

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer ALA MOANA PROPERTY DEVELOPMENT, LLC
Business Address c/o Crescent Heights Acquisitions, Inc., 2200 Biscayne Blvd., Miami, FL 33137

Project Name(*): Ala Moana Hotel Condominium
Address: 410 Atkinson Drive, Honolulu, HI 96814

Registration No. 5532
(Conversion)

Effective date: February 12, 2009
Expiration date: March 12, 2010

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] SUPPLEMENTARY: (pink) This report updates information contained in the:
[X] Final Public Report dated: July 7, 2005
[X] Supersedes all prior public reports.

(*) Exactly as named in the Declaration

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

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

NOTE: Developer has sold substantially all of its interests in the Apartments at the Project, including, without limitation, the portion of Apartments comprising the hotel operations at the Project, which were sold in January 2007. This report covers only the following remaining Apartments owned by Developer: Commercial Apartments 1F3.1, 1F3.3, and 1F6, Office Apartments 4A1 and 4A2, and Vacation Apartments 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 1701, 1702, 1703, 1704, 1705, 1707, 1708, 1709, 1710, 1711, 1712, 1713, 3307 and 3313.

A. The following pertinent Amendments to the Condominium Map and Declaration have been recorded:

1. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated August 31, 2005, recorded as Document No. 3320699 to correct a typographical error in Exhibits E.1 and E.2 to the Declaration;
2. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 11, 2005, recorded as Document No. 3366414 to update the listing of ADA Accessible Apartments in Exhibit B to the Declaration;
3. Amendment to Condominium Map for Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 20, 2006, recorded as Document No. 3517195 to reflect (i) in respect of Limited Common Elements located on the 4th Floor of the Kona Tower, the transfer of the exclusive use rights associated with a portion of a Limited Common Element appurtenant to an Apartment owned by Developer to another Apartment owned by Developer, and (ii) with respect to certain Limited Common Elements and Apartments on the 1st Floor (Plaza Level), the conversion of certain portions of Limited Common Elements to Apartment status to facilitate a consolidation and subdivision of Apartment 1G owned by Declarant into Apartments 1G and 1F6;
4. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 21, 2006, recorded as Document No. 3517196 to reflect the change as a result of the Amendment to Condominium Map listed above as item 3;
5. Amendment to Condominium Map for Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 22, 2006, recorded as Document No. 3517982 to reflect (i) the subdivision of Apartment 1F3 owned by Declarant into Apartments 1F3.1, 1F3.2 and 1F3.3, (ii) the conversion of a portion of Apartment 1F1 owned by Developer to Limited Common Element status and the conversion of a Limited Common Element appurtenant to Apartment 1F6 to Apartment status to facilitate a consolidation and subdivision of an Apartment owned by Declarant; and (iii) the modification of the use associated with Apartment 1F6 to commercial use;
6. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 22, 2006, recorded as Document No. 3517983 to reflect the change as a result of the Amendment to Condominium Map listed above as item 5;
7. Amendment to Condominium Map for Ala Moana Hotel Condominium (Condominium Map No. 1728) dated December 15, 2008, recorded as Document No. 3814224 to reflect (i) the subdivision of Apartment 4A owned by Declarant into Apartments 438 through 459, inclusive; (ii) the conversion of Limited Common Element 4E appurtenant to Apartment 4A to Apartment status, being new Apartments 4A1 and 4A2, to facilitate the consolidation and subdivision of an Apartment owned by Declarant; and (iii) the modification of the use of Apartments 438 through 459, inclusive, from office to hotel use, each apartment being a new Apartment Type B apartment; and

8. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated December 15, 2008, recorded as Document No. 3814225 to reflect the change as a result of the Amendment to Condominium Map listed above as item 7.

B. As a result of, among other things, the above Amendments to Condominium Map and Declaration, the following changes were made to the prior report:

1. Page 5 has been revised to (i) update the address of Developer, (ii) update the listing of officers of Ala Moana Holdings, LLC, (iii) change the Real Estate Broker for the Project to The Ocean Realty, LLC, (iii) update the name of the attorney for Developer from Case Bigelow & Lombardi to Case Lombardi & Pettit;
2. Page 6 has been revised to reflect the recordation of Amendments to the Condominium Map and Declaration;
3. Page 7 has been revised to reflect that the Board of Directors adopted House Rules effective May 19, 2008;
4. Pages 10 and 11 have been revised to reflect the updated apartment count at the Project;
5. Page 14 has been revised to reflect the issuance of an updated title report dated January 9, 2009;
6. Page 15 has been revised to reflect the absence of blanket liens affecting title to individual apartments currently owned by Developer;
7. Pages 16, 17, 20a and Exhibit H have been revised to reflect that (i) the Association undertook administration of the Project as of March 10, 2006 (the date of the inaugural meeting of the Association), (ii) the Developer has sold most of its apartments, and (iii) the breakdown of the 2009 Monthly Operating Budget for the Project (the "2009 Budget") was prepared by the managing agent and approved by the Board of Directors on January 5, 2009. Additionally, the estimate of initial maintenance fees is based on the 2009 Budget and Developer's best estimate of such fees attributable to all Apartments following recordation of the Amendments to Condominium Map and Declaration listed above as item A.7 and A.8;
8. Exhibit C-2 has been revised to reflect the updated apartment count and descriptions at the Project based upon the Amendment to Declaration listed above as item A.8;
9. Exhibits E-2, E-3, E-4 and F have been updated to conform to the Amendment to Declaration listed above as item A.8;
10. Exhibit G has been revised to reflect the recordation of Amendments to the Condominium Map and Declaration as well as additional encumbrances against title; and
11. Exhibit O (Summary of Building Permits Issued) has been deleted inasmuch as the limited renovations of the project undertaken by Developer have been completed.

