

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer Hilton Hawaiian Village LLC
Address 9336 Civic Center Drive, Beverly Hills, California 90210

Project Name (*): KT CONDOMINIUM
Address: 2005 Kalia Road, Honolulu, Hawaii 96815

Registration No. 5183
(Conversion)

Effective date: December 31, 2003
Expiration date: January 31, 2005

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

FINAL:
(white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with _____

SUPPLEMENTARY:
(pink) This report updates information contained in the:
[] Preliminary Public Report dated: _____
[] Final Public Report dated: _____
[] Supplementary Public Report dated: _____

And [] Supercedes all prior public reports.
[] Must be read together with _____
[] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203

Disclosure Abstract: Separation 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

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.
2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenant) 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 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, mortgage or encumbered, and may be disposed of by will, gift or operation of law.

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Hilton Hawaiian Village LLC Phone: (310) 278-4321
Name* (Business)
9336 Civic Center Drive
Business Address
Beverly Hills, California 90210

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):
Please see Section V.C at Page 20 of this report for a listing of officers of Developer's Manager, Hilton Hotels Corporation.

Real Estate Broker*: Hilton Grand Vacations Development Company - Phone: (407) 521-3100
Las Vegas, LLC (Business)
Name
6355 MetroWest Boulevard, Suite 180
Business Address
Orlando, Florida 32835

Escrow: Title Guaranty of Hawaii Escrow Services, Inc. Phone: (808) 521-9500
Name (Business)
235 Queen Street, 1st Floor
Business Address
Honolulu, Hawaii 96813

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

Business Address

Condominium Managing Agent*: Self managed by the KT Condominium Association, Inc. Phone: _____
Name (Business)

Business Address

Attorney for Developer: Rebecca Sloan, Esq. Phone: (407) 521-3100
Name (Business)
6355 MetroWest Blvd., Suite 180
Business Address
Orlando, Florida 32835

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

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominiums 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 No. 3040270

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

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 project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 1595

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

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 No. 3040271

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

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%*	75%
Bylaws	65%	65%
House Rules	--	<u>Board Majority</u>

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

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules.

See Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Only timeshare interests will be conveyed to Buyers in fee simple; no whole unit Condominium sales will be made to Buyers.
- 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 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 lease 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 renegotiation 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: 2005 Kalia Road Tax Map Key (TMK): (1) 2-6-009-013
Honolulu, Hawaii 96815

Address TMK is expected to change because _____

Land Area: 77,249 square feet acre(s) Zoning: RM-3

Fee Owner: Hilton Hawaiian Village LLC
 Name
9336 Civic Center Drive
 Address
Beverly Hills, California 90210

Lessor: _____
 Name

 Address

C. Buildings and Other Improvements:

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

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

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>26</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	<u>14</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Timeshare	<u>6</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions

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

Pets: No pets permitted other than that required for the handicapped.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

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

Elevators: 10 Stairways: 4 Trash Chutes: 1

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
<u>Hotel</u>	<u>14</u>	_____	_____	_____	_____
<u>Timeshare</u>	<u>6</u>	_____	_____	_____	_____
<u>Commercial</u>	<u>26</u>	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 46

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

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

Boundaries of Each Apartment: See Exhibit "C"

Permitted Alterations to Apartments: See Exhibit "D"

Apartments Designated for Owner-Occupants Only: Not Applicable

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

7. Parking Stalls:

All Apartments in the Project shall have the non-exclusive right to utilize parking pursuant to that certain Irrevocable Facilities License Agreement dated January 17, 2000, recorded in the Land Court as Document No. 2602359 and at the Bureau of Conveyances as Document No. 2000-008578, as amended by that certain First Amendment to Irrevocable Facilities License Agreement dated December 5, 2003, recorded in said Office as Document No. 3041878 ("License Agreement"). Pursuant to the License Agreement, Owners will have the non-exclusive right to use at least one parking stall located within the Parking Structure located on the property adjacent to the Project and identified as Lot 88 on Map No. 6 of Land Court Application No. 314 of the Trustees under the Will and of the Estate of John Ena, deceased. Such parking structure is not part of the condominium property regime. All stalls in the Parking Structure are unassigned, covered and vary as to being standard sized or compact sized.

Total Parking Stalls: see above explanation

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	___	___	___	___	___	___	_____
Guest	___	___	___	___	___	___	_____
Unassigned	___	___	___	___	___	___	_____
Extra for Purchase	___	___	___	___	___	___	_____
Other: _____	___	___	___	___	___	___	_____
Total Covered & Open:	_____	_____	_____	_____	_____	_____	=====

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities (Note that owners of interests in the Project and their guests will be permitted to use certain amenities of the Hilton Hawaiian Village such as pool facilities pursuant to the License Agreement identified in Section III.C.7 above.).

Swimming pool

Storage Area

Recreational Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: _____

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

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below:

Violations will be cured by _____
(Date)

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

Not Applicable.

11. Conformation to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not 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>X</u>	<u> </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 may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

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

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

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

described in Exhibit "E" .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

Commercial Units, which are created with the intent that business be conducted therein, shall have Limited Common Elements as applicable to such Apartments as designated on the Condominium Map and/or as stated in the Declaration. Commercial Units may be used to operate businesses and provide services to guests, employees, agents, Owners, visitors, and invitees of the Project, Building or of the Developer. Such businesses and services may include, but are not limited to, the following:

- a. Food and beverage service.
- b. Retail stores.
- c. Storage areas.
- d. Services to support operation of the Hotel Units and Timeshare Units.

