTENANCE FEE DISBURSEMENTS

The regular maintenance and repair of each apartment and any appurtenant limited common elements shall be the sole responsibility of each respective apartment owner.

ESTIMATE OF INITIAL MAINTENANCE FEES:

Waikiki Galleria Tower (Apartments A and B)		
Apartments	Monthly Fee (per apt.)	Yearly Total (per apt.)
Apartment A (Retail Apartment)	\$	\$
Apartment B (Office/ Garage Apartment)	\$	\$

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements for the Waikiki Galleria Tower

<u>Estimate of Maintenance Fee Disbursements:**</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
Utilities and Services		
Air conditioning	Incl. in Electricity and Maintenance, Repairs and Supplies	
Electricity	\$976.58	\$11,719
<input checked="" type="checkbox"/> common elements only	NA	NA
<input type="checkbox"/> common elements and apartments		
Elevator	Incl. in Maintenance, Repairs & Supplies	
Gas	NA	NA
<input type="checkbox"/> common elements only	NA	NA
<input type="checkbox"/> common elements and apartments	NA	NA
Refuse Collection	\$122.75	\$1,473
Telephone	NA	NA
Water and Sewer	\$4.58	\$55
Maintenance, Repairs and Supplies		
Building	\$4,754.67	\$57,056
Grounds	NA	NA
Management		
Management Fee	NA	NA
Payroll and Payroll Taxes	NA	NA
Office Expenses	NA	NA
Insurance	\$1,417.25	\$17,007
Reserves(*)	\$2,250.00	\$27,000
Taxes and Government Assessments	\$2,930.50	\$35,166
Audit Fees	NA	NA
Other - Security	<u>\$1,059.25</u>	<u>\$12,711</u>
 TOTAL	 \$13,515.58	 \$162,187

I, Matthew A. Teho, as agent for/and/or employed by The Skidler Group, the condominium managing agent/developer for the WAIKIKI GALLERIA TOWER condominium project, hereby certifies that the above estimates of initial maintenance fee assessments and initial maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Matthew A. Teho
Signature

March 9, 2003
Date

****Note:** The maintenance fee figures set forth above only pertain to common expenses of the Project. In addition to the expenses set forth above, apartment owners will be responsible for all fees, costs and expenses related to maintenance and repair of their respective apartment and any limited common elements appurtenant thereto.

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with '514-A-86.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Developer's Explanation Regarding Replacement Reserve Figure

In arriving at the figure for "Reserves," as set forth in Exhibit H to the Condominium Public Report, the Developer did conduct a reserve study in accordance with HRS § 514A-83.6 or HAR § 16-107-65.

AG WAIKIKI GALLERIA, L.L.C.,
a Delaware limited liability company

By Waikiki Galleria Manager, Inc.
Its Manager

By Andrew C. Jacobs
Name: ANDREW JACOBS
Title: VICE PRESIDENT
Date: MAR - 4 2003

BRS WAIKIKI GALLERIA, L.L.C.,
a Delaware limited liability company

By Waikiki Galleria Manager, Inc.
Its Manager

By Andrew C. Jacobs
Name: ANDREW JACOBS
Title: VICE PRESIDENT
Date: MAR - 4 2003

EXHIBIT I

SUMMARY OF SALES CONTRACT

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.
- (c) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (d) In the event of a default by the purchaser under the Sales Contract, the Developer may, in addition to other remedies, be entitled to all deposits paid by the purchaser as liquidated damages.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Sales Contract on file with the Real Estate Commission. **NEVERTHELESS, IT IS IMPORTANT FOR PROSPECTIVE PURCHASERS TO NOTE that the Sales Contracts that are ultimately signed by the Developer and the purchasers of the two apartments may differ substantially from the specimen Sales Contract. A rejection by Purchaser of any provision of the specimen Sales Contract shall be deemed a rejection of the whole Contract, leaving the Seller and the Purchaser free to negotiate an entirely new Sales Contract.**

EXHIBIT J

Summary of Pertinent Provisions of Escrow Agreement

The Escrow Agreement identifies Title Guaranty Escrow Services, Inc. as the "Escrow" and provides that a purchaser shall be entitled to a return of his funds if either one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held under the Escrow Agreement by Escrow; or

(b) A purchaser has exercised his right to rescind the contract pursuant to §514A-63, Hawaii Revised Statutes, as amended.

In either of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) above, or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (b) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$50.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to a maximum of \$250.00) and thereupon said sales contract shall be deemed canceled and any partially executed conveyance document theretofore delivered to Escrow shall be returned to Developer; provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Developer of written notice from Escrow of Escrow's intent to make such refund.