SPECIAL NOTE:

This condominium project is unconventional in various ways. Therefore, a careful reading of this Public Report (including exhibits) and project documents is necessary to fully understand what you are purchasing and what your rights and obligations are. Among other things to note:

1. There are various "classes" of apartments based on usage. The largest class consists of hotel apartments, which in turn are of two types - long term stay and vacation. Long term stay apartments, if and as developed, will be designated for residential use and are intended for dwelling, or long-term residential, purposes. Vacation apartments are designated for hotel, fractional and transient vacation rental use. Vacation apartments are not intended for use for dwelling purposes or long-term residential purposes.
2. In addition, Developer has reserved the right to create fractional ownership apartments.
3. Developer has also reserved many other rights (Exhibit A) and there are many special use restrictions (Exhibit B). The special use restrictions, which include details on the Front Desk Apartment, are similar in some ways to House Rules. You should also review closely Section U of the Declaration, which sets out the complete detail of these restrictions.
4. The hotel, its use and its structure conformed with the county zoning regulations when constructed. Due to changes in the regulations, the hotel structure, the hotel use, and the available parking at the hotel are all now legally non-conforming. Because of the property's zoning, and unique history, continued hotel use is not only critical but dependent on maintaining the required ratio of lodging and dwelling units, and the required ratio of parking to the hotel and other units in the Project. "Lodging units" are defined as apartments with no kitchens. Developer and the Association are empowered to protect the project's hotel use. As a result, your right to modify a hotel (vacation) apartment is restricted accordingly and you may not modify a hotel (vacation) unit into a dwelling unit or occupy it as a residence, except as specifically set forth in the Declaration. Further, by county code, the project must maintain a front desk and other hotel features in order to maintain the legal non-conformity.
5. Vacation apartments will not have assigned parking stalls as an apartment interest.
6. The project was constructed in 1968 and limited renovations of the project by Developer have been completed. Since Developer did not construct the project and many years have passed since the project was completed, Developer makes no warranties. All sales are "as is, where is."
7. Developer, however, has undertaken extensive studies to determine the property's condition and the need for replacement reserves. The studies, which are attached as Exhibits K and L, indicate no significant concerns at the time the studies were issued in 2004. As previously indicated, the Association undertook administration of the Project as of March 10, 2006 (the date of the inaugural meeting of the Association), and Developer has sold substantially all of its interests in the Apartments at the Project, including, without limitation, the portion of Apartments comprising the hotel operations at the Project, which were sold in January 2007. Buyers should contact the Association for additional studies that may have been conducted after 2004 respecting the property's condition and the need for replacement reserves.
8. In addition to monthly maintenance fees set forth in Exhibit H, the proposed Declaration provides for the assessment of a spa access fee and an amenities licensing fee, the latter to maintain and repair the amenities area and hotel amenities (see pages 20 and 20a).

There may be many other matters that could be important to you. Prospective purchasers are urged to read their Sales Contract, this Public Report and project documents with care and to ask questions to help themselves determine whether their expectations can be realized.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: ALA MOANA PROPERTY DEVELOPMENT, LLC Phone: (808) 983-1800
Name* (Business)
c/o Crescent Heights Acquisitions, Inc.
Business Address
2200 Biscayne Blvd., Miami, FL 33137

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):

Manager and Sole Member: Ala Moana Holdings, LLC
Officers of Ala Moana Holdings, LLC: Saul Sack (Vice President); Sharon Christenbury (Vice President); Shlomo Dachoh (Secretary); Joseph Zdon (Treasurer); Pablo de Almagro (Assistant Treasurer)

Real Estate Broker*: The Ocean Realty, LLC Phone: (808) 955-9828
Name (Business)
410 Atkinson Drive, Suite 1F6
Business Address
Honolulu, Hawaii 96814

Escrow: First American Title Company, Inc. Phone: (808) 536-3866
Name (Business)
1177 Kapiolani Blvd.
Business Address
Honolulu, Hawaii 96814

General Contractor*: Not Applicable (conversion) Phone: _____
Name (Business)
Business Address

Condominium Managing Agent*: Hawaiiana Management Company Phone: (808) 593-9100
Name (Business)
711 Kapiolani Blvd., Suite 700
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Case Lombardi & Pettit Phone: (808) 547-5400
Dennis M. Lombardi, Esq. (Business)
Name
737 Bishop Street, Suite 2600
Business Address
Honolulu, Hawaii 96813-3283

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

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

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

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

The Declaration for this condominium is:

| | | | | |
|-------------------------------------|------------|------------------------|-----------------------------|------------|
| <input type="checkbox"/> | Proposed | | | |
| <input type="checkbox"/> | Recorded - | Bureau of Conveyances: | Document No. _____ | |
| | | | Book _____ | Page _____ |
| <input checked="" type="checkbox"/> | Filed - | Land Court: | Document No. <u>3286879</u> | |

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

1. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated August 31, 2005, recorded as Document No. 3320699; 2. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 11, 2005, recorded as Document No. 3366414; 3. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 21, 2006, recorded as Document No. 3517196; 4. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 22, 2006, recorded as Document No. 3517983; and 5. Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated December 15, 2008, recorded as Document No. 3814225.

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

The Condominium Map for this condominium project is:

| | | | | |
|-------------------------------------|------------|-----------------------|---------------------------|--|
| <input type="checkbox"/> | Proposed | | | |
| <input type="checkbox"/> | Recorded - | Bureau of Conveyances | Condominium Map No. _____ | |
| <input checked="" type="checkbox"/> | Filed - | Land Court | Condo Map No. <u>1728</u> | |

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

1. Amendment to Condominium Map for Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 20, 2006, recorded as Document No. 3517195; 2. Amendment to Condominium Map for Ala Moana Hotel Condominium (Condominium Map No. 1728) dated November 22, 2006, recorded as Document No. 3517982; and 3. Amendment to Condominium Map for Ala Moana Hotel Condominium (Condominium Map No. 1728) dated December 15, 2008, recorded as Document No. 3814224.

