CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Professional Plaza of the Pacific, LLC, a Hawaii limited liability company

Address 3939 Old Pali Road

Honolulu, Hawaii 96817

Project Name(*): Professional Plaza of the Pacific

Address: 1520 Liliha Street, Honolulu, Hawaii 96817

Registration No. 5253 (Conversion) *Effective date:* January 13, 2004

Expiration date: February 13, 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 advise 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.

X **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

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

(*) Exactly as named in the Declaration

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

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] *Required and attached to this report.* [X] *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.

[X] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

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: Developer's Reserved Rights
EXHIBIT B: Buildings and Other Improvements
EXHIBIT C: Boundaries of Apartments
EXHIBIT D: Alteration of Project
EXHIBIT E: Additional Information on Parking
EXHIBIT F: (1) Summary of Architect's Observation Report;
(2) Architect's Observation Report;
EXHIBIT G: Variances
EXHIBIT H: Common Elements
EXHIBIT I: Common Interest
EXHIBIT J: Encumbrances Against Title
EXHIBIT K: Estimate of Initial Maintenance Fees
EXHIBIT L: Summary of Sales Contract
EXHIBIT M: Summary of Escrow Agreement

General Information on Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a 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:

Professional Plaza of the Pacific, LLC — Phone: 595-8593 (Business)
Name*

3939 Old Pali Road
Business Address

Honolulu, Hawaii 96817

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):
Brian L. Sakamaki: Manager Member
Brian L. Sakamaki, David T. Miyamoto, Wayne Y. Sadoyama,
and Irene M. Sadoyama: Initial Members

Real Estate Broker*:

Mike Furutani Realty — Phone: (808) 526-0548 (Business)
Name

1188 Bishop Street #1407
Business Address

Honolulu, Hawaii 96813

Escrow:

Title Guaranty Escrow Services, Inc. — Phone: (808) 521-0211 (Business)
Name

235 Queen Street
Business Address

Honolulu, Hawaii 96813

General Contractor*:

N/A — Phone: (Business)
Name

Business Address

Condominium Managing Agent*:

Hawaiiana Management Company, Ltd — Phone: (808) 593-9100 (Business)
Name

711 Kapiolani Blvd., Suite 700
Business Address

Honolulu, Hawaii 96813

Attorney for Developer:

Oliver, Lau, Lawhn, Ogawa & Nakamura — Phone: (808) 533-3999 (Business)
Name

707 Richards Street, Suite 600
Business Address

Honolulu, Hawaii 96813
Attn: Reid A. Nakamura

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

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances Document No. 2003-270162
Book _____ Page _____
[ ] Filed - Land Court Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: Amendment to Declaration of Condominium Property Regime dated January 12, 2004 and recorded in said Bureau as Doc. No. 2004-006242

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
[X] Recorded - Bureau of Conveyances Condo Map No. 3681
[ ] Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: *Amendment to Declaration of Condominium Property Regime dated January 12, 2004* and recorded in said Bureau as Doc. No. 2004-006242

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
[X] Recorded - Bureau of Conveyances Document No. 2003-270163
Book _____ Page _____
[ ] Filed - Land Court Document No. _____

The Bylaws referred to above have been amended by the following instrument [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 [X] Adopted [ ] Developer does not plan to adopt House Rules.

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	—	Majority of the Board of Directors

* 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.

[X] 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**:

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Subleasehold: 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 Subleaseholds:
[ ] 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 Subleasehold:
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 advise 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: 1520 Liliha Street
Honolulu, Hawaii 96813

Tax Map Key (TMK) : (1)1-7-033-005; 036

[ ] Address [ ] TMK is expected to change because _____

Land Area: 53,714 [X] square feet [ ] acre(s) Zoning: R-5 / B-2

Fee Owner:

Professional Plaza of the Pacific, LLC
Name

3939 Old Pali Road
Address

Honolulu, Hawaii 96817

Lessor: n/a

Address

C. **Buildings and Other Improvements**:

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

2. Number of Buildings: Two * Floors Per Building Office Building - 7 Floors
   * plus open parking lot Parking Structure - 3 Floors
   [ ] Exhibit ____ contains further explanations.

3. Principal Construction Material:

   [X] Concrete [ ] Hollow Tile [ ] Wood

   [X] Other Glass, asphalt

4. Uses Permitted by Zoning:

	No. of Apts.	Uses Permitted By Zoning	
[ ] Residential		[ ] Yes	[ ] No
[X] Commercial	31	[X] Yes	[ ] No
[ ] Mix Res/Comm		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No
[ ] Timeshare		[ ] Yes	[ ] No
[ ] Ohana		[ ] Yes	[ ] No
[ ] Industrial		[ ] Yes	[ ] No
[ ] Agricultural		[ ] Yes	[ ] No
[ ] Recreational		[ ] Yes	[ ] No
[X] Other	4*	[X] Yes	[ ] No

(*2 units for parking and 2 units for storage)

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

[X] 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: _____

[ ] Number of Occupants: _____

[X] Other: The commercial units are for commercial use only and the parking units are for parking only.

[ ] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 2 Stairways: 4 Trash Chutes: None

Apt. Type	Quantity	BR/Bath	Net Office Area (sf)*	Net Other Area (sf)	(Identify)
See Exhibit "B"					
Commercial	31			252 to 4,527 sf	Commercial
P-1, P-4	2 apts			14,134 and 42,894 sf	Parking area
P-2, P-3	2 apts			100 and 203 sf	Storage area

Total Apartments: 35

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

7. Parking Stalls:

Total Parking Stalls: 194

	Regular Covered	Regular Open	Compact Covered	Compact Open	Tandem Covered	Tandem Open	TOTAL
Assigned (for each unit)	0	0	0	0	0	0	0
Guest							
Unassigned	38	9	4	27	70	46	194
Extra for Purchase							
Other:							
Total Covered & Open:	47		31		116		194

Each apartment will have the exclusive use of at least 0 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

[X] Commercial parking garage permitted in condominium project.

[X] Exhibit E contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[ ] Swimming Pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [X] Trash Chute/Enclosure(s)

[X] Other: Lobbies, elevators, walkways, Hiram Lane, Bus Stop, Handicapped Parking areas

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____ (Date)

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

In accordance with the Architect's Observation Report, dated July 11, 2003, prepared by Norman G. Y. Hong, Group 70 International, Professional Architect No. 3803, a copy of which is attached as Exhibit "F", the Office Building and the Parking Structure are in fair to good condition.

11. Conformance to Present Zoning Code

a. [ ] No variances to zoning code have been granted.

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

See Exhibit "G"

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 does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses		X	
Structures		X	
Lot	X		

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

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

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:

[X] described in Exhibit "H".

[ ] as follows:

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

[ ] There are no limited common elements in this project.

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

[ ] described in Exhibit _____.

[X] as follows:

(a) One mailbox shall be appurtenant to and for the exclusive use of each Unit.

(b) The corridor on each floor of the Office Building shall be a limited common element appurtenant to and for the exclusive use of the Unit or Units on that floor.

(c) All pipes, shafts, wires, vents, conduits, cables, and other utility and service lines not contained within the Units but used by and servicing only one Unit, shall be appurtenant to and for the exclusive use of the Unit using and serviced by such pipes, shafts, wires, vents, conduits, cables, and other utility and service lines.

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:

[X] described in Exhibit "I".

[ ] as follows:

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

Exhibit "J" describes the encumbrances against the title contained in the title report dated November 14, 2003 and November 26, 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	Buyer's interest may be terminated and Buyer may be entitled to a refund less any escrow cancellation fees.

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**:

The Office Building and the Parking structure were constructed in 1979.

H. **Project Phases**:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

[X] not affiliated with the Developer.
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] 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 "K" 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 [X] Electricity (X Common Elements only _____ Common Elements & Apartments)

[X] Gas (X Common Elements only _____ Common Elements & Apartments)

[X] Water [X] Sewer [ ] Television Cable

[ ] Other _____

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

[X] Specimen Sales Contract
Exhibit " L " contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated December 4, 2003
Exhibit " M " 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 sale contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

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

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

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

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyer's 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. 5253 filed with the Real Estate Commission on December 10, 2003.

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

[ ] YELLOW paper stock [X] WHITE paper stock [ ] PINK paper stock

C. **Additional Information Not Covered Above**

Hazardous Materials

The developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to case cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extend (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

Lead Warning Statement

Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

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.

Professional Plaza of the Pacific, LLC, a Hawaii limited liability company

Name of Developer

By: _____ DEC 0 5 2003

Duly Authorized Signatory* Date

Brian L. Sakamaki, Manager Member

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

EXHIBIT "A"
Developer's Reserved Rights

The Developer reserves the right at any time prior to the closing of the last sale of the Units in the Project: (1) to grant easements over, across, and under the common elements, including, without limitation, easements for utilities, sanitary and storm sewers, cable television, walkways, roadways and rights-of-way, and (2) to relocate or realign any existing easements and rights-of-way over, across, and under the common elements, including, without limitation, any existing utilities, sanitary and sewer lines, and cable television lines, and connect same, over, across, and under the common elements, provided that such easements and such relocations and connections of lines shall not materially impair or interfere with the use of any Unit.

The Developer or the owner of Units P-1, P-2, P-3 and/or P-4 may construct walls and doors so as to enclose a portion or portions of those Units to be used for storage. The Developer or owner of Units P-1and/or P-4 may from time to time and at any time renumber or repaint the lines delineating the parking stalls within Units P-1 and/or P-4, provided, however: (i) any such renumbering or repainting of the lines delineating the parking stalls shall comply with all applicable governmental statutes, ordinances, rules and regulations; and (ii) such renumbering and repainting of the lines delineating the parking stalls shall be reflected in an amendment to the Declaration and the Condominium Map, signed by the owner of the Unit and approved and signed by the Board of Directors.