Commercial Unit C4 shall have as Limited Common Elements, all yards, grounds, landscaping, trash enclosures, roads, driveways, parking areas depicted on the Condominium Map, access lanes, paved areas, ramps, loading areas, walkways, amenities and Improvements, unimproved areas, maintenance and storage areas of the Project, and similar areas to the extent such areas are not otherwise designated as Apartments on the Condominium Map.

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:

The Common Interest for each Apartment was assigned by the Developer by dividing the total Common Interest of one hundred percent (100%) by the total number of Apartments in the Project. The Common Interest appurtenant to Commercial Apartment C4 was increased by .00014% to permit the total Common Interest of all Apartments to equal exactly 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 "F" describes the encumbrances against title contained in the title report dated December 15, 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 specific sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[X] There are no blanket liens affecting title to the individual apartments.

[] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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F. Construction Warranties:

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

1. Building and Other Improvements: NA – no whole unit condominium interests will be sold to purchasers.
2. Appliances: NA– no whole unit condominium interests will be sold to purchasers.

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

Construction of the project was completed in 1999.

H. **Project Phases:**

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

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

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 “H” contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated March 26, 2003
Exhibit “I” contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer’s Right to Cancel Sales Contract:

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer has signed 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, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 5183 filed with the Real Estate Commission on September 3, 2003.

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C. **Additional Information Not Covered Above.**

1. **Additional Information on Developer's Manager entity identified at Page 5 of this report:**

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):

Hilton Hotels Corporation

Officers and Directors

NAME	ADDRESS	TITLE
Stephen F. Bollenbach	9336 Civic Center Drive Beverly Hills, CA 90210	President & Chief Executive Officer
Matthew J. Hart	9336 Civic Center Drive Beverly Hills, CA 90210	Executive Vice President & Chief Financial Officer
Dieter Huckestein	9336 Civic Center Drive Beverly Hills, CA 90210	Executive Vice President
Thomas L. Keltner	9336 Civic Center Drive Beverly Hills, CA 90210	Executive Vice President
Madeleine A. Kleiner	9336 Civic Center Drive Beverly Hills, CA 90210	Executive Vice President, General Counsel & Corporate Secretary
Mariel C. Joliet	9336 Civic Center Drive Beverly Hills, CA 90210	Senior Vice President and Treasurer
Tim S. Glasset	9336 Civic Center Drive Beverly Hills, CA 90210	Senior Vice President & Treasurer
Marc A. Grossman	9336 Civic Center Drive Beverly Hills, CA 90210	Senior Vice President -- Corporate Affairs
James T. Harley	9336 Civic Center Drive Beverly Hills, CA 90210	Senior Vice President & Chief Information Officer
Robert M. La Forgia	9336 Civic Center Drive Beverly Hills, CA 90210	Senior Vice President & Controller
Molly McKenzie-Swartz	9336 Civic Center Drive Beverly Hills, CA 90210	Senior Vice President -- Human Resources and Administration
Ted Middleton	9336 Civic Center Drive Beverly Hills, CA 90210	Senior Vice President

**HILTON HOTELS CORPORATION
DIRECTORS**

Stephen F. Bollenbach
A. Steven Crown
Peter M. George
Barron Hilton
Dieter Huckestein
Robert L. Johnson
Benjamin V. Lambert

David Michels
John H. Myers
John L. Notter
Donna F. Tuttle
Peter V. Ueberroth
Sam D. Young

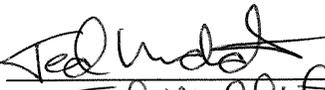
- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The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

Hilton Hawaiian Village, LLC

Printed Name of Developer

HILTON HAWAIIAN VILLAGE, LLC,
a Hawaii limited liability company

By: Hilton Hotels Corporation,
managing agent

By: 
 Name: Ted M. Quinn
 Its: SVP
 Date: 8/24/03

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.**

EXHIBIT "A"

RIGHTS RESERVED BY DEVELOPER

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the Declaration.

A. **RESERVED RIGHT TO GRANT EASEMENTS.** This right is set forth at Article XIX of the Declaration. The Developer will have, among other things, the right until December 31, 2023, to grant easements over the common elements of the Project.

B. **RESERVED RIGHT TO DEVELOP, CONSTRUCT, CONVERT AND ANNEX ADDITIONAL LAND AND/OR APARTMENTS TO THE PROJECT.** This right is set forth at Article XX of the Declaration. The Developer will have, among other things, the right until December 31, 2023, to annex (or add) additional land and/or Apartment(s) to the Project.

C. **RESERVED RIGHT TO SUBDIVIDE AND CONSOLIDATE APARTMENTS.** This right is set forth at Article XXI of the Declaration. The Developer will have, among other things, the right until December 31, 2023, to change the floor plan of any Apartment which it owns so long as the common interest appurtenant to the Apartment does not change; subdivide any Apartment which it owns at any time to create two or more Apartments so long as the total common interest appurtenant to the newly-created Apartments shall equal the common interest appurtenant to the original Apartment; convert the status of certain portions of an existing Apartment to common element status to facilitate the subdivision so long as the total common interest appurtenant to the newly-created Apartment(s) equal the common interest appurtenant to the original Apartment; and consolidated two or more Apartments which it owns and convert any area between Apartments to Apartment status.

D. **RESERVED RIGHT TO MODIFY PROJECT.** This right is set forth at Article XXIII of the Declaration. The Developer will have, among other things, the right until December 31, 2023 to effect all modifications to Apartments and common elements in the Project as may be necessary or required by Developer in its sole discretion, or to ensure full compliance by the Project, the Association, any association of vacation owners or timeshare owners or by the Developer, with laws which may apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§3601 *et seq.*, including all rules and regulations promulgated thereunder, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 *et seq.*, including all rules and regulations promulgated thereunder.