If a purchaser fails to perform any of its obligations under the sales contract, including, but not limited to, payment of monies, Escrow shall notify purchaser of such default and establish a deadline for purchaser to perform its obligations. If purchaser fails to cure its default under the Sales Contract by performing its obligations on or before the deadline specified by Escrow, Developer may terminate the Sales Contract. Upon notification of such termination by Developer, Escrow shall deliver all monies deposited by purchaser to Developer. Purchaser shall have no further rights to such deposited funds, nor shall purchaser have any right to purchase the unit.

EXHIBIT K

RESERVED RIGHTS

1. Until all of the apartments have been sold and conveyed, Developer shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including the association of apartment owners, any apartment owner or any mortgagee, lienholder, apartment purchaser or any other person who may have an interest in the Project, to do the following:
 - a. To make alterations in the Project (and, if appropriate, to amend the Declaration and the Condominium Map accordingly) which change the floor plan of, change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment and/or the limited common elements appurtenant thereto, which is not sold and the conveyance thereof recorded; and
 - b. To make other alterations in the Project (and, if appropriate, to amend the Declaration and the Condominium Map accordingly) which make minor changes in any apartment in the Project or in the common elements which do not affect the physical location, design or size of any apartment which has been sold and the conveyance thereof recorded.
2. Lauula Street Reserved Rights.
 - a. If Developer acquires the remaining one-eighth (1/8) fee simple interest in Lauula Street, Developer shall have the right, at any time and from time to time, to annex Lauula Street to the Declaration and to the Project. Upon such annexation, Developer shall, at its sole discretion, designate Lauula Street (including the improvements on Lauula Street), in whole or in portions, as: (a) a part of one or more of the apartments, including any apartments no longer owned by Developer; (b) among the common elements of the Project; and/or (c) limited common element appurtenant to one or more of the Apartments, including any apartments no longer owned by Developer, provided that, if it is so annexed, every portion of Lauula Street will be designated either as part of an apartment or as a common element.
 - b. In the exercise of the foregoing rights, Developer may at any time and from time to time execute and record (a) one or more deeds conveying the fee simple interest in Lauula Street to the apartment owners in proportion to their respective common interests, as set forth in the Declaration; (b) one or more amendments to the Declaration which may contain an amended description of the Project and any changes to the Project made pursuant to the terms of Section O of the Declaration; and (c) one or more amendments to the Condominium Map showing any changes in the Project. Developer may apply for and obtain from the Real Estate Commission of the State of Hawaii one or more supplementary or other public reports describing the changes made in the Project pursuant to the terms of said Section O. In connection with the annexation of Lauula Street, Developer shall have the right, at any time prior to December 31, 2022, to record amendments to the Declaration, and to amend any prior instrument of conveyance of an Apartment to conform the same to the Declaration, as amended as aforesaid.
 - c. Developer shall have the right to execute, acknowledge and deliver any and all instruments, including without limitation all amendments to the Project Documents, necessary or appropriate for the purpose of carrying out the provisions and exercising the rights, powers and privileges granted or reserved by Section O of the Declaration. Any such action shall be deemed taken by Developer as the true and lawful attorney-in-fact of the respective Apartment Owners and lien holders.
3. Until all of the apartments have been sold and conveyed, Developer may amend the Declaration, the Bylaws and/or the Condominium Map, to make such amendments as may be required by law, by the Real Estate Commission, by any title insurance company issuing a title insurance policy on the Project or any of the Apartments, by any mortgage lender, or by any governmental agency; provided, however, that, except as otherwise provided herein, no such amendment which would change the common interest appurtenant to an Apartment or substantially change the design, location or size of an Apartment or the building in which it is located shall be made without the consent to such amendment by all persons having an interest in such Apartment.
4. Developer may amend the Declaration (and when appropriate the Condominium Map) to file a statement of a registered architect or professional engineer certifying that any revised plans being filed simultaneously with the amendment involve only immaterial changes to the layout, location and dimensions of the Apartments as built or any change in any apartment number, or such other changes as Developer is permitted to make pursuant to the Declaration.
5. At any time prior to the first recording in the Land Court of a conveyance or transfer (other than for security) of an apartment and its appurtenances to a party other than the Developer, Developer may amend the Declaration, the Bylaws and/or the Condominium Map in any manner without approval or consent of any apartment purchaser. This shall not be deemed to limit or restrict the Developer's rights as an apartment owner to amend the Declaration as provided in the Declaration or the Bylaws.