The Developer reserves the right to consolidate and/or subdivide any Unit or Units owned by the Developer as allowed in paragraph D, of the Declaration, provided, however, that the Developer is not required to obtain the Board of Director's approval or consent to the consolidation and/or subdivision and any amendment to the Declaration and Condominium Map to reflect the consolidation and/or subdivision need only be signed by the Developer with a copy of the recorded amendment provided to the Board of Directors. This right is reserved solely unto the Developer and shall not be conveyed to any subsequent owner who takes title to any Unit or Units from the Developer. The Developer also reserves the right at any time prior to the closing of the last sale of a Unit in the Project: (i) to grant easements over, across, and under the common elements, including without limitation, easements for utilities, sanitary and storm sewers, cable television, walkways, roadways and rights-of-way, and (ii) to relocate or realign any existing easements and rights-of-way over, across, and under the common elements, including without limitation, any existing utilities, sanitary and sewer lines, and cable television lines, and connect same, over, across, and under the common elements, provided that such easements, relocations, and connections of lines shall not materially impair or interfere with the use of any Unit.

End of Exhibit "A"

Exhibit "B"
Building and Other Improvements

Unit No.		Net Office Area (s.f.)
101		4,527.00
201		605.00
202		2,162.00
203		873.00
204		588.00
205		876.00
301		2,454.00
303		1,112.00
304		1,410.00
401		606.00
402		588.00
403		588.00
404		722.00
405		1,002.00
406		1,051.00
407		338.00
501		906.00
502		1,498.00
503		1,226.00
504		1,410.00
601		2,459.00
604		252.00
605		309.00
606		1,409.00
607		502.00
701		633.00
702		530.00
703		1,384.00
705		1,069.00
707		328.00
711		1,054.00
P-1	Parking Bldg.	42,894.00
P-2	Storage	100.00
P-3	Storage	203.00
P-4	Parking lot	14,134.00

End of Exhibit "B"

Exhibit "C"
Boundaries of Apartments

Commercial Units. The thirty-one (31) Commercial Units shall not be deemed to include: (i) the undecorated or unfinished interior surfaces of the perimeter walls, (ii) the undecorated or unfinished surfaces of the interior load-bearing walls, (iii) the undecorated or unfinished surfaces of the floors and ceilings surrounding each Commercial Unit, or (iv) any pipes, shafts, wires, conduits, ducts, vents, pumps, cables, conduits, or other utility or service lines running through any such Commercial Unit which are utilized for or serve more than one Commercial Unit, the same being deemed common elements as hereinafter provided. Each Commercial Unit shall be deemed to include: (i) all walls and partitions which are not load-bearing within its perimeter walls, (ii) all pipes, shafts, wires, conduits, ducts, vents, pumps, cables, conduits, and other utility or service lines running through such Commercial Unit which are utilized for and serve only that Commercial Unit, (iii) the inner decorated or finished surfaces of all walls, floors, and ceilings, (iv) all doors and windows (including but not limited to sliding glass doors, windows, or panels along the perimeter), and (v) all fixtures, appliances, built-in cabinets, carpets and floor coverings, and furnishings installed therein.

Parking Units. Each Parking Unit shall be deemed to include the area which lies within the boundaries of the Parking Unit as shown on the Condominium Map, inclusive of any stairways, interior load-bearing walls and pillars, and any existing and future pipes, shafts, wires, conduits, ducts, vents, cables, and other utility or service lines running through such Parking Unit, which are utilized for and serve only that Parking Unit. Each Parking Unit shall not be deemed to include any stairways, interior load-bearing walls and pillars, and any existing and future pipes, shafts, wires, conduits, ducts, vents, cables, and other utility or service lines running through such Parking Unit which are utilized for and serve any other Unit or Units.

End of Exhibit "C"

Exhibit "D"
Alteration of Project

The common interest and easements appurtenant to each Unit shall have a permanent character and shall not be altered without the consent of the Board of Directors and the owners of all Units affected as expressed in an amendment to this Declaration recorded in the Bureau of Conveyances, and except as otherwise set forth in the Declaration, shall not be separated from such Unit and shall be deemed to be conveyed or encumbered with such Unit even though not expressly mentioned or described in the instrument evidencing such conveyance or encumbrance. The common elements shall remain undivided and no right shall exist to partition or divide any part thereof, except as provided by the Condominium Property Act. Notwithstanding the foregoing,

From time to time and at all times, two or more adjacent and adjoining Commercial Units on the same floor that are under common ownership may be consolidated into one Unit, and any portion of the corridor on said floor that is a limited common element reserved exclusively for the use of said Units being consolidated may be incorporated into the new Unit, hereinafter called the "new Unit"; provided, however, that: (i) the percentage of common interest in the common elements appurtenant to the new Unit shall be a sum equal to all of the former Units and there shall be appurtenant thereto all of the limited common elements that were appurtenant to all of the former Units, excepting therefrom any portion of the corridor incorporated into the new Unit; (ii) the Office Building Interest, as the same is defined in paragraph B, of the Declaration, appurtenant to the new Unit shall be a sum equal to all fo the former Units; (iii) any such consolidation must comply with all applicable governmental statues, ordinances and rules and regulations; (iv) any such consolidation must be done under the terms and conditions satisfactory to the Board of Directors; (v) any construction on the perimeter boundary of the new Unit must be done in accordance with plans and specifications first approved in writing by the Board of Directors; (vi) any such consolidation must be reflected and set forth in an amendment to the Declaration and the Condominium Map, signed by the owner of the new Unit and approved and signed by the Board of Directors; and (vii) said amendment to the Declaration must be filed and recorded and there must be attached a verified statement of a registered architect or professional engineer certifying that the plans being filed and recorded therewith fully and accurately depict the layout, location and dimensions of the new Unit and the common elements located on said floor.

From time to time and at all times, any new Unit created by consolidation under the provisions mentioned above, may be resubdivided and the corridor may be reconstituted so long as the same is identical to that which existed immediately prior to the consolidation; provided, however: (i) the percentage of undivided interest in the common elements appurtenant to each Unit shall be identical to that which existed immediately prior to the consolidation and the limited common elements appurtenant thereto shall be identical to those that existed immediately prior to consolidation; (ii) the Office Building Interest appurtenant to each Unit shall be identical to that which existed immediately prior to the consolidation; (iii) any such resubdivision must comply with all applicable governmental statutes, ordinances, rules and regulations; (iv) any such resubdivison must be done under the terms and conditions satisfactory to the Board of Directors; (v) any construction of improvements on the perimeter boundaries of the resubdivided Units must be done in accordance with plans and specifications first approved in writing by the Board of Directors; (vi) any such resubdivision must be reflected and set forth in an amendment to the Declaration and the Condominium Map, signed by the owner of the Unit being resubdivided and approved and signed by the Board of Directors; and (vii) said amendment to the Declaration must be filed and recorded and there must be attached a verified statement of a registered architect or professional engineer

certifying that the plans being filed and recorded therewith fully and accurately depict the layout, location and dimensions of all Units and the common elements located on said floor.

From time to time and at all times, the owner of a Commercial Unit may subdivide the Unit (the "original Unit") into two or more Units (the "subdivided Units"), and add any portion thereof to the corridor on said floor that is a limited common element reserved exclusively for the use of the Units on that floor, to provided access to the subdivided Units; provided, however, that: (i) the percentage of common interest in the common elements appurtenant to the subdivided Units shall be pro rata share of the percentage of common interest assigned to the original Unit, based on the proportion of square footage assigned to each of the subdivided Units; (ii) the Office Building Interest appurtenant to the subdivided Units shall be a pro rata share of the Office Building Interest assigned to the original Unit, based on the proportion of square footage assigned to each of the subdivided Units; (iii) any such subdivision must comply with all applicable governmental statues, ordinances and rules and regulations; (iv) any such subdivision must be done under the terms and conditions satisfactory to the Board of Directors; (v) any construction on the perimeter boundary of the subdivided Units must be done in accordance with plans and specifications first approved in writing by the Board of Directors; (vi) any such subdivision must be reflected and set forth in an amendment to the Declaration and the Condominium Map, signed by the owner or owners of the subdivided Units and approved and signed by the Board of Directors; and (vii) said amendment to the Declaration and Condominium Map must be filed and recorded and there must be attached a verified statement of a registered architect or professional engineer certifying that the plans being filed and recorded therewith fully and accurately depict the layout, location and dimensions of the subdivided Units and the common elements located on said floor. The unfinished perimeter wall or walls constructed between the subdivided Units shall be deemed part of the common elements as defined in paragraph A.3, of the Declaration.

From time to time and at all times, any subdivided Unit created pursuant to the provisions mentioned above, may be consolidated into the original Unit and the corridor created by the subdivision, if any, may reconstituted as part of the original Unit so long as the same is identical to that which existed immediately prior to the subdivision; provided, however: (i) the percentage of undivided interest in the common elements appurtenant to the consolidated Unit shall be identical to that of the original Unit, as it existed prior to the subdivision and the limited common elements corridor shall be identical to that which existed immediately prior to the subdivision; (ii) the Office Building Interest appurtenant to the consolidated Unit shall be identical to that of the original Unit, as it existed prior to the subdivision; (iii) any such consolidation must comply with all applicable governmental statutes, ordinances, rules and regulations; (iv) any such consolidation must be done under the terms and conditions satisfactory to the Board of Directors; (v) any construction of improvements on the perimeter boundaries of the consolidated Unit must be done in accordance with plans and specifications first approved in writing by the Board of Directors; (vi) any such consolidation must be reflected and set forth in an amendment to the Declaration and the Condominium Map, signed by the owner of the consolidated Unit and approved and signed by the Board of Directors; and (vii) said amendment to the Declaration and Condominium Map must be filed and recorded and there must be attached a verified statement of a registered architect or professional engineer certifying that the plans being filed and recorded therewith fully and accurately depict the layout, location and dimensions of the consolidated Unit and the common elements located on said floor.