E. **RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS.** This right is set forth at Article XXIV of the Declaration. The Developer will have, among other things, the right until December 31, 2023, to recharacterize and redesignate certain limited common elements as may be appurtenant to a Commercial Unit owned by the Developer to be common elements of the Project.

F. **RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER APARTMENTS.** This right is set forth at Article XXV of the Declaration. The Developer will have, among other things, the right until December 31, 2023, to change or amend the Declaration to designate all or a portion of certain limited common elements appurtenant to an Apartment owned by the Developer, as appurtenances to another Apartment or Apartments owned by the Developer.

G. **RESERVED RIGHT REGARDING SPECIAL MANAGEMENT AREA USE PERMIT AND OTHER PERMITS.** This right is set forth at Article XXVI of the Declaration. The Developer will have, among other things, the right until December 31, 2023, to enter into any agreements and to do all things necessary and convenient to satisfy the requirements of that certain Special Management Area Use Permit No. 90/SMA-119 and Waikiki Special District Permit No. 93/WSD-47 issued by the City and County of Honolulu to the Developer, and any other permit or entitlement required for the construction and development of the Project.

H. **RESERVED RIGHT TO SUBDIVIDE, AND/OR TO CONSOLIDATE AND RESUBDIVIDE, WITHDRAW AND CONVEY LAND AND/OR APARTMENTS.** This right is set forth at Article XXVII of the Declaration. The Developer will have, among other things, the right until December 31, 2023 to amend the Declaration, to enter into any agreements

and to do all things necessary and convenient to effect the subdivision, and/or consolidation and resubdivision and the withdrawal and conveyance of Apartments and/or all or a portion of the land and/or Apartments of the Project.

I. **RESERVED RIGHT TO CONVEY APARTMENTS AND LIMITED COMMON ELEMENTS TO ASSOCIATION.** This right is set forth in Article XXVIII of the Declaration. The Developer will have, among other things, the right until December 31, 2023, to convey Apartments owned by the Developer to the Association and to redesignate limited common elements appurtenant to Apartments owned by the Developer to Apartments owned by the Association, and to the extent necessary or convenient, to amend the Declaration and the Condominium Map to effect such changes.

J. **ASSIGNMENT OF RESERVED RIGHTS.** Pursuant to Article XXIX of the Declaration, the rights reserved by the Developer are fully assignable.

K. **RECALCULATION OF COMMON INTERESTS.** It may be necessary to recalculate the common interests appurtenant to the Apartments in the Condominium upon the exercise of certain of Developer's reserved rights set forth above. The method by which the common interests will be recalculated are set forth in Article XXII of the Declaration.

Each and every party acquiring an interest in the Project, by such acquisition, consents to any reserved rights of the Developer stated in the Declaration, including, but not limited to, rights related to consolidation and/or alteration or conversion, to the recalculation of the Common Interests appurtenant to each Apartment upon such subdivision and/or consolidation, and to the recording of any and all documents necessary to effect the same in said Land Court, including any amendment or amendments of the Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

END OF EXHIBIT "A"

EXHIBIT "B"

Apartment Number, Apartment Type, Number of Bedrooms and Bathrooms,
Approximate Net Square Footage, Common Interests

Apartment Number	Apartment Type	Number of Bedrooms/ Bathrooms	Square Footage*	Common Interests**
C1	Commercial	N/A	1,288	2.17391%
C2	Commercial	N/A	800	2.17391%
C3	Commercial	N/A	328	2.17391%
C4	Commercial	N/A	616	2.17391%
C5	Commercial	N/A	975	2.17391%
C6	Commercial	N/A	2,076	2.17391%
C7	Commercial	N/A	216	2.17391%
C8	Commercial	N/A	1,714	2.17391%
C9	Commercial	N/A	2,589	2.17391%
C10	Commercial	N/A	20,841	2.17405%
C11	Commercial	N/A	2,417	2.17391%
C12	Commercial	N/A	230	2.17391%
C13	Commercial	N/A	80	2.17391%
C14	Commercial	N/A	99	2.17391%
C15	Commercial	N/A	379	2.17391%
C16	Commercial	N/A	366	2.17391%
C17	Commercial	N/A	693	2.17391%
C18	Commercial	N/A	8,142	2.17391%
C19	Commercial	N/A	3,677	2.17391%
C20	Commercial	N/A	10,754	2.17391%
C21	Commercial	N/A	11,599	2.17391%
C22	Commercial	N/A	1,469	2.17391%
C23	Commercial	N/A	2,554	2.17391%
C24	Commercial	N/A	2,827	2.17391%
C25	Commercial	N/A	270	2.17391%
C26	Commercial	N/A	3,964	2.17391%
H5	Hotel Unit	23/23	10,735	2.17391%
H6	Hotel Unit	23/23	10,637	2.17391%
H7	Hotel Unit	23/23	10,637	2.17391%
H8	Hotel Unit	23/23	10,637	2.17391%
H9	Hotel Unit	23/23	10,637	2.17391%
H10	Hotel Unit	23/23	10,637	2.17391%
H11	Hotel Unit	23/23	10,637	2.17391%
TS12	Timeshare Unit	12/12	10,717	2.17391%
TS14	Timeshare Unit	12/12	10,717	2.17391%
TS15	Timeshare Unit	12/12	10,717	2.17391%
TS16	Timeshare Unit	12/12	10,717	2.17391%
TS17	Timeshare Unit	12/12	10,717	2.17391%
TS18	Timeshare Unit	12/12	10,717	2.17391%
H19	Hotel Unit	23/23	10,637	2.17391%
H20	Hotel Unit	23/23	10,637	2.17391%
H21	Hotel Unit	23/23	10,637	2.17391%
H22	Hotel Unit	23/23	10,637	2.17391%
H23	Hotel Unit	23/23	10,637	2.17391%
H24	Hotel Unit	23/23	10,637	2.17391%
H25	Hotel Unit	23/23	10,824	2.17391%
Total				100.00%