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

The Bylaws for this condominium are:

| | | | | |
|-------------------------------------|------------|------------------------|-----------------------------|------------|
| <input type="checkbox"/> | Proposed | | | |
| <input type="checkbox"/> | Recorded - | Bureau of Conveyances: | Document No. _____ | |
| | | | Book _____ | Page _____ |
| <input checked="" type="checkbox"/> | Filed - | Land Court: | Document No. <u>3286880</u> | |

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

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

The House Rules for this condominium are:

Proposed Adopted* Developer does not plan to adopt House Rules

*The House Rules were adopted by the Board of Directors of the Project effective May 19, 2008.

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

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

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

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

** House rules may be amended by action of the Board of Directors.

2. **Developer:**

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

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

See Exhibit A.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

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

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 410 Atkinson Drive Tax Map Key (TMK): (1) 2-3-038-002
Honolulu, Hawaii 96814

Address TMK is expected to change because _____
410 Atkinson Drive, Honolulu, Hawaii 96814

Land Area: 132,664 square feet acre(s) Zoning: BMX-3

Fee Owner: ALA MOANA PROPERTY DEVELOPMENT, LLC
 Name
c/o Crescent Heights Acquisitions, Inc.
 Address
2200 Biscayne Blvd., Miami, FL 33137

Lessor: N/A
 Name
 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building: Waikiki Tower - 36 (including Pedestal Structure)
Kona Tower - 13 (including Pedestal Structure)

Exhibit C-2 contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other wood, steel metal studs, cementitious material, precast concrete, aluminum, glass, steel, drywall, flooring, windows

4. Uses Permitted by Zoning:

| | No. of Apts. | Use Permitted By Zoning | |
|------------------------------------------------|-----------------|--------------------------------------------|-----------------------------|
| <input type="checkbox"/> Residential | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input checked="" type="checkbox"/> Commercial | <u>25</u> * | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Mix Res/Comm | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input checked="" type="checkbox"/> Hotel | <u>1176</u> ** | <input checked="" type="checkbox"/> Yes*** | <input type="checkbox"/> No |
| <input type="checkbox"/> Timeshare | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Ohana | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Industrial | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Agricultural | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Recreational | _____ | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input checked="" type="checkbox"/> Other | <u>2</u> * | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

*Commercial and other use apartments are situated on the Coral (Ground Floor), Plaza (Floor 1), Mezzanine (Floor 2) and Recreation Deck (Floor 3) Levels and on Floor 36 and include: Apartments 1A, 1B, 1D, 1F1, 1F2, 1F3.1, 1F3.2, 1F3.3, 1F4, 1F5, 1F6, 1L, 2J, 3C, 3H and 36A, which are designated in the Declaration as the Commercial Apartments; Apartment 0A, which is designated in the Declaration as the Parking Apartment; Apartments 2A, 2B, 2D and 2G, which are designated in the Declaration as the Banquet Apartments; Apartments 2E, 2E-1, 4A1, and 4A2 which are designated in the Declaration as the Office Apartments; Apartment 1G, which is designated in the Declaration as the Front Desk Apartment; and Apartment 3B-1, which is designated in the Declaration as the Spa Apartment.

**Developer has reserved the right to establish a fractional plan with respect to some or all of the Apartments located on Floors 33, 34 and 35 of the Waikiki Tower, but in no event with respect to more than five percent (5%) of the total number of hotel rooms in the Hotel Apartment Class, by recording a Fractional Ownership Declaration and related documents. The "Fractional Ownership Declaration" means a Declaration recorded by Developer which creates a plan or program in which the use, occupancy or possession of one or more Apartments circulates among various persons for a period of 60 or more days in any year, for any occupant. Developer may choose to annex certain Vacation or Long Term Stay Apartments to the Fractional Ownership Declaration.

***Legal nonconforming use and structure.

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:

[X] Pets: _____ See Exhibit B.

[X] Number of Occupants: _____ See Exhibit B.

[X] Other: _____ See Exhibit B.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

| <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Net Other Area (sf)</u> | <u>(Identify)</u> |
|------------------|----------------------|----------------|------------------------------|----------------------------|-------------------|
| | <u>See Exhibit C</u> | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

Total Number of Apartments: 1176 Hotel, 25 Commercial, 2 Other: 1203 apartments

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

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

Boundaries of Each Apartment:

See Exhibit C-1.

Permitted Alterations to Apartments:

See Exhibit D. Units may be purchased with an optional interior "Unit Upgrade Package" to be installed post-closing pursuant to a separate contract with a third party, affiliate contractor.

Apartments Designated for Owner-Occupants Only: Not applicable.
 Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement. Developer has _____ elected to provide the information in a published announcement or advertisement.

NOTE: At this time, Developer is not offering residential apartments for sale in the project. However, to the extent that residential apartments may be offered for sale by Developer in the future, such sales would be exempt from the owner-occupant requirement pursuant to Section 46-4(a) of the HRS and Section 16-107-28 of the Real Estate Commission Rules inasmuch as the project is a legal nonconforming hotel use.

7. Parking Stalls:

Total Parking Stalls: One parking apartment containing approximately 319 off-street parking stalls (20 stalls in the Porte Cochere area and 299 stalls, storage areas, etc. in the basement area) and up to 80 on-street, metered parking stalls on Kona and Mahukona Streets.*

| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> | | TOTAL |
|-------------------------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|-------|
| | <u>Covered</u> | <u>Open</u> | <u>Covered</u> | <u>Open</u> | <u>Covered</u> | <u>Open</u> | |
| Assigned (for each unit) | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Guest | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Unassigned | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Extra for Purchase | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Other: _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total Covered & Open: <u>Approximately 319*</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

Each apartment will have the exclusive use of no parking stall(s) unless specified. Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool** Storage Area Recreation Area

Laundry Area** Tennis Court Trash Chute/Enclosure(s)

Other: See Exhibit E-1 (Common Elements)

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

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

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

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

See Property Condition Report and Summary of Reserve Study attached as Exhibit K.