The Developer or the owner of Units P-1, P-2, P-3 and/or P-4 may construct walls and doors so as to enclose a portion or portions of those Units to be used for storage. The Developer or owner of Units P-1and/or P-4 may from time to time and at any time renumber or repaint the lines delineating the parking stalls within Units P-1 and/or P-4, provided, however: (i) any such

renumbering or repainting of the lines delineating the parking stalls shall comply with all applicable governmental statutes, ordinances, rules and regulations; and (ii) such renumbering and repainting of the lines delineating the parking stalls shall be reflected in an amendment to the Declaration and the Condominium Map, signed by the owner of the Unit and approved and signed by the Board of Directors. The owner of Unit P-4 may from time to time and at any time build a parking structure within the boundaries of Unit P-4, as shown on the Condominium Map, and add additional parking stalls and renumber the existing stalls, provided, however: (i) the construction of any such parking structure shall comply with all applicable governmental statutes, ordinances, rules and regulations, (ii) any construction of improvements on the perimeter boundaries of Unit P-4 must be done in accordance with plans and specifications first approved in writing by the Board of Directors; (vi) any such construction of improvements must be reflected and set forth in an amendment to the Declaration and the Condominium Map, signed by the owner of Unit P-4 and approved and signed by the Board of Directors; and (vii) said amendment to the Declaration and Condominium Map must be filed and recorded and there must be attached a verified statement of a registered architect or professional engineer certifying that the plans being filed and recorded therewith fully and accurately depict the layout, location and dimensions of the newly constructed parking structure.

End of Exhibit "D"

Exhibit "E"
Additional Information on Parking

The Commercial Units, Unit P-2 and Unit P-3 do not have parking spaces, assigned or unassigned, appurtenant to the Units. Unit P-1 is a three story garage containing 172 parking spaces and Unit P-4 is an open area parking lot containing 22 parking spaces. Unit owners, their tenants, employees, and guests will be able to use the parking stalls in Units P-1 and P-4 subject to rules and regulations and charges established by the Developer and/or the owner(s) of Units P-1 and P-4, and approved by the Board of Directors, as amended from time to time.

The rules and regulations provide that the parking fees can be raised an average annual increase of two percent (2%) or less per year, without the Board of Directors approval beginning with rates existing as of September 30, 2003. The hours of operation for parking shall be the same as the hours of operation for the Office Building. Any changes to the hours of operation or parking rules and regulations.

Exhibit "F"

Summary of Architect's Observation Report and Variances

Architect's Observation Report

GROUP 70
INTERNATIONAL

Francis S. Oda, AIA, AICP
Norman G. Y. Hong, AIA
Sheryl B. Seaman, AIA, ASID
Hitoshi Hida, AIA
Roy H. Nihei, AIA, CSI
James I. Nishimoto, AIA
Ralph E. Portmore, AICP
Stephen H. Yuen, AIA
Linda C. Miki, AIA

MEMORANDUM

Group 70 International, Inc. • Architecture • Planning • Interior Design • Environmental Services
925 Bethel Street. Fifth Floor • Honolulu. Hawaii 96813-4307 • PH: (808) 523-5866 • FAX: (808) 523-5874

TO	Reid A. Nakamura		
FROM	Norman G.Y.Hong AIA	DATE	9 January 2004
PROJECT	Professional Plaza of the Pacific		
SUBJECT	Executive Summary of Exhibits F and G		

The following is an Executive Summary of the following Exhibits:

Exhibit F: Letter dated July 11, 2003 regarding Architectural Observation Report with attached enclosures.
Exhibit G: Copies of Variances (various dates) granted to the subject property and project.

These reference Exhibits should be reviewed for specific and detailed information.

Executive Summary

1. Site visits were conducted in June 2002 and May 2003 to ascertain the general condition of the subject buildings. Observations were made of unconcealed conditions and did not involve any cutting, removal or detailed testing of existing walls/building systems.
2. General Information
   a. The subject property consists of two adjoining parcels: TMK 1-7-33: 36 consisting of 39,580 sq ft and is split zoned B-2/R-5; TMK 1-7-33: 5 consisting of 14,134 sq ft and zoned R-5.
   b. Parcel 36 contains a seven-story office building and a 3 story parking structure. The seven story office building contains approximately 44,688 sq ft of gorss floor area. Per the construction drawings, the parking structure contains a total of 172 parking stalls of which 60 stalls are identified as tandem stalls.
   c. Parcel 5 contains on-grade parking consisting of approximately 22 stalls.
3. Zoning Issues
   a. There are a number of non-conforming conditions which were permitted by the granting of variances by the City and County of Honolulu. The following is a summary of the non-conforming conditions and the respective variances which permitted them:
      1) Non-conforming parking use on R-5 zoned portion of Parcel 36 (Variance 76/ZBA-73).

2) Non-conforming height of office building (referred to in Variance 81/ZBA-63).
3) Non-conforming parking use on R-5 zoned Parcel 5 (Variance 81/ZBA-63) subject to a number of conditions which have been fulfilled except for landscaping requirements.

b. The above variance documents are attached as Exhibit G.
c. It should be noted that the rooftop enclosed space (which has been used for storage and special functions) was indicated on the construction plans as mechanical storage space.

4. Building Permits and Certificate of Occupancy
   a. A list of building permits issued for the building and various tenant spaces are included in Exhibit F.
   b. A Certificate of Occupancy of the office building was issued on October 8, 1980.
   c. It should be noted that the existing buildings may not meet all the requirements of the current Building Codes, but may be considered as "grand-fathered" conditions permitted by the Building Code in effect at time of original construction.

5. Conditions of the Office Building
   a. Exterior Wall System: The building is due for repainting in the near future. There is some degree of water infiltration through the "blue" plaster panels and metal louvers above the windows. There has been some water infiltration through the exterior window systems. Portions of the plaster walls of the rooftop space is delaminating. The metal louver doors at the rooftop mechanical and electrical rooms are rusted and require replacement.
   b. Roof system: The building was re-roofed in September 2002 and appears to be in good condition. The roof warranty is in effect to September 18, 2012.
   c. Exterior site conditions: some of the exterior walkway slabs at the mauka/Ewa corner are cracked and lifting due to tree roots. The exit route from the mauka exit stairway is partially blocked by trees and shrubs and an abandoned gas pipe.
   d. Interior conditions: in general the interior common areas appeared to be in good condition. These areas (lobby and corridors) were recently refurbished according to the previous property owner. Individual tenant spaces were not included in this inspection.
   e. Structural system: the office building appears to be in good condition. Any exterior spalled concrete should be repaired when the building is repainted.
   f. Mechanical systems condition: In general, the building appears to have been well maintained. The following are specific conditions requiring attention:
      1) Air conditioning and ventilation: the chillers do not appear to have corrosion protection which will affect the lifespan of these coils. Some of the chilled water piping insulation is deteriorated. The location of some chilled water piping in the electrical rooms are contrary to current codes. The air handling equipment in the ceiling spaces are quite noisy. The vibration isolators on the chillers and the chilled water pumps and accessories are corroded and at the end of their service life.
      2) Plumbing: There is a fair amount of corrosion of piping, fittings and joints in the pump room which may be due to contact of dissimilar metals. One of the roof drains from the penthouse roof was not

connected to the building system per drawings, but spills unto lower roof.

3) Fire Protection: Testing of the dry standpipes is recommended to identify possible leaks due to corrosion. There are unsealed openings between the main electrical room and adjacent space.
4) It appears that numerous tenant mechanical systems and equipment have been added, including air compressors, vacuum pumps and supplemental air conditioning units. It is recommended that the impact of this equipment on the capacity of the base building systems be monitored.

g. Electrical Systems
   1) The main electrical room was dirty with stored old equipment and should be cleaned.
   2) Many of the tenant floor electrical rooms have air compressors located within 3 feet work space required by the NEC which is a violation of the code.
   3) Some of the ADA visual devices do not meet the required candela output level. In addition there are an inadequate amount of visual devices.

6. Conditions of the Parking Structure
   a. The parking structure has experienced a limited degree of cracking of pre-cast members due to thermal expansion. These do not pose serious structural problems and have been repaired.
   b. The top level of the parking structure is experiencing some water infiltration through the structural slab. The exposed rebar and mesh should be repaired and waterproofing of this top parking deck should be considered.
   c. There is minor cracking of some of the concrete block railings due cantilever conditions and/or thermal expansion. These have been patched.
   d. The parking structure has a large percentage of "tandem" stalls which affect the effective usability of the parking structure.