* The approximate net square footage of each apartment as set forth above is measured from the exterior surface of the apartment perimeter and party walls and includes all of the non-load bearing interior walls, columns, chase spaces and partitions within its perimeter walls. The areas shown are approximate only, and the Developer makes no representations or warranties whatsoever as to the area of any particular apartment.

** The Common Interest for each Apartment was assigned by the Developer by dividing the total Common Interest of one hundred percent (100%) by the total number of Apartments in the Project. The Common Interest appurtenant to Commercial Apartment C4 was increased by .00014% to permit the total Common Interest of all Apartments to equal exactly 100.00%.

END OF EXHIBIT "B"

EXHIBIT "C"

BOUNDARIES OF EACH APARTMENT

The Apartments consist of spaces within the perimeter and party walls, windows, doors, floors and ceilings of each of the forty-six (46) Apartments of the Project. The respective Apartments shall not be deemed to include: (a) the perimeter or party walls or the undecorated or unfinished interior surfaces thereof (except for the storefronts of Commercial Units, as applicable, which are considered a part of such Commercial Units), (b) the floors and ceilings surrounding each Apartment or the undecorated or unfinished surfaces thereof, (c) the perimeter doors, door frames, windows and window frames and all hardware associated therewith, or the undecorated or unfinished interior surfaces thereof, (d) the interior load bearing walls and columns, if any, or the undecorated or unfinished surfaces thereof, or (e) any pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines which are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided. Each Apartment shall be deemed to include: (i) all of the walls and partitions which are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment which are utilized for and serve only that Apartment, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings surrounding each Apartment, (iv) the inner decorated or finished surfaces of any doors, door frames, windows or window frames, and (v) all appliances and fixtures installed therein, and replacements therefor.

END OF EXHIBIT "C"

EXHIBIT "D"

PERMITTED ALTERATIONS TO APARTMENT

ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT. An Owner or Owners (if there be more than one Owner of an Apartment) of an Apartment shall have the right at any time and from time to time at such Owner's or Owners' sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner, to make any of the following alterations solely within the Apartment or Limited Common Element which such Owner or Owners control: to install, maintain, remove and rearrange partitions (including the party wall between two Apartments owned by the same Owner or Owners and other structures from time to time within such Apartment or Limited Common Element, 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 Owners or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any Apartment or Limited Common Element; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would be inconsistent with a first-class hotel and resort destination, jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Apartment or Limited Common Element, materially alter the uniform external appearance of the Project, 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 or Owners 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 this paragraph shall prohibit the Board from effecting such changes within an Apartment or Limited Common Element, or to require the same, in order that the buildings of the Property may continue to comply with applicable law, including any fire code requirements.

END OF EXHIBIT "D"

EXHIBIT "E"

COMMON ELEMENTS

One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements," including specifically but not limited to:

1. The Land in fee simple and any appurtenances thereto as described on Exhibit "A";
2. All perimeter or party walls and the undecorated or unfinished surfaces thereof (except for the storefronts of Commercial Units, as applicable, which are considered a part of such Commercial Units), any load-bearing walls and columns, and the undecorated or unfinished surfaces thereof, all structural components such as foundations, concrete sidewalks and curbs, floor slabs, columns, girders, beams, supports, halls, corridors, elevators, escalators, exterior stairs and stairways, main walls, roofs and ceilings;
3. All perimeter doors, door frames, windows, window frames, and all hardware associated therewith, and the undecorated or unfinished interior surfaces thereof; whether at the perimeter of a Building Structure or at the perimeter of an Apartment;
4. All yards, grounds and landscaping, and all trash enclosures within the Project;
5. All roads, driveways, parking areas as shown on the Condominium Map, access lanes, paved areas, ramps, loading areas and walkways within the Project;
6. All amenities and Improvements, to the extent such areas are not otherwise designated as Apartments on the Condominium Map;
7. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, storm water, refuse, cable television and television signal distribution; provided that the telephone system and all appurtenances thereto shall not be deemed a Common Element, but shall be owned by the Developer;
8. All unimproved areas, maintenance and storage areas and other similar areas which are not part of an Apartment;
9. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units including fan coil equipment located within an Apartment, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations and apparatus;
10. All interior areas of the Project necessary or desirable for the operation and maintenance of the hotel industry as "back-of-house," to the extent such areas are not otherwise characterized and defined in this Declaration as Apartments;
11. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use; and
12. All other areas designated on the Condominium Map as "Common Elements", or that are not designated as an Apartment or as a Limited Common Element appurtenant to an Apartment.