*Also, see Section H on page 16 regarding possible additional parking.

**To the extent not otherwise designated as Apartments on the Condominium Map.

***To the best of Developer's knowledge, there are no existing building code violation or violations of municipal regulations respecting the Apartments covered by this report. As previously indicated, Developer sold its interests in the Apartments comprising the hotel operations at the Project in January 2007. Prior to such time, Developer received a letter from the City's Department of Planning and Permitting dated October 15, 2004, indicating that with respect to zoning issues, the Department is not aware of any outstanding or unresolved violations (see Exhibit M). Developer also received a letter from the City's Department of Planning and Permitting dated June 14, 2005 that reflects there are no outstanding building code violations (see Exhibit N).

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.*

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

*No variance to zoning code have been granted as to the Apartments covered by this report.

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

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

| | <u>Conforming</u> | <u>Non-Conforming</u> | <u>Illegal</u> |
|------------|-------------------|-----------------------|----------------|
| Uses | _____ | X (legal)** | _____ |
| Structures | _____ | X (legal)** | _____ |
| Lot | X | _____ | _____ |

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

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

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

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

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

described in Exhibit E-1.

as follows:

**See letters from the City's Department of Planning and Permitting dated October 15, 2004 and June 14, 2005 (Exhibits M and N, respectively).

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

There are no limited common elements in this project.

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

described in Exhibit F.

as follows:

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

described in Exhibit E-2.

as follows:

NOTE: In addition to each apartment having a common interest in the project as a whole (AOAO common interest), each apartment shall have assigned to it a class limited common interest based upon the apartment class to which such apartment belongs (Exhibit E-3) and a multi-class limited common interest (Exhibit E-4). These are explained on pages 16 and 17 of the Declaration of Condominium Property Regime of the project.

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

Exhibit G describes the encumbrances against the title contained in the title report dated January 9, 2009 (title commitment) issued by First American Title Company

Blanket Liens:

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

There are no blanket liens affecting title to the individual apartments.*

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

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

| | |
|---------------------|-------------------------------------------------------------------------------------------------------------------|
| <u>Type of Lien</u> | <u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u> |
|---------------------|-------------------------------------------------------------------------------------------------------------------|

*There are no blanket liens affecting title to the individual apartments currently owned by Developer.

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:

As the project was completed in the 1970's by a prior unrelated developer, Developer makes no warranties, express or implied, about the Apartments or the project, or about consumer products or anything else installed or contained in the Apartments or the project. This includes, but is not limited to, warranties of merchantability, habitability, workmanlike construction, fitness for a particular purpose, or sufficiency of design. All rights and interests in the project are sold by Developer "as is" and "where is", with all defects, whether visible or hidden, and whether or not known. Developer will assign to purchasers at closing any assignable warranty with respect to the buyer's Apartment that is given by the repairing contractor to the extent such warranties are assignable.

2. Appliances:

Developer makes no representation or warranties whatsoever as to any appliances, fixtures or furnishings conveyed together with an Apartment or otherwise used or owned in common by the Association or Apartment owners in the project. Developer will assign any such warranties for new appliances installed in Apartments given by the manufacturer to the extent such warranties are assignable.

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

Developer undertook limited renovations of the project prior to the date of this report, which are now complete. As previously indicated, the Association undertook administration of the Project as of March 10, 2006 (the date of the inaugural meeting of the Association), and Developer has sold substantially all of its interests in the Apartments at the Project, including, without limitation, the portion of Apartments comprising the hotel operations at the Project, which were sold in January 2007.

H. **Project Phases:**

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

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

Developer has the right, but not the obligation, to develop or acquire additional parking facilities ("**Additional Facilities**"), whether or not located on land immediately adjacent to the Land but in the same vicinity as the project and to merge such Additional Facilities with the project so as to permit the use of the Additional Facilities as common elements of the project by all Owners of Apartments in the project or as limited common elements of the project by some but not all of the Owners of Apartments in the project.

See also the summary of rights reserved to Developer set out in Exhibit A.

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

NOTE: The Association undertook administration of the Project as of March 10, 2006 (the date of the inaugural meeting of the Association).

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

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

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

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

NOTE: The Association undertook administration of the Project as of March 10, 2006 (the date of the inaugural meeting of the Association). The 2009 Estimated Maintenance Fee Disbursements for the Association (the "2009 Budget") was compiled by the Managing Agent (a licensed property manager) and approved by the Board of Directors of the Association on January 5, 2009. The schedule of Estimated Maintenance Fees was prepared by the Managing Agent based upon the 2009 Budget and the common interests of the Apartments at the Project following recordation of the Amendment to Condominium Map for Ala Moana Hotel Condominium (Condominium Map No. 1728) dated December 15, 2008, recorded as Document No. 3814224, and the Amendment to Declaration of Condominium Property Regime of Ala Moana Hotel Condominium (Condominium Map No. 1728) dated December 15, 2008, recorded as Document No. 3814225. Although the property manager makes every effort to estimate the actual cost of operation, certain budget items, especially insurance in today's insurance market, may change. The prospective buyer is aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and the prospective buyer hereby specifically accepts and approves any such changes. The prospective buyer is also aware that such estimates do not include the prospective buyer's obligation for payment of real property taxes. The prospective Buyer understands that such estimates are not intended to be and do not constitute any representation or warranty by Developer, including but not limited to any representation or warranty as to the accuracy of such estimates. The prospective buyer understands that Developer has not independently confirmed the accuracy or content of the estimates prepared by the licensed independent managing agent. Further, Developer advises that costs and expenses of maintenance and operation of a hotel condominium are very difficult to estimate and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements further age. Maintenance charges can vary depending on services desired by apartment owners and may increase significantly depending on the level of services eventually selected by the Association's Board of Directors. The prospective buyer should examine the maintenance charges schedule to see what services are included in the schedule and address these issues with the Board. Prospective buyer should also be aware that the estimates provided are as of the date reflected in the managing agent's certification and do not reflect the actual charges that may be incurred upon adoption of the Board of Directors of a new budget and the actual contracting for such services such as insurance and maintenance, etc.