Exhibit "F"

GROUP 70
INTERNATIONAL

Francis S. Oda, Arch. D., AIA, AICP
Norman G.Y. Hong, AIA
Sheryl B. Seaman, AIA, ASID
Hitoshi Hida, AIA
Roy H. Nihei, AIA, CSI
James I. Nishimoto, AIA
Ralph E. Portmore, AICP
Stephen H. Yuen, AIA
Linda C. Miki, AIA

George I. Atta, AICP
Paul P. Chorney, AIA
Wendy Lee Cook, AIA, CDT
Philip T. Cuccia
Sutobin Halim
Jeremy C. Hsu, AIA
Roy A. Inouye, AIA, CSI
Stuart M. Jow, AIA
Charles Y. Kaneshiro, AIA
Dean H. Kitamura
Katherine M. MacNeil, AIA
Frank B. McCue
Kyle K. Nakamoto
Kathryn A. Nam
Jeffrey H. Overton, AICP
Christine M. Ruotola, AICP
James L. Stone, AIA
Scott Tangonan
Wesley N. Ujimori, AIA
Sharon Ching Williams, AIA

July 11, 2003

Mr. Wayne Sadoyama
1042 Fort St. Mall, Suite 300
Honolulu, HI 96813

Subject: Professional Plaza of the Pacific Architectural Observation Report

Dear Wayne,

1. Site visits were conducted in June 2002 and May 2003 to ascertain the general condition of the subject buildings. Observations were made of unconcealed conditions and did not involve any cutting, removal or detailed testing of existing walls/building systems.

2. General Information
   a. The subject property consists of two adjoining parcels:
      TMK 1-7-33: 36 consisting of 39,580 sq ft and is split - zoned B-2/R-5.
      TMK 1-7-33: 5 consisting of 14,134 sq ft and zoned R-5.
   b. Parcel 36 contains a seven-story office building and a 3 story parking structure. The seven-story office building contains approximately 44,688 sq ft of gross floor area. Per the construction drawings, the parking structure contains a total of 172 parking stalls of which 60 stalls are in a tandem configuration.
   c. Parcel 5 contains on-grade parking consisting of approximately 22 stalls.

3. Zoning Issues
   a. The original project consisted of the office building and parking structure on Parcel 36, which as noted above is split-zoned B-2 & R-5. The office building is a permitted use under its B-2 zoning. The parking structure is located in the R-5 zoned portion and is not a permitted principal use. However, a Variance (76/ZBA-73) to permit parking in the split-zoned residential portion of Parcel 36 was approved on November 18, 1976. (Exhibit A)
   b. The current height restriction in the B-2 zoned portion of Parcel 36 is 60 feet. The height of the existing Office Building is 84 feet plus the rooftop mechanical rooms. This height was permitted by a Variance dated October 20, 1977. A copy of the Variance was not available but is referred to in the September 25, 1981 Variance (81/ZBA-63). See Exhibit B – Page 3 of The Findings of Fact.
   c. The parking in Parcel 5 is not a permitted principal use under its R-5 zoning, however can be permitted by a conditional use permit or Variance. A Variance was obtained (81/ZBA-63 dated September 25, 1981) to allow the use of Parcel 5 for parking. The Variance was approved subject to certain conditions described in the Decision and

Order of the Variance. It appears that except for landscape requirements, the conditions have been fulfilled (see attached compliance reports dated September 16, 1982 and October 4, 1982. Exhibit B.)

d. A letter dated May 25, 1982 from the property owner to the Department of Land Utilization describes actions taken by the owner to meet certain conditions of Variance 81/ZBA-63 (Exhibit B). One of the described actions was that the owner was in the process of obtaining a Special Permit for Joint Development. This Special Permit for Joint Development (82-SP-58) was approved on July 30, 1982. (Exhibit C)

e. It should be noted that the above Variance and Special Permit apply primarily to Parcel 5 and its use for parking. It appears to affect the existing office building and parking structure on Parcel 36 only in terms of yard setbacks and landscaping.

f. It should also be noted that the rooftop enclosed space (which appears to be used for storage and special functions) was indicated on the construction plans as mechanical storage space. This space is not described in the Building Permit or included in the Certificate of Occupancy as useable, occupied space.

4. Building Permit/Certificates of Occupancy

a. The following is a list of Building Permits issued, including the building permit for the office building:

B.P. No.	Date Issued	Description
118956	04/09/79	Construc. 3-Tier Parking
118957	04/09/79	Construc. 7-Story Bldg.
118959	04/09/79	Demolition of Bldg. A
118960	04/09/79	Demolition of Bldg. B
118961	04/09/79	Demolition of Bldg. C
118962	04/09/79	Demolition of Bldg. D
118963	04/09/79	Demolition of Bldg. E
118964	04/09/79	Demolition of Bldg. F
118965	04/09/79	Demolition of Bldg. G
118966	04/09/79	Demolition of Bldg. H
118967	04/09/79	Demolition of Bldg. I
118968	04/09/79	Demolition of Bldg. J
120415	05/07/79	Demolition 3 bedroom
120419	05/07/79	Interior to Dr.'s Office
141004	06/30/80	Interior to Dr.'s Office
141076	07/01/80	Interior to Dr.'s Office
142122	07/25/80	Interior to Dr.'s Office
142182	07/28/80	Interior to Dr.'s Office

144863	10/03/80	Interior to Dr.'s Office
150948	02/03/81	Interior to Dr.'s Office
150610	02/23/81	Interior to Dr.'s Office
130949	03/04/81	Int Alt to Dr.'s Office
154799	06/02/81	Int Alt to Dr.'s Office
158353	08/28/81	Int Alt to Dr.'s Office
159643	09/29/81	Int Alt to Dr.'s Office
160343	-	Int Alt to Dr.'s Office
160713	10/20/81	Int Alt to Dr.'s Office

B.P. No.	Date Issued	Description
163886	01/13/82	Int Alt to Dr.'s Office
164073	-	Int Alt to Dr.'s Office
164412	01/18/82	Int Alt to Arch.'s Office
164413	-	Int Alt to Dr.'s Office
164918	02/16/82	Int Alt to Dr.'s Office
164919	02/16/82	Int Alt to Dr.'s Office
168963	06/17/82	Int Alt to Dr.'s Office
174839	12/17/82	Int Alt to Dr.'s Office
187670	12/13/83	Electrical- Add Fire Alarm Equip
201767	12/17/84	Int Alt To Dr.'s Office
209663	06/28/85	Int Alt To Dr.'s Office
236770	04/07/87	Int Alt To Dr.'s Office
267443	04/03/89	Elec. – Wiring Office Machines
292829	10/11/90	Electrical-Replace ATM w/ wall
297456	01/29/91	Int Alt to Dr.'s office
297880	02/06/91	Int Alt To Office
301578	05/01/91	Int Alt to Dr.'s Office
312385	01/03/92	Int Alt To Dr.'s Office
202979	-	Int Alt To Dr.'s Office
420062	07/28/98	Int Alt To Dr.'s Office
504095	01/18/00	Electrical
509240	06/01/00	Int Alt To Dr.'s Office
513749	10/03/00	Int Alt To Dr.'s Office
527664	10/23/01	Int Alt To Dr.'s Office

b. A Certificate of Occupancy of the office building was issued on October 8, 1980 and is attached to this report. (Exhibit F).

c. It should be noted the existing buildings may not meet all the requirements of the current Building Codes in effect at the time of this report. Such conditions may be considered as "grand-fathered" existing non-conformities.

5. General Condition of the Buildings

a. In general, the office building is in fair to good condition. No indications of structural distress were observed, except for walkway conditions described below. There are a number of water infiltration issues regarding the exterior wall and window systems as described below. There are also a number of areas of building wear due to the age of the building which will require remedial action in the near future. These are also described below.

b. In general, the parking structure is in fair to good condition. Specific conditions observed are noted below.

6. Specific Conditions of the Office Building

a. Exterior Wall System

1) According to the property owner, the building was last repainted about 6 years ago. Due to its location adjoining the freeway, the building is exposed to freeway soot and dust and will require repainting within the near future.

2) The "blue" panels above the exterior windows have experienced water infiltration in the past. These panel areas were sealed in 1997, but continued to leak as recently as December 2001 when they were re-sealed again. This problem appears to be caused by several conditions. These panels are exterior plaster over metal studs which have a higher thermal expansion co-efficient than the adjoining concrete walls/columns. This expansion may be causing stress on the sealant joints.

3) The leakage appears to also be the result of water infiltration through the metal louvers in these panels which provide fresh-air make-up for the air conditioning system. It could not be determined if the louvers were of the storm-proof type. The condition of these louvers is poor and will have to be replaced in the near future. They should be replaced with appropriate storm-proof type louvers.

4) There was apparently some leakage experienced through the exterior window systems. According to a Memo dated December 20, 2001 from "Don" to "Joe [Acohido]", there were a number of leaks reported to numerous locations.

Due to inability to inspect these windows from the outside, the cause of these leaks could not be determined.

5) The exterior plaster walls of the rooftop space is experiencing areas of delamination (mauka wall) and will require remedial action. Also, the exterior windows in these walls show signs of leakage and deterioration of window interior sill surfaces.

6) The metal louver doors to the rooftop mechanical rooms and ground floor electrical room are rusted and require replacement.

b. Roof System

1) According to the property owner documents, the building was re-roofed in September 2002 and the warranty is in effect to September 18, 2012.

2) The condition of the roof appears to be in good condition. The roof appears to have been maintained without the accumulation of trash.

3) The owner indicated that there were no reported leaks and indications of roof leaks were not observed in the limited areas of accessibility.

c. Exterior Site Conditions

1) The exterior concrete walkway slabs at the mauka//Ewa corner of the building are cracked and lifting due to tree roots.

2) The exit route from the mauka exit stairway is partially blocked by trees/shrubs and needs to be remedied. The abandoned gas pipe crossing the walkway along this exit route needs to be removed.

d. Interior Conditions

1) In general, the interior common areas appeared to be in good condition. According to the property owner, the interior common areas (lobby and corridors) were recently refurbished.