END OF EXHIBIT "E"

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. Any and all assessments that may be due and owing under Waikiki Business Improvements District, District No. 1.
2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Quitclaim Deed dated September 22, 1955, recorded in said Office as Document No. 180265, and also recorded at said Bureau in Liber 3024 at Page 220, in favor of the State of Hawaii, of all littoral rights of whatsoever nature or kind which are or may be thereto appertaining.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Roadway and Utility Easement Agreement dated January 17, 2000, made by and between Hilton Hawaiian Village, LLC, a Hawaii limited liability company, Hilton Grand Vacations Development Company – Las Vegas, LLC, a Nevada limited liability company, and Hawaiian Village Vacation Suites Owners Association, Inc., a Hawaii nonprofit corporation, recorded in said Office as Document No. 2602358, and also recorded at said Bureau as Document No. 2000-008577.

Said Roadway and Utility Easement Agreement was amended by that certain instrument dated December 5, 2003, recorded in said Office as Document No. 3041877.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Irrevocable Facilities License Agreement dated January 17, 2000, made by and between Hilton Hawaiian Village, LLC, a Hawaii limited liability company, Hawaiian Village Vacation suites Owners Association, Inc., a Hawaii nonprofit corporation, and Hilton Grand Vacations Development Company – A Las Vegas LLC, a Nevada limited liability company, recorded in said Office as Document No. 2602359, and also recorded at said Bureau as Document No. 2000 008578.

Said Irrevocable Facilities License Agreement was amended by that certain instrument dated December 5, 2003, recorded in said Office as Document No. 3041878.
5. Encroachments or any other matters, as shown on that certain survey map prepared by John Cline Mann, Land Surveyor, dated November 18, 1977.
6. Designation of Easement 1, as shown on Map 7, as set forth by Land Court Order No. 150154, filed April 4, 2003.
7. Designation of Easement 2, as shown on Map 7, as set forth by Land Court Order No. 150154, filed April 4, 2003.
8. Any unrecorded leases and tenant leases and matters arising from or affecting the same.
9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Declaration of Condominium Property Regime for KT Condominium Project dated August 25, 2003, recorded in said Office as Document No. 3040270, as shown on Map No. 1595 and any amendments thereto.
10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain By-Laws of the Association of Apartment Owners dated August 25, 2003, recorded in said Office as Document No. 3040271.
11. Any and all time share instruments and matters arising from or affecting the same.

12. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.
13. Real property taxes as may be due and owing. Check with the County Tax Assessor for further information.

END OF EXHIBIT "F"

EXHIBIT "G"

Kalia Tower
ANNUAL MAINTENANCE BUDGET FOR THE PERIOD
JANUARY 1, 2004 THRU DECEMBER 31, 2004

Description	2004 Annual Budget	2004 Per Unit/ Week-Studio	2004 Per Unit/ Week-1BR
<u>OPERATING</u>			
Association Fees	294,415	256.39	434.20
Real Estate Tax Fee	21,577	13.47	32.28
Club Fees	59,585	85.00	85.00
Subsidy Income	1,369,167	0.00	0.00
Late Fee Income	1,500	0.40	0.40
Interest Income	3,750	1.00	1.00
Support Area 1 - Office	0	0.00	0.00
Support Area 2 - Retail	0	0.00	0.00
Support Area 3 - Pool Bar	0	0.00	0.00
Support Area 4 - Lobby Bar	0	0.00	0.00
Support Area 5 - Deli	0	0.00	0.00
Miscellaneous Income	0	0.00	0.00
TOTAL OPERATING REVENUE	1,749,994	356.26	552.88
<u>EXPENSES</u>			
<u>ADMINISTRATIVE</u>			
Annual Audit	1,500	0.40	0.40
Administration of the Managing Entity	0	0.00	0.00
Other Administrative Expenses	27,094	7.24	7.24
Board Reimbursements	4,000	1.07	1.07
Fees Payable to the Division	N/A	N/A	N/A
Financial Services/Data Processing	34,632	9.25	9.25
Postage, Printing, Newsletter	12,375	3.31	3.31
Management Fee	166,128	44.37	44.37
Total	245,729	65.63	65.63
<u>OPERATIONS EXPENSE</u>			
Office, Desk, Reservations, Bell Service	242,690	64.82	64.82
Housekeeping, Laundry, Supplies	374,282	43.85	105.07
Security Provisions	0	0.00	0.00
AOAO Expense	298,375	34.95	83.76
AOAO Reserves	32,546	3.81	9.14
Uniforms	0	0.00	0.00
Grounds & Landscaping	0	0.00	0.00
Pool & Spa	0	0.00	0.00
Recreation & Concierge	0	0.00	0.00
Rent for Recreational and Other Commonly Used Facilities	0	0.00	0.00
Operating Capital	0	0.00	0.00
Other Expenses	0	0.00	0.00
Total	947,893	147.43	262.79
<u>UTILITIES</u>			
Electric	68,872	8.07	19.33
Water, Sewer, Gas	95,345	11.17	26.77
Waste Disposal	6,132	0.72	1.72
Telephone	0	0.00	0.00
Cable Television	0	0.00	0.00
Total	170,348	19.96	47.82
<u>BUILDING</u>			
Maintenance-Service, Equipment, Supplies	82,258	9.64	23.09
Building & Equipment Contracts	10,442	1.22	2.93
Telephone Contract	15,840	1.86	4.45
Elevator & Fire System Contracts	0	0.00	0.00
Garage Maintenance	0	0.00	0.00
Total	108,540	12.72	30.47
<u>INSURANCE & TAXES</u>			
Insurance	95,400	11.18	26.78
Income Tax	7,500	0.88	2.11
Taxes Upon Timeshare Property (Ad Valorem Taxes)	N/A	N/A	N/A
Taxes Upon Leased Areas	N/A	N/A	N/A
Total	102,900	12.05	28.89
TOTAL OPERATING EXPENSES	1,575,409	257.79	435.60
REAL ESTATE TAX	115,000	13.47	32.28
CLUB FEE	59,585	85.00	85.00
TOTAL OPERATING EXPENSES REAL ESTATE TAX AND CLUB FEE	1,749,994	356.26	552.88
OPERATING PROFIT/(LOSS)	0	0.00	0.00