Payment of Common Area Maintenance Expenses. Pursuant to Chapter 514A-15(b) of the Hawaii Revised Statutes, Developer shall be obligated to pay the share of common expenses related to apartments owned by Developer from and after the date of the first conveyance of an Apartment or interest therein to a third party purchaser.

C. **Utility Charges for Apartments:**

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

- None Electricity (___ Common Elements only X Common Elements & Apartments)*
 Gas* (___ Common Elements only X Common Elements & Apartments)
 Water* Sewer* Television Cable
 Other Unless separately metered, telephone, air conditioning, water & sewer for common elements (basic local telephone service to the units will also be included in the monthly maintenance assessment); refuse collection

* Developer has the right to install electrical or other utility service submeters to measure the use of such service by each or any Non-Long Term Stay/Vacation Apartment, including, without limitation, water submeters or flow meters relating to the chilled water system in each or any Non-Long Term Stay/Vacation Apartment to measure water usage for each of the individual Apartments. In such case, the Association will be responsible for the payment of this bill to the service provider, and each Apartment Owner will be responsible for paying its share of such utility service bill plus service charges to the Association. In the event that no submeters are installed for utilities provided to Non-Long Term Stay/Vacation Apartments, the Board may apportion such use equitably among the users of such utilities based on such engineering interpretation and consultation as the Board determines appropriate.

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated November 17, 2004.

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

Other Form of Apartment Deed

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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

A) The Developer delivers to the buyer a copy of:

1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**

2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

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

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules, if any.
 - E) Condominium Map.
 - 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: Reserve Study, a summary of which is attached as Exhibit K and a copy of which has been or will be given to the buyer for examination.

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 agents, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5532 filed with the Real Estate Commission on November 24, 2004.

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C. **Additional Information Not Covered Above**

ADDITIONAL DISCLOSURES CONCERNING THE PROJECT

Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration.

1. **Status of Project and Parking as Lawful Nonconforming Use.** Since the project obtained its original building permit in 1968 and was first occupied in approximately 1969 many changes have been made to the zoning, building and other construction codes. The project is now in a BMX-3 Community Business District and is no longer zoned for hotel use. The City and County Department of Planning and Permitting advises that the current hotel use is a lawful nonconforming use. If the project suffered a major casualty, which caused its use to be discontinued for twelve (12) consecutive months or eighteen (18) months during any three (3) year period, the nonconforming use could not be rebuilt in its current form (see Section 21-4.110(c) of the Land Use Ordinance ("LUO")); or which caused the destruction of the project to an extent of more than fifty percent (50%) of its replacement value at the time of destruction it could not be rebuilt in its current form (see LUO Section 21-4.110(b)), without variances, which might not be obtainable. Nonconformity can affect the ability to obtain new building permits, particularly if the City considers that the permit seeks to increase the nonconformity.

The parking for the project is also a lawful nonconforming use. It is sufficient for pre-existing hotel use but would not be sufficient for residential use. In order to maintain the lawful nonconforming use the Apartment owners must continue to meet the definition of hotel use under the LUO. Installation of any cooking facility in any lodging unit would cause the project to lose its characterization as a hotel. Further, the LUO definition of a hotel requires that a hotel must have a majority of lodging units (without kitchens) and have twenty-four hour desk service, among other hotel services. The Front Desk apartment will be required to provide such desk service. Additional details are provided in the Declaration.

2. **Use of Certain Apartments' Limited Common Elements.**

Buyers are advised to review Section H.10 of the Declaration for more detail regarding subsections (a) through (c) below.

(a) **Right to Use Front Desk Apartment, Hotel Amenities, Commercial Apartments, Banquet and Meeting Room Apartments and the Spa Apartment.** Owners in the Project shall have the following enumerated revocable non-exclusive licenses and privileges to use the Hotel Amenities, the Commercial Apartments, the Banquet and Meeting Room Apartments, the Spa Apartment and the Front Desk Apartment:

(1) Owners in the Project shall have a non-exclusive license to enter areas designated as the Front Desk Apartment and the Commercial Apartments, as those areas may be modified pursuant to the terms of the Declaration, for purposes of accessing their respective Apartments, check-in, check-out, concierge services, patronizing the retail shops, restaurants and concessions located therein and using located therein.

(2) Owners in the Project, and their invitees, shall have a non-exclusive license to enter and use the meeting room and banquet facilities located in the Banquet and Meeting Room Apartments, subject to the rules and regulations and fees for use thereof established by the owners thereof.

(3) Owners in the Project, and their invitees, shall have a non-exclusive license to enter and use the Hotel Amenities and any facilities therein located, subject to the rules and regulations and fees for use thereof established by the owners thereof.

(4) Neither the Board nor the Association shall have the right to restrict the ability of an Owner to alter or modify any Commercial Apartment, the Front Desk Apartment, the Hotel Amenities, or the Parking Apartment to the extent provided in the Declaration; provided in all instances, any such modification shall comply with the Declaration.

(5) No Owner shall have the right to use the Spa Apartment or Facilities therein located except on condition of the payment of such fee for service as the Owner of the Spa Apartment may levy for access to the Spa Apartment and its Facilities.