2) Individual tenant spaces were not included in this inspection.

7. Specific Conditions of the Parking Structure

a. At the Ewa bay on the second floor, there were cracks in the Tri-Tee pre-cast members. Per our structural engineer, these appear to be thermal cracks since the floor above is exposed to the exterior sunlight. These do not pose a serious structural problem and have been patched by injection of epoxy.

b. There are similar cracks in the middle bay of the second floor due to the same thermal conditions above.
c. There are indications of water infiltration below the mauka rooftop ramp. This condition should be remedied to prevent rusting of the structural steel in the concrete structural members.
d. Waterproofing of the top parking deck levels should be considered.
e. The concrete block railing wall at the mauka/downtown corner at the second level is cracking away from the adjoining concrete column. This is due to the cantilever condition at that location. This is not a serious structural condition, but has been patched.
f. The CMU parapet walls at the roof level have some joint cracks due to thermal expansion. These are not considered structural but need to be patched and maintained.
g. The parking structure configuration has a large percentage of "tandem" stalls. Due to this configuration, tenants and patients park at the outside stall so they are not blocked in. This renders a large percentage of the stalls to be unused, thereby contributing to the parking shortage and the resulting demand on the parking at the adjoining parcel. This problem could be improved by a management parking policy of having tenant staff double-up in the tandem stalls, thereby making other stalls available for patients/customers. A possible reconfiguration of the parking layout to reduce the number of tandem stalls should be looked into.

Sincerely,
GROUP 70 INTERNATIONAL, INC.

Norman G.Y. Hong, AIA
Vice Chairman

NGYH:mm

Enclosures:
(1) Report from Beall & Associates
(2) Report from Chong & Associates
(3) Report from Englekirk & Sabol, Inc.

cc: Reid A. Nakamura

BEALL

& Associates, Inc.

Memorandum

Date: April 21, 2003

To: Mr. Norman G. Y. Hong, AIA, Group 70 International

From: Rick Beall

Project: Professional Plaza of the Pacific

Subject: Observation Report

The following observation report is based on a brief site visit and review of mechanical drawings for the Professional Plaza of the Pacific located at 1520 Liliha Street in Honolulu, Hawaii. In addition, we reviewed a report on the equipment condition prepared by Heide & Cook Mechanical Contractors. This report was prepared around July of 2002 and some items have subsequently been corrected.

General

The building is a seven-story medical office building with no basement. The drawings indicate that the design was done in the late 1970's.

Air Conditioning and Ventilation

Tenant spaces in the building are fully air conditioned by a chilled water, variable air volume (VAV) system. Chilled water is generated by two air-cooled, electrically-driven, water chillers at the roof. The chilled water is pumped through a distribution system to air handling units located at each floor. The typical tenant floors (floors 2 through 7) have three air handling units per floor, located above the ceilings.

The air handling units distribute cooled air through distribution ductwork to VAV boxes serving each zone. Temperature control of each zone is maintained by wall mounted thermostats which regulate the flow of cool air.

Outside air for ventilation is ducted from exterior wall louvers to the return air plenum of each air handling unit. A central exhaust system serves all floors with a common riser connected to a single roof exhaust fan.

1. The chillers, while fairly new, do not appear to have corrosion protection applied to the condenser coils. Corrosion of the aluminum fins is evident. We suspect that the lifespan of these coils will be significantly lower than expected.

2. Deteriorated chilled water piping insulation was observed in the penthouse mechanical room and in floor electrical rooms. Some insulation appears to have been replaced using a material that may not have sufficient vapor retarder properties.

3. The location of chilled water piping in the floor electrical rooms would be contrary to current codes. The condition of the insulation increases this concern. Also noted a number of pipe supports that have been disconnected.

4. Air handling equipment above the ceiling was noted to be quite noisy in some locations. The noise is greater than would be expected for typical office occupancy.

5. Observed dirt and corrosion on outside air louvers. Air quantity may be reduced by obstructed screens.

6. Vibration isolators on chillers are corroded.

7. Chilled water pumps and accessories are quite corroded and appear to be at the end of their service life.

8. Provisions for air conditioning and ventilation of penthouse tenant space do not appear to have been made in base building; the space is served by two through-wall air conditioning units.

Plumbing

Domestic water is piped from a connection at Liliha Street to a packaged constant pressure booster pump system with a total of three pumps. Water is distributed to all floors by a riser located at the core toilet rooms.

Waste and vent systems are provided for tenant connections by two stacks of waste and vent pipes. A third stack serves the core toilet rooms. Waste piping is collected below the ground floor and piped toward Liliha Street.

Roof drainage is provided by a total of seven roof drains. The drains are collected below the roof and piped down through two vertical risers. The risers are collected below the ground floor and piped to a site main on the Hiram Lane side of the building. Roof overflow is handled by scuppers through the parapet wall.

1. There is a fair amount of corrosion of piping, fittings and joints in pump room. Some corrosion may be due to contact of dissimilar metals.

2. One roof drain service penthouse roof was not connected to building system as shown on original drawings, but was piped to spill on lower roof.

Fire Protection

6-inch dry standpipes with hose connections at each landing above grade and roof manifolds are located in each of both stairwells. The dry standpipes are connected under

the ground floor slab and piped to a 4-way fire department connection facing Liliha Street.

Wet standpipes serve fire hose cabinets (for occupant use) at each floor. Both wet standpipes are connected at the ceiling of the ground floor and piped to a booster pump rated at 100 gallons per minute. Water is furnished from a connection at Liliha Street.

The building does not have fire sprinklers.

1. We recommend testing of the buried dry standpipe, these types of installation may develop significant leaks due to corrosion.

2. There are unsealed openings between the main electrical room and the adjacent space.

Notes

The building appears to have been well maintained. The Heide & Cook report should be referred to for additional equipment that requires replacement now and in the future. It is recommended that the Owner consider upgrading air handling systems and fire protection systems to current standards during replacement.

It appears that numerous tenant mechanical systems and equipment have been added to the building. These include air compressors, vacuum pumps and supplemental air conditioning units. We recommend that the impact of this equipment on the capacity of the base building systems be monitored.

This report is based on a brief site visit and review and does not constitute a detailed check against current codes or codes in effect at the time of construction, or an operational/functional check of systems and equipment. Issues and discrepancies that were observed are noted, however, not all spaces were reviewed and no exploratory demolition was performed. Additional issues and discrepancies may exist.

Please do not hesitate to call should you have any questions.

cc: File

RLB:rlb h:\project files\2003 projects\e032 professionalplaza\professional plaza of the pacific revised 061203.doc

Albert Chong Associates Inc.
Consulting Electrical Engineers
and Lighting Designers
1117 Kapahulu Avenue
Honolulu Hawaii 96816
Telephone (808) 738-5355
Fax (808) 738-5455

LILIHA OFFICE BUILDING
ELECTRICAL REVIEW

Power to the office building is delivered by two Hawaiian Electric Company (HECO) padmounted transformers. One is rated 480/277 volts and handles all the common area loads. The other padmount is rated 208/120 volts and handles all the tenant loads.

The common area loads, which include such loads as common area lighting, elevators, air conditioning plant, parking structure, are fed through a main switchboard, which is fed from the 480/277 HECO pad-mount transformer.

A dry type step down transformer reduces the voltage to 208/120 volts.

The main electric room was dirty with old equipment stored inside. The room should be cleaned up.

Tenant loads are distributed through meter power centers, located in electric rooms on each floor. Tenant loads are metered separately by HECO.

Many of the Tenant floor electric rooms have air compressors, from the dental offices, located within the 3 feet work space required by the NEC. This is clearly a violation of the NEC.

Lighting through the building is predominantly fluorescent with a small amount of HID sources. Most of the luminaires have been changed to T8 lamps, electronic ballasts.

Corridor lighting on tenant floors is recess fluorescent troffers.

Public restroom lighting is recess fluorescent troffers.

Stair lighting is fluorescent strips.

Electrical room lighting is florescent strips with T-12 lamps.

Entry lighting is fluorescent troffers in the lobby and recess mercury vapor downlights outside.

Parking garage lighting is open channel fluorescent luminaires that are the original units and are in poor condition. The parking top deck is illuminated with HID floodlights mounted on poles, all of which were added.

The basic fire alarm system is the original Simplex system with pull stations and bells. The annunciators are located in the elevator lobby. Pull stations were lowered and visual devices

added as part of an ADA upgrade. Note the visual devices do not meet the ADA required candela output level in addition there are an inadequate amount of visuals devices.

The building is provided voice service by Verizon Hawaii via an underground service with copper pairs.

The parking gate system to the garage is operational but old.

ENGLEKIRK & SABOL
Consulting Structural Engineers, Inc.

2 April 2003

Mr. Norman G.Y. Hong, AIA
Vice Chairman
Group 70 International, Inc.
925 Bethel Street, Fifth Floor
Honolulu, Hawaii 96813-4307

PROJECT: LILIHA MEDICAL COMPLEX — 03-G805
SUBJECT: STRUCTURAL ENGINEERING STATEMENT

Robert E. Englekirk, S.E.
Tony Ghodsi, S.E.
Lawrence Y. Ho, S.E.
Michael K. Kawaharada, S.E.
Thomas A. Sabol, S.E.
Russell Tanouye, S.E.
Christopher Rosien
Barrett T. Bunce, S.E.
Al Ikemura
Alan T. Shiosaki, S.E.
William A. Wallace, Jr., S.E.
Albert J. Fobel, S.E.
Brett A. Kaufmann, S.E.
Diana Erickson Nishi, S.E.
Kimberly F. Tanouye

Pursuant to your request, we made a site visit to the aforementioned property on 28 March 2003 and made a cursory review of the structural and architectural drawings transmitted to us on 24 March 2003. No calculations or testing of any kind was performed.