Kalia Tower
ANNUAL MAINTENANCE BUDGET FOR THE PERIOD
JANUARY 1, 2004 THRU DECEMBER 31, 2004

Description	2004 Annual Budget	2004 Per Unit/ Week-Studio	2004 Per Unit/ Week-1BR
<u>RESERVES</u>			
RESERVE REVENUE	47,282	29.52	70.74
Reserve Subsidy	204,718		
<u>RESERVE EXPENSES</u>			
Capital Reserves:			
Interior	252,000	29.52	70.74
Roof	0	0.00	0.00
Paving	0	0.00	0.00
Common Area Rehabilitation	0	0.00	0.00
Total	252,000	29.52	70.74
Painting Reserve	0	0.00	0.00
Total	0	0.00	0.00
RESERVE EXPENSE TOTAL	252,000	29.52	70.74
RESERVE PROFIT/(LOSS)	0	0.00	0.00

SUMMARY	2004 Annual Budget	2004 Per Unit/ Week-Studio	2004 Per Unit/ Week-1BR
OPERATING FEE	1,570,159	256.39	434.20
CAPITAL RESERVE	252,000	29.52	70.74
PAINTING RESERVE	0	0.00	0.00
REAL ESTATE TAX	115,000	13.47	32.28
CLUB FEE	59,585	85.00	85.00
TOTAL AMOUNT BILLED	1,996,744	384.38	622.22

EXHIBIT "H"

SUMMARY OF PURCHASE AGREEMENT

The Developer intends to sell undivided fee simple interests in Apartments in the Project pursuant to timeshare sales contracts and timeshare deed instruments, and does not intend to sell whole Apartments to third parties. The sale of timeshare interests will be by way of the specimen KT Vacation Suites Vacation Ownership Purchase Agreement Every Year Vacation Ownership Interest ("Purchase Agreement") filed with the Commission. The Purchase Agreement provides for, among other things, a description of the interest to be sold, the purchase price, the time, manner and the Purchaser's obligations regarding financing, if any. Among other provisions, the specimen Purchase Agreement provides:

A. WHEN AND HOW THE CLOSING WILL OCCUR. The Seller (Developer) will schedule the Closing date with the Escrow Agent as soon as possible after the time specified in Paragraph 11 of the Purchase Agreement. The Seller and Escrow Agent are not required to notify the Purchaser of the date scheduled. The Escrow Agent must close on or as soon after that date as possible as long as the conditions stated in Paragraph 13 of the Purchase Agreement are satisfied. The Escrow Agent must then: (1) record Purchaser's Deed and Mortgage, if any; and (2) disburse the rest of Purchaser's Funds as the Seller directs.

For Purchasers who are solicited within the State of California: If escrow does not close by the date set forth above, within 15 days after the closing date set forth in the Purchase Agreement, Seller shall order all of Purchaser's money to be refunded to Purchaser.

B. CLOSING CONDITIONS; TITLE INSURANCE. Closing may not occur until: (1) all cancellation rights Purchaser may have under the Purchase Agreement have expired; (2) there are no Blanket Liens affecting Purchaser's Ownership Interest(s) or protection against any such lien has been provided pursuant to the Act and approved by the DCCA; and (3) there are no other Encumbrances affecting Purchaser's Ownership Interest, except those stated in the Disclosure Statement. If the Purchaser wishes to cancel, it would be prudent to act to cancel within the 7-day period specified on the signature page of the Purchase Agreement, directly above Purchaser's signature and in Paragraph G below. The Escrow Agent also must commit itself, or have received a written commitment from another title company licensed in Hawaii, to issue a title insurance policy to Purchaser after Closing insuring that there are no Blanket Liens, or that they are provided for as stated above. Purchaser is free to choose any title company Purchaser desires that is licensed in Hawaii to issue the policy, at Purchaser's expense. Unless Purchaser instructs the Escrow Agent in writing differently, however, the Escrow Agent will either issue the policy to Purchaser through a related company, or on its own make other arrangements for Purchaser. If Purchaser's estimated closing statement has to be adjusted, the Escrow Agent may nonetheless close and subsequently advise Purchaser of these changes as long as any added amount Purchaser must pay does not exceed \$10.00.

C. THE SELLER HAS ALL THE RIGHTS OF OWNERSHIP UNTIL CLOSING. The Seller now owns the Ownership Interest(s) Purchaser is purchasing. Until the Closing, Seller possesses the sole ownership rights and privileges of ownership, including use rights and membership in the Association.

D. PURCHASER IS FINANCIALLY ABLE TO PAY. Purchaser promises the Seller that Purchaser possesses the financial ability to purchase the Ownership Interest(s) either in cash or in installments, or, if Purchaser desires, Purchaser may obtain a loan from any other lender to pay the Seller. The Seller is not arranging for Purchaser to obtain financing from any such other lender. If Purchaser desires to obtain a loan from another lender to pay for the Ownership Interest(s), Purchaser must obtain the loan on his or her own.