(b) **Hotel Amenity License Fee.** The rights of Owners of the Vacation and Long Term Stay Apartments to use the Hotel Amenities shall be subject to the rights reserved to the Front Desk Owner in the Declaration and to the payment by the Association of a Hotel Amenity License Fee pursuant to a Hotel Amenity Use Agreement to defray the cost of maintaining and repairing the Hotel Amenities; provided, however, that the Hotel Amenity License Fee shall not exceed the actual expense incurred by the Front Desk Owner in connection therewith, plus an administrative fee not to exceed ten percent (10%) of such actual expense. Each Owner acknowledges and agrees that Developer, on behalf of the Association, may enter but shall not be obligated to enter into a Hotel Amenity Use Agreement with the Front Desk Owner to provide amenity services, on a non-exclusive basis, to Owners of Apartments in the Hotel Apartment Class, their guest and invitees, and members of the public. Any fees applicable to such agreement shall be charged to the Class limited common expenses. Such agreement shall provide for access of the Owners based on standards and procedures accepted by the Front Desk Operator to limited portions of the Hotel Amenities and to the extent undertaken by the Front Desk Operator, access, on a fee for service or facility

basis, to other portions or facilities of the Hotel Amenities. Entry into such operation agreement shall not require the joinder or consent of any Owner, any Mortgagee, or Unit Owner's mortgagee.

(c) Spa Access Fee. Each Owner acknowledges and agrees that Developer, on behalf of the Association, may enter but shall not be obligated to enter into an operation agreement with an operator of Developer's choice for operation of the Spa Apartment in order to provide health club services, on a non-exclusive basis, to Owners of Apartments in the Hotel Apartment Class, their guest and invitees, and members of the public. Any fees applicable to such agreement shall be charged to the Class limited common expenses. Such agreement shall provide for access of the Owners based on standards and procedures accepted by the operator to limited portions of the improved Spa Facility and to the extent undertaken by the facility operator, access, on a fee for service or facility basis, to other portions or facilities of the facility. Entry into such operation agreement shall not require the joinder or consent of any Owner, any Mortgagee, or Unit Owner's mortgagee.

3. Developer Makes No Warranties or Promises. BUYER ACKNOWLEDGES THAT ALTHOUGH DEVELOPER HAS UNDERTAKEN CERTAIN RENOVATIONS TO THE APARTMENTS AND COMMON ELEMENTS OF THE PROJECT, THE DEVELOPER IS NOT THE ORIGINAL DEVELOPER OF THE PROJECT AND WAS NOT INVOLVED IN (AND IS NOT RESPONSIBLE FOR) THE ORIGINAL PLANNING OR CONSTRUCTION OF THE PROJECT. BUYER FURTHER ACKNOWLEDGES THAT THE PROJECT WAS SUBSTANTIALLY COMPLETED IN THE 1970s AND HAS BEEN USED OVER THE YEARS PRIMARILY FOR HOTEL PURPOSES. BUYER UNDERSTANDS AND AGREES THAT THE APARTMENT IS BEING SOLD "AS IS, WHERE IS" WITH ALL FAULTS AND THAT SELLER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE APARTMENT, THE LAND UNDERLYING THE PROJECT (THE "LAND") OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS, MECHANICAL SYSTEMS, PLUMBING SYSTEMS, ELECTRICAL SYSTEMS, COOLING OR HEATING SYSTEMS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), INCLUDING ANY WARRANTIES OR PROMISES OF "HABITABILITY", "MERCHANTABILITY", "WORKMANSHIP" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE".

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, THE DEVELOPER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES: (A) THAT THE PROJECT OR ANY IMPROVEMENTS IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS) WILL BE FREE FROM CRACKS IN OR OTHER DAMAGE TO, THE CONCRETE OR OTHER BUILDING MATERIALS; (B) REGARDING THE VALUE, QUALITY, GRADE OR USEFUL LIFE OF THE APARTMENT, THE PROJECT OR ANYTHING INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT); (C) REGARDING THE STRUCTURAL, PHYSICAL OR ENVIRONMENTAL HISTORY OR CONDITION OF THE PROJECT, INCLUDING, WITHOUT LIMITATION, ANY DEFERRED MAINTENANCE AT THE PROJECT; OR (D) REGARDING THE SUITABILITY, CONFORMANCE, COMPLIANCE OR LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO THE CONSOLIDATION AND SUBDIVISION OF LAND, THE OPERATION AND USE OF THE PROJECT AND ACCESSIBILITY OF THE PROJECT BY PERSONS WITH DISABILITIES. IN OTHER WORDS, SELLER MAKES NO WARRANTIES OR PROMISES AT ALL.

4. Environmental Assessment; Property Condition Report. In 2004, Developer obtained certain reports on the property, including, but not limited to, (i) a Phase I environmental site assessment cursory evaluation of suspect asbestos containing materials, lead-based paint, radon and lead in drinking water, (ii) a Building Fungal Evaluation, and (iii) a Property Condition Report. A copy of the conclusions in the executive summary of the Phase I environmental site assessment and a copy of the Building Fungal Evaluation are attached as Exhibit L (Certain Environmental Reports). The Property Condition Report is attached as part of Exhibit K (Property Condition Report and Summary of Reserve Study). Buyers are encouraged to review the conclusions of the reports. No representation is made as to their accuracy. As previously indicated, the Association undertook administration of the Project as of March 10, 2006 (the date of the inaugural meeting of the Association), and Developer has sold substantially all of its interests in the Apartments at the Project, including, without limitation, the portion of Apartments comprising the hotel operations at the Project, which were sold in January 2007. Buyers should contact the Association for additional studies that may have been conducted respecting the property's condition.

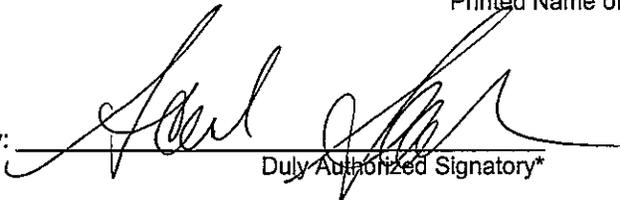
5. Developer Makes No Promises or Warranty About Third-Party Reports. Developer makes no warranty or representation whatsoever that it has provided all studies, reports, tests or other written investigations that may pertain to the condition of the Apartments and the other areas of the project. To the extent that Developer may have hired or commissioned any study, test or other investigation of the condition, useful life, legal compliance or any other matter relating to the Apartments, the Land, the project, or any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed or otherwise contained in the Apartments, the Land or the project, and to the extent Developer may make the results of any such study, test or investigation available to Purchaser in connection with the offer or sale of the project, Developer disclaims and makes no warranty or promise

regarding the accuracy, reliability or value of any statement or opinion expressed by such third-party. BUYER AGREES THAT ITS USE OR CONSIDERATION OF ANY SUCH INFORMATION IN CONNECTION WITH THE OFFER OR SALE OF THE APARTMENT SHALL BE AT BUYER'S SOLE RISK.