The drawings reviewed consisted of Sheets A.1 through A-24, dated 10-6-78, signed by Walter Tagawa; and Sheets S-1 through S-21, dated 10-6-78, signed by Edgar Lee.

The site visit consisted of a walk through of the detached parking structure; and observations of the main building's exterior, ground floor and sixth floor lobby, the mauka stair shaft from the sixth floor through to the roof, and the roof deck.

This medical complex consists of two separate structures: a three-story precast concrete parking structure and a seven-story concrete medical office building. A brief description of the structural systems is as follows:

1. The three-story parking structure:
   a. Foundations: consists of conventional spread footings.
   b. Floor Framing: consists of cast-in-place beams and columns supporting 8" prestressed-precast tri-tees with a 2-1/2" concrete topping spanning 29' – 0".
   c. The lateral load resisting system: consists of cast-in-place concrete shear walls.
2. The seven-story medical office building:
   a. Foundations: consists of conventional spread footings.
   b. Floor Framing: consists of an 8" cast-in-place posttensioned flat plate spanning 30' – 0" one way and 20" – 0" in the other. The slabs are supported by cast-in-place concrete columns. An "L"-shaped downturned perimeter beam occurs only at the Second Floor.

Los Angeles
Orange County
Honolulu

239 Merchant Street
Suite 200
Honolulu, HI 96813-2922

[illegible]@hawaii.rr.com

c. Roof Framing: consists of an 7" (minimum) cast-in-place posttensioned flat plate.
d. The lateral load resisting system: consists of the cast-in-place concrete stairwells and an elevator core acting as shear walls.

The following is a summary of our observations:

1. The parking structure:
   a. Numerous shrinkage cracks were observed in the suspended floor's concrete topping.
   b. Numerous longitudinal cracks between the tri-tee's web and flange were noted. The cracking was more pronounced in the exposed top deck.
   c. Numerous vertical cracks in the tri-tee's web were noted. The cracking was more pronounced in the exposed top deck.
   d. Some exposed wire mesh and rebar was noted on the decks. No signs of significant corrosion problems were noted.
   e. No signs of ground movement were noted.
2. The office building:
   a. No signs of distress were observed in the areas visited.
   b. A minor spall on the mauka stairwell was noted.
   c. Some minor cracking in the mauka stairwell at the slab line and at the joint between the stair risers and wall joint was noted.
   d. No signs of any ground movement were observed.

The following is a summary of our recommendations:

1. The parking structure:
   a. A program to epoxy inject the cracks noted above has begun on the underside of the ewa, third level deck. Although the cracks are probably caused by shrinkage and thermal movement and do not presently constitute a structural safety issue, this program should continue.
   b. Consideration should be given to waterproof the top deck as water infiltration will cause corrosion problems in the future. The exposed rebar and mesh noted above should be repaired when this work is done.

2. The office building appears to be in good condition and other than repairing any exterior spalled concrete when the building is repainted, no other repairs seem to be necessary.

In general, both structures appear to be in good condition considering their age. Other than the items mentioned above, the structures can be expected to continue to be serviceable with normal maintenance. Be aware that although the structure will not meet current standards in resisting wind and earthquake forces, we do not consider it to be a safety hazard.

This report does not address portions of the buildings not mentioned above, nor does it provide any warranty, expressed or implied for any portions of the existing building.

If you have any questions or need further assistance, please do not hesitate to call me.

Very truly yours,

Michael K. Kawaharada, P.E.
President

MKK:mm

Exhibit "G"
Variances

Variance (76/ZBA-73) to permit parking in the split-zoned residential portion of Parcel 36 was approved on November 18, 1976. A copy of the Variance is attached.

The current height restriction in the B-2 zoned portion of Parcel 36 is 60 feet. The height of the existing Office Building is 84 feet plus the rooftop mechanical rooms. This height was permitted by a Variance dated October 20, 1977. A copy of this Variance was not available but is referred to in the September 25, 1981 Variance (81/ZBA-63).

The parking in Parcel 5 is not a permitted principal use under its R-5 zoning. A Variance (81/ZBA-63) dated September 25, 1981, was obtained to allow the use of Parcel 5 for parking. A copy of this Variance is also attached.

Exhibit "H"
Common Elements

The common elements shall consist of all portions of the Project, except the Units, and shall specifically include, but not be limited to:

(a) The land in fee simple.

(b) All foundations, floor slabs, beams, columns, supports, girders, unfinished perimeter and load-bearing walls, roofs, corridors, lobbies, elevator lobbies, mail room, railings, stairs, stairways, fire escapes, fences, and entrances and exits of the building.

(c) All driveways, including the driveway designated on the Condominium Map as Hiram Lane, roadways, pavements, walkways, bus stop, handicapped parking areas, refuse facilities, planted areas, grounds, landscaping, and loading areas.

(d) All existing and future central and appurtenant installations for power, light, water, air conditioning and ventilation, sewer, gas, refuse, telephone, and all pipes, shafts, wires, conduits, cables, ducts, vents and other service and utility lines which are utilized by and service more than one Unit.

(e) All elevators, elevator shafts, machinery and equipment appurtenant thereto, and all tanks, pumps, motors, fans, compressors, ducts and in general all apparatus and installations existing for common use.

(f) Except for restrooms and/or janitor's rooms which are located within a Unit, all restrooms, vestibules, storage rooms and premises for use by janitors or other persons employed for the operation of the Project.

(g) All machinery and electrical rooms and mechanical storage areas.

(h) Any and all other 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.

End of Exhibit "H"

Exhibit "I"
Common Interest

Each Unit shall have appurtenant thereto an undivided percentage interest in all common elements of the Project, and the same proportionate share in all common profits and expenses of the Project, for all purposes, including voting (the "common interest"), as set forth in the "Percentage of Common Interest" hereinbelow; provided, however, that all expenses incurred by the Association in connection with a limited common elements (including, but not limited to, the cost of maintenance, repair, replacement, additions, and improvements), shall be charged to the Unit or Units to which such limited common element is appurtenant.

The Commercial Units shall be responsible for and shall pay for all cost and expenses of insurance, maintenance, repair and replacement of and the making of any improvements pertaining to the Office Building within which the Commercial Units are located and the limited common elements appurtenant thereto in accordance with the Office Building Interests as set forth in "Description of the Commercial Units" hereinbelow.

Units P-1, P-2, and P-3 shall be responsible for and shall pay for all costs and expenses of insurance, maintenance, repair and replacement of and the making of any improvements pertaining to the Parking Structure and the limited common elements appurtenant thereto in accordance with the Parking Structure Interests as set forth in "Description of the Parking Structure Interest" attached hereinbelow.

Unit P-4 shall be responsible for and shall pay for all costs and expenses of insurance, maintenance, repair and replacement of Unit P-4 and the making of any improvements pertaining to the open area parking lot and the limited common elements appurtenant thereto.

In the event the Board of Directors has reason to believe that any Unit is consuming common metered utilities in excess of or under the percentage allocated on Exhibit "C", of the Declaration, as it pertains to the common elements of the Project, or to the Office Building Interests for the Commercial Units, or the Parking Structure Interests for Units P-1, P-2, and P-3, as the same is defined above, then the Board, in its sole discretion, may measure such consumption, if feasible, and if it is determined that the use is in excess of or under said allocated percentage, then and in such event, the Board may assess and charge the cost or reduce the cost of the excess consumption or under consumption against the Unit or Units in question and the same shall for all purposes be deemed to be a common expense.

Percentage of Common Interest

Unit Number	Approx Sq Footage	Percentage of Common Interest
Commercial Unit 101	4,527	12.2371%
Commercial Unit 201	605	1.6354%
Commercial Unit 202	2,162	5.8442%
Commercial Unit 203	873	2.3598%
Commercial Unit 204	588	1.5894%
Commercial Unit 205	876	2.3680%
Commercial Unit 301/302	2,454	6.6335%
Commercial Unit 303	1,112	3.0059%
Commercial Unit 304	1,410	3.8114%
Commercial Unit 401	606	1.6381%
Commercial Unit 402	588	1.5894%
Commercial Unit 403	588	1.5894%
Commercial Unit 404	722	1.9517%
Commercial Unit 405	1,002	2.7085%
Commercial Unit 406	1,051	2.8410%
Commercial Unit 407	338	0.9137%
Commercial Unit 501	906	2.4490%
Commercial Unit 502	1,498	4.0493%
Commercial Unit 503	1,226	3.3141%
Commercial Unit 504	1,410	3.8114%
Commercial Unit 601	2,459	6.6470%
Commercial Unit 604	252	0.6812%
Commercial Unit 605	309	0.8353%
Commercial Unit 606	1,409	3.8087%
Commercial Unit 607	502	1.3570%
Commercial Unit 701	633	1.7111%
Commercial Unit 702	530	1.4327%
Commercial Unit 703	1,384	3.7411%
Commercial Unit 705	1,069	2.8897%
Commercial Unit 707	328	0.8866%
Commercial Unit 711	1,054	2.8491%
Unit P-1	1,110	3.0006%
Unit P-2	100	0.2703%
Unit P-3	203	0.5487%
Unit P-4	1,110	3.0006%
Total	36,994	100.000%

Description of the Commercial Units

Commercial Unit Number	Approximate Square Footage
Unit 101	4,527.0
Unit 201	605.0
Unit 202	2,162.0
Unit 203	873.0
Unit 204	588.0
Unit 205	876.0
Unit 301/302	2,454.0
Unit 303	1,112.0
Unit 304	1,410.0
Unit 401	606.0
Unit 402	588.0
Unit 403	588.0
Unit 404	722.0
Unit 405	1,002.0
Unit 406	1,051.0
Unit 407	338.0
Unit 501	906.0
Unit 502	1,498.0
Unit 503	1,226.0
Unit 504	1,410.0
Unit 601	2,459.0
Unit 604	252.0
Unit 605	309.0
Unit 606	1,409.0
Unit 607	502.0
Unit 701	633.0
Unit 702	530.0
Unit 703	1,384.0
Unit 705	1,069.0
Unit 707	328.0
Unit 711	1,054.0

Description of the Parking Structure Interests

Unit Number	Approximate Square Footage
Unit P-1	42,894.0
Unit P-2	100.0
Unit P-3	203.0

End of Exhibit "I"

Exhibit "J"

Encumbrances Against Title

Pursuant to the title search dated July 14, 2003, prepared by First American Title Corporation, the encumbrances against title are as follows:

1. Title to all mineral and metallic mines reserved to the State of Hawaii.

2. A Grant of Easement for sewer line purposes, in favor of the City and County of Honolulu, recorded as Book 7393 Page 259 of Official Records.

3. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Agreement for Issuance of Special Use Permit Under Section 21-2.71, revised Ordinances of Honolulu, 1978, as amended, recorded August 23, 1982 as Book 16526 Page 565 of Official Records.

4. AS TO PARCEL FIRST:

   a. An easement for sanitary sewer purposes containing an area of 564 square feet, as described in Waranty Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records.

   b. An easement for sanitary sewer purposes containing an area of 305 square feet, as described in Waranty Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records.

   c. The following encroachments as shown on the survey map prepared by James K. Thompson, Registered Professional Land Surveyor No. 3627-S, dated August 24, 1990, as disclosed by Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records, to-wit:

   (1) CRM wall encroaches onto property along the south boundary.

   (2) Iron fence encroaches onto property along north boundary.

   (3) Wooden fence encroaches onto property along east boundary.

5. AS TO PARCEL SECOND:

   a. Reservations, conditions and covenants contained in that certain Deed dated November 18, 1997, recorded in Book 12560 Page 272 of Official Records.

b. Easement "1" for roadway purposes in favor of others entitled thereto, as described in Waranty Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records.

c. Restricted abutter's rights of vehicle access over and across courses 1 and 2 of Lot "A", as condemned by the State of Hawaii by Final Order of Condemnation dated March 31, 1964, recorded in Book 4722 Page 48, and as conveyed to the State of Hawaii by Quitclaim Deed dated November 16, 1962, recorded in Book 4439 Page 454 of Official Records, and by Deed dated Novemebr 18, 1977, recorded in Book 12560 Page 272 of Official Records.

d. A perpetual non-exclusive easement for electrical transmission line purposes containing an area of 436 square feet, as described in Waranty Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records.

e. A perpetual non-exclusive easement for electrical transmission line purposes containing an area of 534 square feet, as described in Waranty Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records.

f. Encroachment shown on Certification Plan dated June 5, 1979, prepared by Gordon Y. Imata, Registered Professional Surveyor, affecting a portion of Hiram Lane, as disclosed by Warranty Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records.

g. Grant of Easement for utility purposes in favor of Hawaiian Electric Company, Inc., and Verizon Hawaii, Inc., dated June 9, 1980, recorded June 19, 1980 in Book 14796 Page 628 of Official Records.

h. Sewer easement line as shown on the Tax Map.

i. The following encroachments as shown on the survey map prepared by James K. Thompson, Registered Professional Land Surveyor No. 3627-S, dated August 24, 1990, as disclosed by Deed dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132559 of Official Records, to-wit:

(1) Old wooden fence encroaches along northerly boundary into premises.

(2) Roof line encroaches onto premises along south corner.

(3) Concrete sidewalk encroaches onto 5-ft. Right-of-Way at center of lot.

6. A mortgage to secure an original principal indebtedness of $5,840,000.00, and any other amounts or obligations secured thereby.
Dated: July 29, 2002
Mortgagor: Wayne Yasuichi Sadoyama and Irene Michiko Sadoyama, husband and wife, David Takumi Miyamoto, unmarried, and Brian Lester Sakamaki, unmarried

Mortgagee: Central Pacific Bank, a Hawaii corporation
Recorded July 31, 2002 as Regular System Document No. 2002-132560 of Official Records.

7. Assignment of Lessor's Interest in Leases and Rents made by and between Wayne Yasuichi Sadoyama and Irene Michiko Sadoyama, husband and wife, David Takumi Miyamoto, unmarried, and Brian Lester Sakamaki, unmarried, Assignor, and Central Pacific Bank, a Hawaii corporation, Assignee, dated July 29, 2002, recorded July 31, 2002 as Regular System Document No. 2002-132561.

8. A financing statement
Debtor: Wayne Yasuichi Sadoyama, Irene Michiko Sadoyama, David Takumi Miyamoto and Brian Lester Sakamaki
Secured Party: Central Pacific Bank
Recorded July 31, 2002 as Regular System Document No. 2002-132562 of Official Records.

9. A mortgage to secure an original principal indebtedness of $900,000.00, and any other amounts or obligations secured thereby.
Dated: July 29, 2002
Mortgagor: Wayne Yasuichi Sadoyama and Irene Michiko Sadoyama, husband and wife, David Takumi Miyamoto, unmarried, and Brian Lester Sakamaki, unmarried
Mortgagee: Hamabata, Inc., a Hawaii corporation
Recorded July 31, 2002 as Regular System Document No. 2002-132563 of Official Records.

According to the public records, the foregoing document was assigned to City Bank, a Hawaii corporation by assignment recorded November 27, 2002 as Regular System Document No. 2002-211794 of Official Records.

10. A financing statement
Debtor: Wayne Yasuichi Sadoyama, Irene Michiko Sadoyama, David Takumi Miyamoto and Brian Lester Sakamaki
Secured Party: Hamabata, Inc.
Recorded July 31, 2002 as Regular System Document No. 2002-132564 of Official Records.

11. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.

12. Any and all leases, subleases and/or tenancy agreements, the rights thereunder and encumbrances thereto.

End of Exhibit "J"

11-17-03

Exhibit K
Estimate of Maintenance Fee Disbursements
Professional Plaza of the Pacific
(35 units)

	Monthly Fee	"B"	"C"	"D"	Yearly Total
Utilities and Services					
Electricity	$6,300.00		$6,300.00		$75,600.00
Water	$1,550.00		$1,550.00		$18,600.00
Telephone	$200.00		$200.00		$2,400.00
Refuse	$900.00		$900.00		$10,800.00
Maintenance					
Grounds	$320.00	$250.00		$70.00	$3,840.00
Building Maintenance	$500.00	$500.00			$6,000.00
Supplies	$625.00	$625.00			$7,500.00
AC Equipment	$350.00	$350.00			$4,200.00
Alarm Equipment	$175.00	$175.00			$2,100.00
Pump Equipment	$30.00	$30.00			$360.00
Misc Building Repairs	$650.00	$650.00			$7,800.00
AC Repairs	$700.00	$700.00			$8,400.00
Fire Exting. Inspection	$120.00	$60.00		$60.00	$1,440.00
Pest Control	$50.00	$50.00			$600.00
Elevator	$1,200.00	$1,200.00			$14,400.00
Electric Alarm & Phone Lines	$100.00	$100.00			$1,200.00
Window Cleaning	$110.00	$110.00			$1,320.00
Cleaning Contract	$2,200.00	$2,200.00			$26,400.00
Management					
Management Fee	$1,032.00		$1,032.00		$12,384.00
Admin Charges	$300.00		$300.00		$3,600.00
Design Review	$300.00		$300.00		$3,600.00
Office Expenses	$200.00		$200.00		$2,400.00
Legal Fees	$50.00		$50.00		$600.00
Site Management	$2,500.00		$2,500.00		$30,000.00
Alarm System	$170.00	$170.00			$2,040.00
Insurance					
Property	$1,332.00		$1,332.00		$15,984.00
Umbrella	$250.00		$250.00		$3,000.00
Bond	$40.00		$40.00		$480.00
Director & Officer Liability	$125.00		$125.00		$1,500.00
Workers Comp	$275.00		$275.00		$3,300.00
Taxes & Gov't					
Audit & Tax Return Preparation	$150.00		$150.00		$1,800.00
GET	$25.00		$25.00		$300.00
Condo Registration	$16.00		$16.00		$192.00
Reserves	$3,500.00		$3,500.00		$42,000.00
TOTAL	**$26,345.00**	**$7,170.00**	**$19,045.00**	**$130.00**	**$316,140.00**

Developer does hereby certify that the estimates of initial maintenance fee assessments and maintenance fee disbursements set forth is this exhibit were prepared in accordance with generally accepted accounting principles.