E. REFUND OF PURCHASER'S FUNDS IF THE AGREEMENT IS CANCELLED; CANCELLATION CHARGES; HANDLING OF DOCUMENTS UPON CANCELLATION. All Funds Purchaser pays (less cancellation and other charges referred to in this paragraph, if applicable) will be promptly refunded to Purchaser by the Escrow Agent if and only if any one of the following occurs:

1. The Seller notifies the Escrow Agent in writing that it or Purchaser has exercised any right to cancel stated or given in the Purchase Agreement; provided, however, that if the Seller cancels because

Purchaser has defaulted under the Purchase Agreement, Purchaser's Funds will be handled as stated in Paragraph 19 of the Purchase Agreement; or

2. Purchaser notifies the Escrow Agent in writing that Purchaser has exercised any right which Purchaser has to cancel stated or given in the Purchase Agreement; provided that Purchaser has exercised such right properly within the Mutual Rescission Period. Notice of cancellation must be mailed or delivered to the Seller at the following address: 2003 Kalia Road, Honolulu, Hawaii 96815.

If Purchaser cancels or is in default, the Escrow Agent will charge Purchaser the cancellation fees and charges stated in the Escrow Agreement, if any. If the Seller cancels because Purchaser did not fulfill all of Purchaser's promises, Purchaser will also have to pay these fees and charges. Purchaser promises to return all materials Purchaser received in good condition, except for reasonable wear and tear, if the Purchase Agreement is cancelled for any reason by Purchaser or the Seller. If Purchaser breaks this promise, the Escrow Agent may also withhold \$25.00 from Purchaser's Funds and pay it to the Seller.

Upon any cancellation, the Escrow Agent will mark "cancelled" on Purchaser's drafts and other documents and will notify Purchaser of such cancellation. All documents will be returned to Seller. In the event that any dispute arises between Purchaser and the Seller, including a dispute over a claimed cancellation, then, without canceling the Purchase Agreement, the Seller may advise the Escrow Agent that Purchaser is in default. In such a circumstance, and continuing until Purchaser and the Seller settle or a court settles the matter, without marking them, the Escrow Agent will continue to hold Purchaser's Funds and drafts (or the Escrow Agent may interplead as stated in the Escrow Agreement). The Escrow Agent then will handle Purchaser's Funds and drafts in accordance with the settlement (or the interpleader). The Seller will have the option of instructing Escrow Agent not to forward documents to it.

F. WHAT THE SELLER CAN DO IF PURCHASER DEFAULTS.

1. For Purchasers who are solicited outside the State of California. If Purchaser defaults, the Seller may: (a) cancel the Purchase Agreement; (b) force Purchaser to pay and keep Purchaser's other promises; or (c) exercise all other rights against Purchaser that the Purchase Agreement or the law allows. If Purchaser defaults, Purchaser also will pay: (1) the Seller's costs and attorney's fees incurred as a result of Purchaser's default; (2) all amounts the Seller advances to pay the obligations Purchaser would have paid if Purchaser had closed on time (this includes, but is not limited to, any payments made by the Seller to the Association); and (3) interest on the amounts that the Seller advances and that the Seller would have received if Purchaser had closed on time. Interest will be imposed at the rate of twelve percent (12%) per annum, or the maximum rate permitted by law, whichever is lower, starting from the date scheduled for Closing. The Seller may also: (d) keep all amounts Purchaser has paid to compensate it for the damages caused by Purchaser's default. These kinds of damages may be uncertain in nature and amount. They may also be difficult, expensive and time-consuming to fix or prove. To avoid problems later, Purchaser and the Seller agree to fix or "liquidate" these damages in the amount stated in this paragraph. This is not to penalize Purchaser. Purchaser instructs the Escrow Agent that if the Seller cancels because of Purchaser's default, the Escrow Agent must treat Purchaser's payments as if they belonged to the Seller. Purchaser promises not to revoke this instruction. Purchaser also agrees that Purchaser does not have the power or the right to do so. If Purchaser breaks this promise and tries to revoke it, the Escrow Agent must ignore Purchaser and treat Purchaser's Funds as belonging to the Seller.

2. For Purchasers who are solicited within the State of California. Upon Purchaser's default or breach of any term or condition of the Purchase Agreement, all sums paid by Purchaser shall be retained by Developer as liquidated and agreed damages, and not as a penalty, and Purchaser and Seller shall be relieved from all obligations under the Purchase Agreement. Purchaser and Seller agree that the damages that may result from a breach of the Purchase Agreement are uncertain and difficult to ascertain, and that the agreed upon amount is a reasonable estimate of probable damages. In connection with any litigation arising out of the Purchase Agreement, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorney's fees, through and including all appellate levels.

If Purchaser is in default at the close of escrow, Seller shall be entitled to retain all or a portion of the Down Payment up to, but not exceeding, an amount equal to three percent (3%) of the total purchase

price without liability to Purchaser, provided Seller gives written notice in the manner prescribed by Section 116.340 of the California Code of Civil Procedure to Escrow Agent and to Purchaser. Such notice shall provide that Purchaser is in default under the Purchase Agreement and Seller is demanding that Escrow Agent remit all or a portion of the Down Payment to Seller as liquidated damages unless Purchaser gives appropriate written notice to Escrow Agent to remit all or a portion of the Down Payment as liquidated damages unless Purchaser gives appropriate written notice to Escrow Agent of Purchaser's refusal to waive determination of default by a court or arbitrator within twenty (20) days of the date of Purchaser's receipt of Seller's notice. If Purchaser gives appropriate written notice to Escrow Agent of refusal to waive determination of default and disbursement of liquidated damages by a court or arbitrator, such determinations shall be made by a court or an arbitrator. Arbitration procedures will be conducted pursuant to Section 2791.8 of the California Code of Regulations.