- 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 developers knowledge, information and belief, true, correct and complete.

ALA MOANA PROPERTY DEVELOPMENT, LLC, a Delaware limited liability company

Printed Name of Developer

By: 
Duly Authorized Signatory*

January 21, 2009

Date

Saul Sack, Vice President

Printed Name & Title of Person Signing Above
Ala Moana Holdings, LLC,
sole member of Ala Moana Property Development, LLC

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 following summary is not intended to be a complete and exhaustive explanation of all the rights reserved by Developer under the documents governing the project (the "Project Documents"). It is intended to be a general summary. If any conflict or difference exists between this summary and the Declaration, Bylaws or other Project Documents, the Project Documents shall control. Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration.

Among other rights set forth in the Declaration, Developer will have the following reserved rights with respect to the Project:

1. Board Approval. Notwithstanding the provisions contained elsewhere in the Declaration, Developer reserves for a period of twenty-five (25) years from the date of the Declaration the rights listed below and in Section T of the Declaration for itself and each Owner where so specified (including Developer to the extent it is an Owner), which reserved rights may be exercised by Developer and, where so indicated, by an Owner, without the approval of the Board or any other party with an interest in the Project, including other Owners or their mortgages.

2. Reserved Rights Generally with Respect to the Apartments and the Limited Common Elements. Notwithstanding anything provided to the contrary and without limitation of Developer's easement rights, Developer shall have the reserved right, but not the obligation, to: (a) transfer the exclusive use rights associated with a Limited Common Element appurtenant to any Apartment owned by Developer to another Apartment; (b) convert Limited Common Elements appurtenant to any Apartment owned by Developer to Common Elements, and upon such conversion, the Association shall accept any such conversion, and shall not have any right to refuse or reject any such conversion; (c) alter, maintain, repair, demolish and/or replace any Limited Common Element appurtenant to the Apartments owned by Developer; (d) create any number, alter, maintain, repair, demolish and/or replace any of the Apartments owned by Developer; (e) modify any of the uses associated with any Apartment owned by Developer or the Limited Common Elements appurtenant thereto, provided that any such use complies with applicable law; (f) retain (as provided in the Declaration) such Apartments as Developer in Developer's sole discretion shall determine; (g) discontinue the use and availability of certain Apartments owned by Developer, excluding only the Front Desk Apartment or replacement therefor, and (h) use any Apartment or other portion of the Project as permitted pursuant to Developer's easement rights.

3. Reserved Right to Subdivide and Consolidate Apartments. Notwithstanding anything provided to the contrary, and except as otherwise provided by law:

(a) Developer shall have the reserved right, without obtaining the approval of any party with an interest in the Project, including any other Apartment Owner and/or mortgagee, to: (i) alter the floor plan of any Apartment which it owns at any time provided that the Common Interest appurtenant to the Apartment shall not change; (ii) cause the subdivision of any Apartment which it owns at any time to create two or more Apartments provided that the total Common Interest appurtenant to the newly created Apartments shall equal the Common Interest appurtenant to the original Apartment; and (iii) convert certain portions of any existing Apartment owned by Developer to Limited Common Element or Common Element status or any Common Element or any Limited Common Element to Apartment status to facilitate any subdivision or consolidation (described below and in Section T of the Declaration). In any such situation, the total Common Interest appurtenant to the newly created Apartment or Apartments shall equal the Common Interest appurtenant to the original Apartment or Apartments.

(b) If Developer is the Owner of any two Apartments separated by a party wall, floor or ceiling, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Apartment Owner and/or mortgagee to consolidate two or more Apartments and to alter or remove all or portions of the intervening wall, floor or ceiling at Developer's expense provided that: (i) the structural integrity of the Project is not thereby affected; (ii) the finish of the Common Element then remaining is restored to a condition substantially compatible with that of the Common Element prior to such alteration; and (iii) all construction activity necessary to any such alteration or removal shall be completed within a reasonable period of time after the commencement thereof, subject to delays beyond the control of Developer or its contractors, whether caused by strikes, the unavailability of construction materials or otherwise, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence.

(c) Developer, in the process of consolidating Apartments that it owns, shall have the right to convert that area between Apartments or any common area hallway or other common area feature adjacent thereto into an Apartment (as opposed to the same remaining a Common Element) for so long as such Apartments shall remain consolidated or shall continue to be commonly used or owned.

(d) Developer shall have the reserved right, without obtaining the approval of any party with an interest in the Project, including any other Apartment Owner and/or mortgagee, to modify the classification of an Apartment or newly created Apartment that it owns (whether or not resulting from the consolidation and subdivision of an existing Apartment or the conversion of a Limited Common Element) and transfer such Apartment to a Class other than the Class to which such Apartment had originally been assigned.