Signature

12-10-03
Date

Brian Sakamaki

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.
The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

EXHIBIT K
Estimate of Initial Maintenance Fees
(With Allocation Percentages Shown)

		Office Building		Whole Project		Parking Structure		Total Maintenance Fee	
		III Exhibit B	$	III Exhibit C	$	III Exhibit D	$	Monthly	Yearly
Commercial Unit	101	13.1328%	941.62	12.2371%	2,330.56		0.00	3,272.18	39,266.16
Commercial Unit	201	1.7551%	125.84	1.6354%	311.46		0.00	437.30	5,247.63
Commercial Unit	202	6.2719%	449.70	5.8442%	1,113.03		0.00	1,562.72	18,752.69
Commercial Unit	203	2.5326%	181.58	2.3598%	449.43		0.00	631.02	7,572.20
Commercial Unit	204	1.7058%	122.30	1.5894%	302.71		0.00	425.01	5,100.18
Commercial Unit	205	2.5413%	182.21	2.3680%	450.98		0.00	633.19	7,598.22
Commercial Unit	301	7.1190%	510.43	6.6335%	1,263.35		0.00	1,773.79	21,285.43
Commercial Unit	303	3.2259%	231.30	3.0059%	572.47		0.00	803.77	9,645.23
Commercial Unit	304	4.0904%	293.28	3.8114%	725.89		0.00	1,019.17	12,230.02
Commercial Unit	401	1.7580%	126.05	1.6381%	311.98		0.00	438.03	5,256.30
Commercial Unit	402	1.7058%	122.30	1.5894%	302.71		0.00	425.01	5,100.18
Commercial Unit	403	1.7058%	122.30	1.5894%	302.71		0.00	425.01	5,100.18
Commercial Unit	404	2.0945%	150.18	1.9517%	371.70		0.00	521.87	6,262.46
Commercial Unit	405	2.9068%	208.42	2.7085%	515.84		0.00	724.26	8,691.12
Commercial Unit	406	3.0489%	218.61	2.8410%	541.07		0.00	759.68	9,116.13
Commercial Unit	406a	0.9805%	70.30	0.9137%	174.01		0.00	244.31	2,931.73
Commercial Unit	501	2.6283%	188.45	2.4490%	466.42		0.00	654.87	7,858.44
Commercial Unit	502	4.3457%	311.59	4.0493%	771.19		0.00	1,082.78	12,993.31
Commercial Unit	503	3.5566%	255.01	3.3141%	631.16		0.00	886.17	10,634.04
Commercial Unit	504	4.0904%	293.28	3.8114%	725.89		0.00	1,019.17	12,230.02
Commercial Unit	601	7.1335%	511.47	6.6470%	1,265.93		0.00	1,777.40	21,328.80
Commercial Unit	604	0.7310%	52.42	0.6812%	129.73		0.00	182.15	2,185.79
Commercial Unit	605	0.8964%	64.27	0.8353%	159.08		0.00	223.35	2,680.19
Commercial Unit	606	4.0875%	293.07	3.8087%	725.37		0.00	1,018.45	12,221.34
Commercial Unit	607	1.4563%	104.42	1.3570%	258.44		0.00	362.85	4,354.23
Commercial Unit	701	1.8363%	131.66	1.7111%	325.88		0.00	457.54	5,490.50
Commercial Unit	702	1.5375%	110.24	1.4327%	272.85		0.00	383.09	4,597.10
Commercial Unit	703	4.0150%	287.87	3.7411%	712.50		0.00	1,000.37	12,004.50
Commercial Unit	705	3.1012%	222.35	2.8897%	550.34		0.00	772.69	9,272.26
Commercial Unit	707	0.9515%	68.22	0.8866%	168.86		0.00	237.08	2,845.00
Commercial Unit	711	3.0576%	219.23	2.8491%	542.61		0.00	761.85	9,142.15
Unit P1				3.0006%	571.44	99.2986%	129.09	700.53	8,406.37
Unit P2				0.2703%	51.48	0.2315%	0.30	51.78	621.39
Unit P3				0.5487%	104.51	0.4699%	0.61	105.12	1,261.42
Unit P4				3.0006%	571.44		0.00	571.44	6,857.31
		100.0000%	7,170.00	100.0000%	19,045.00	100.0000%	130.00	26,345.00	316,140.00

Exhibit "L"
Summary of Sales Contract

SUMMARY OF PURCHASE AGREEMENT: The specimen Purchase Agreement contains, among other things, the following provisions:

1. Risk of Loss and Insurance. Risk of loss passes to Buyer upon transfer of title or closing.

2. Time is of the Essence/Default. Time is of the essence of the obligations of Buyer under this Agreement. Buyer shall be in default under this Agreement if Buyer fails to make a payment when due or if Buyer fails to perform any other required obligation and such failure continues for fifteen (15) days after Seller gives written notice to Buyer of such failure. Any such notice shall be sent by certified or registered mail and shall be deemed given upon deposit in the United States mail, even if Buyer does not sign a return receipt for the mail. In the event of any such default, Seller may, at Seller's option, terminate this Agreement by written notice to Buyer. In the event of such termination, the parties understand and agree that in view of Seller's financial commitments with respect to the Project; the connection between the sale, cancellation or default with respect to one unit and the sale, cancellation or default with respect to other units in the Project; and the nature of the real estate market in Hawaii, that the injury to Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of Seller's damages resulting from such termination, the parties agree that the sums previously paid by Buyer under this Agreement shall belong to Seller as liquidated damages. If Seller does not terminate this Agreement on account of such default, then all costs, including reasonable attorneys' fees, incurred by reason of the default by Buyer shall be borne by Buyer, and Seller may pursue any and all other remedies on account of such default (other than termination of this Agreement) permitted by law or equity, including but not limited to specific performance.

3. Conversion of Existing Building; No Warranties. Buyer is aware, agrees and affirms that the Project consists of a conversion of an existing building constructed in 1979 that has been used for commercial purposes. It is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT, OR CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN THE UNIT OR IN THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE UNIT FOR A PARTICULAR PURPOSE.

   Buyer agrees the Unit is being purchased in its "AS IS" condition, without any warranties, expressed or implied. Buyer acknowledges that Buyer will be given an opportunity to inspect the Unit and by closing on the sale of the Unit, Buyer accepts the Unit in its "AS IS" condition as provided for herein.

4. Mediation And Arbitration. If any dispute or claim in law or equity arises out of this Agreement, and Buyer and Seller are unable to resolve the dispute themselves, Buyer and Seller agree in good faith to attempt to settle such dispute or claim by mediation under the Commercial Mediation rules of the American Arbitration Association. If such mediation is not successful in resolving such dispute or claim, then such dispute or claim shall be decided by a neutral binding arbitration before a single arbitrator in accordance with the Commercial Arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator may award reasonable attorney's fees and costs to the prevailing party.

End of Exhibit "L"

Exhibit "M"

SUMMARY OF ESCROW AGREEMENT: An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is FIRST AMERICAN TITLE COMPANY, INC. (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

1. **Sales Contracts Deposited in Escrow**. As of when Developer shall enter into a sales contract for the sale of a unit it shall deliver an executed copy of such sales contract to Escrow. Each sales contract shall contain the correct names and addresses of the purchasers, shall require that all payments to be made thereunder shall be made to Escrow and shall be accompanied by the initial deposit required thereunder.

2. **Receipt of Funds by Escrow**. Developer shall pay over to Escrow any monies received by Developer from purchasers under sales contracts covering units in the Project, including all disbursements made on loan commitments, if any, from lending institutions to individual purchasers. Escrow shall receive and hold in escrow and disburse as herein set forth; (a) all payments received by Escrow under sales contracts made by Developer; (b) all sums received by Escrow hereunder from Developer; (c) all funds from any lending institution pursuant to a mortgage loan for the purchase of any unit by individual purchasers; and (d) all sums received by Escrow from any other source on account of this Project. In accordance with written instructions from Developer which are acceptable to Escrow, Escrow shall deposit all funds so received within a reasonable time of their receipt by Escrow and in reasonably convenient sums, in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits; provided, however, if Escrow is instructed to make such deposits more frequently than once each calendar week, Developer shall pay to Escrow a reasonable service charge for each additional deposit made during such week. Any interest earned on funds deposited in escrow under this Agreement shall accrue to the credit of the Developer. Escrow shall not be liable to either Developer or any purchaser for loss or diminution in funds invested in accordance with such instructions.

3. **Conditions to be Met Prior to Disbursement**. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

   (a) The Real Estate Commission shall have issued a Final Report on the Project; provided, however, to the extent any sales contracts are entered into and a purchaser's funds are obtained prior to the issuance of a Final Public Report of the Real Estate Commission, no disbursements shall be made from such purchaser's funds until (i) such Final Public Report shall have been issued; and (ii) the purchaser shall have been given a copy of said Final Report and shall have acknowledged receipt of same or shall have been deemed to have acknowledged receipt of same; and

   (b) The Developer or Developer's attorney shall have delivered a written opinion to Escrow stating that the requirements of Sections 514A-40, 514A-39.5, and 514A-63, Hawaii Revised Statutes, as amended, have been met; and

   (c) The Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract, if any.

4. **Return of Funds and Documents**. A purchaser shall be entitled to a return of his or her funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

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

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has executed his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

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

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) 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 Twenty-Five and No/100 Dollars ($25.00) per unit or a cancellation fee commensurate with the work done and costs incurred by Escrow prior to such cancellation, whichever fee is greater) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

5. **Purchaser's Default**. Developer shall give notice in writing to Escrow of the occurrence of each event which initiates an obligation of a purchaser to make a payment to Escrow pursuant to the sales contract as well as notice of the amount and due date of such payment. Escrow shall thereupon promptly give the purchaser notice of the amount and due date of such payment. If the purchaser fails to make such payment to Escrow on or before the due date thereof or if the purchaser fails to perform in any matter which is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Developer has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of his sales contract as funds of Developer and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of Developer. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, and shall return to Developer the sales contract of such purchaser and any other documents theretofore delivered by Developer to Escrow; other documents theretofore delivered to Escrow in connection with the purchase of the unit specified in such sales contract shall be returned to the person from whom, or entity from which, such documents were received, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

End of Exhibit "M"