G. CANCELLATION RIGHTS. ANY PURCHASER HAS, UNDER HAWAII LAW, A SEVEN-DAY RIGHT OF RESCISSION OF ANY TIME SHARING SALES CONTRACT.

It is incumbent on the Purchaser to read the full text of the Purchase Agreement which is used in the purchase of the Ownership Interest.

END OF EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Developer intends to sell undivided fee simple interests in Apartments in the Project pursuant to timeshare sales contracts and timeshare deed instruments, and does not intend to sell whole Apartments to third parties. In light of the foregoing, there is no Escrow Agreement for whole Apartments for this Project. Accordingly, for sales consummated in Hawaii, Developer has entered into that certain Hawaii Escrow Agreement for KTVS (A/K/A Hilton Grand Vacations Club at the Kalia Tower) dated March 26, 2003 with Title Guaranty Escrow Services, Inc. ("Escrow Agreement"). The Escrow Agreement provides for certain understandings and agreements with respect to the handling of Purchasers' Funds and the closing of sales of Ownership Interests in the Project. Specifically, the Escrow Agreement provides in part that:

A. FUNDS AND FINANCING INSTRUMENTS AND OTHER PAPERS NEEDED TO CLOSE GO TO ESCROW. Seller will give Escrow each Purchaser's funds, negotiable instruments, Purchase Agreement and conveyance instrument along with the address of each Purchaser if it is not given in the Purchase Agreement. As permitted by Section 514E-16 of the Act, however, Seller may initially hold certain funds and financing instruments of a Purchaser.

B. HOW ESCROW WILL HANDLE PURCHASER'S FUNDS. Escrow will accept, receipt for, hold, deposit and pay out all funds and financing instruments given by each Purchaser according to the Escrow Instructions. By signing a transmittal from Seller (or any of their agents), Escrow verifies that it has received the funds, financing instruments and other documents noted on the transmittal.

C. METHOD TO PROTECT PURCHASERS AGAINST BLANKET LIENS. The timeshare interest will be conveyed to Purchasers free and clear of any blanket liens, thus complying with Section 514E-19(a)(1) of the Act.

D. WHEN AND HOW CLOSING WILL OCCUR; WHAT ESCROW WILL DO BEFORE CLOSING. Each Purchaser's Purchase Agreement says when and how the closing will occur. Closing will not occur unless the conditions stated in each Purchaser's Purchase Agreement are met. If, however, those conditions are in conflict with what is said in the Act (or in Timeshare Rule 16-106-34), what is said in the Act and the Rule will control and must be obeyed by Escrow. Escrow will be responsible for receiving and holding Purchaser's funds, as well as the Purchase Agreement, and all financing instruments of Purchasers for sales occurring in Hawaii. Escrow arrangements for sales occurring outside of Hawaii shall be subject to the prior approval of the Department of Commerce and Consumer Affairs. Escrow will close the transaction upon payment by Purchaser of all closing costs and release the Purchaser's funds to Seller only upon confirmation by Escrow of the following in writing from Seller: (1) that no cancellation notice, postmarked on a date within either of the seven (7) day periods described in the Escrow Agreement, was received from Purchaser and that no cancellation notice was otherwise received during either of the seven (7) day periods from Purchaser; (2) that the provisions of Section 514E-19(a)(1) of the Act protecting the Purchaser against blanket liens by requiring Seller to convey title to the timeshare interest free and clear of blanket liens have occurred as evidenced by a title report on the timeshare interest to be conveyed. Closing shall be completed upon transfer by recordation of a Deed conveying the vacation ownership interest to Purchaser, recordation of the Mortgage, if purchase is on credit, and transfer of funds to Seller.

E. RELEASE OF PURCHASERS' FUNDS AND FINANCING INSTRUMENTS FROM ESCROW WITHOUT A CLOSING. Purchasers' funds and financing instruments shall be released from Escrow without a closing only as follows:

1. If a Purchaser or Seller gives a valid notice of cancellation within seven (7) calendar days after the execution of the Purchase Agreement or receipt of the Disclosure Statement, whichever occurs later, by mailing or delivering a notice of cancellation at the address specified on the Purchase Agreement pursuant to Section 514E-8 of the Act, all of the Purchaser's funds and financing instruments previously delivered into Escrow shall be returned to the Purchaser within fifteen (15) business days after the notice of cancellation is received; provided that if Seller advises Escrow that the Purchaser has not returned all materials given to the Purchaser in connection with the purchase in good condition, reasonable wear and tear excepted, Escrow shall deduct \$25.00 and pay the same to Seller;

2. If a Purchaser or Seller properly terminates the Purchase Agreement pursuant to its terms, or if Seller or a prospective Purchaser terminates a reservation agreement, if any, all of the Purchaser's funds and financing instruments shall be delivered to Purchaser in accordance with the Purchase Agreement, or reservation agreement, if any;

3. If the Purchaser defaults in the performance of the Purchaser's obligations under the Purchase Agreement, all of the Purchaser's funds and financing instruments shall be delivered to Seller in accordance with provisions of the Purchase Agreement, which allows Seller to retain all amounts Purchaser has paid prior to default as liquidated damages.

Purchaser's funds shall not be used for any construction.

F. **HANDLING OF DOCUMENTS IF PURCHASE IS CANCELLED.** Unless otherwise stated in Paragraph E above or in the Purchase Agreement, if any purchase is cancelled by a Purchaser or Seller, Escrow will mark "cancelled" on any financing instruments of the Purchaser (including the Purchaser's Purchase Agreement, note and mortgage, if any) and on any conveyance instrument it may have and shall notify Purchaser of such cancellation.

It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care.

END OF EXHIBIT "I"