4. Reserved Right to Create New Apartments. Notwithstanding anything provided to the contrary, and except as otherwise provided by law, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to convert a Limited Common Element appurtenant to such Apartment or Apartments owned by Developer, or any portion thereof, into a separate Apartment of the Project. In such event, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to alter the physical aspects of the Limited Common Element at Developer's expense in connection with such conversion, including building such structures as may be necessary or appropriate, provided that: (a) the structural integrity of the Project is not thereby affected; (b) the finish of the Apartment is consistent with the quality of other Apartments in the Project and any remaining portion of the Limited Common Element not converted to an Apartment, if any, is restored, to the extent feasible, to a condition substantially compatible with that of the Limited Common Element prior to such conversion; and (c) all construction activity necessary to any such conversion shall be completed within a reasonable period of time after the commencement thereof, subject to delays beyond the control of Developer or its contractors, whether caused by strikes, the unavailability of construction materials or otherwise, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence. Developer shall also have the reserved right to designate certain Common Elements or Limited Common Elements of the Project as Limited Common Elements appurtenant to the newly-created Apartment; provided that there is no material adverse effect on the remainder of the Project. Any such alteration associated with such conversion shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations.

5. Reserved Right to Convey Apartments and Limited Common Elements to Association. Developer shall have the reserved right, but not the obligation, to convey Apartments that are owned by Developer and free of liens to the Association and to redesignate Limited Common Elements appurtenant to Apartments owned by Developer to Limited Common Elements appurtenant to Apartments owned by the Association and to the extent necessary or required, to amend the Declaration and the Condominium Map to effect the same.

6. Reserved Right to Annex Land. Developer shall have the right, but not the obligation, to develop or acquire additional parking facilities ("**Additional Facilities**"), whether or not located on land immediately adjacent to the Land but in the same vicinity as the Project and to merge such Additional Facilities with the Project so as to permit the use of the Additional Facilities as common elements of the Project by all Owners of Apartments in the Project or as limited common elements of the Project by some but not all of the Owners of Apartments in the Project. In connection with the development or acquisition of the Additional Facilities, Developer shall have the right to enter into, and bind the Association to, any form of necessary conditional use permit and/or joint development agreement with the City and County of Honolulu, including, without limitation, any amendments, modifications, and/or supplements thereto.

7. Reserved Right to Approve Alterations. Developer shall have the right, but not the obligation, to approve any alteration of any kind that affects or may affect the appearance of all or any portion of the Project.

8. Reserved Right to Amend Declaration and Condominium Map. In connection with Developer's exercise of Developer's reserved rights set forth herein and in Section T of the Declaration, Developer shall have the right to amend the Declaration and the Condominium Map.

(a) The amendment to this Condominium Declaration shall describe (i) any additional buildings, the number of stories and any basements and the principal materials used in construction, (ii) the apartment number of the new Apartment, its location, approximate area, number of rooms, percentage interest in common element, and another other information needed to properly identify the Apartment, (iii) any new common elements, (iv) any additional or newly designated Limited Common Elements appurtenant to the new Apartment, (v) any additional restrictions on use not otherwise set forth in the Declaration, and (vi) any other information that Developer deems necessary or appropriate or is required by law.

(b) The amendment to the Condominium Map shall (i) include the floor plans and elevations of any new building or buildings, (ii) include, if new Apartments are created, the layout, location, apartment numbers and dimensions of the new Apartments, and (iii) be accompanied by a certificate signed by a registered architect or professional engineer pursuant to Section 514A-12 of the Act.

(c) The right to amend the Declaration to effect the reserved rights of Developer shall remain in effect as long as Developer retains ownership of one or more Commercial Apartments.

9. Reserved Right to Amend Recorded Deeds. Developer shall have the reserved right to amend any recorded deed or other document conveying or encumbering an Apartment or interest in an Apartment so that it conforms to amendments made to the Declaration or the Condominium Map, or Developer may record a new deed for that purpose or record an appropriate amendment to the Declaration, Bylaws and/or Condominium Map and note such instrument on the certificate of title issued for any Apartment. For example, if Developer creates new apartments in the Hotel Amenities Area or on any adjacent lands, it may need to adjust the common interest of each existing apartment as set forth in Section E.1. In that event, Developer may amend the declaration or deeds for existing Apartments to reflect the change in the common interest or it may issue replacement deeds reflecting the new common interest of each Apartment.

10. Reserved Right to Modify Project to Comply with Law. Developer shall have the reserved right, to effect such modifications to the Apartments and Common Elements in the Project and/or to execute, record and deliver any amendments to the Declaration, the Condominium Map as well as the Bylaws and rules and regulations promulgated thereunder, as may be necessary or required to effect compliance by the Project, the Association, the association created under a Fractional Ownership Declaration, or by Developer with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§ 3601 et seq., including any and all rules and regulations promulgated thereunder, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 et seq., including any and all rules and regulations promulgated thereunder.

11. Reserved Right to Establish Special Use Program. Developer, its successors and assigns, shall have the reserved right to establish a program at the Project whereby non-owners of Apartments (as well as any Owners of Ownership Interests in the Project who do not have current use rights) have the right to utilize the Spa Apartment, including any recreational amenities thereof. Such a program may involve, without limitation, the use of certain Developer-controlled areas for check-in/check-out purposes, the provision of certain services and other purposes.

12. Reserved Right Regarding Sales and Marketing Activities. Without limiting any other provision of the Declaration, Developer shall have all the rights specified in the Declaration to conduct extensive sales, leasing, rental and other marketing activities and to use the Project and any portion thereof, in the manners specified in the Declaration, without the consent or joinder of any Owner or the Owner's mortgagee, in such efforts.

13. Reserved Right to Refinance. Developer shall have the reserved right, but not the obligation, to refinance the mortgage described in Exhibit A to the Declaration. Each Owner acknowledges that Developer may borrow additional or substitute money from a construction lender to add to or replace the existing loan secured by the mortgage described in Exhibit A for the development of the Project. To secure such loan, Developer may grant to the lender security interests covering Developer's interest in the Land and the Project. Each Owner acknowledges and agrees that all security interests obtained by the lender in connection with such loan, as well as any extensions, renewals and modifications thereof, shall be and remain at all times, until the recordation of the deed for the Unit and the Unit's release from the security for the loan, a first lien or charge on the Project. Each Owner hereby intentionally waives, relinquishes and subordinates the priority or superiority of any lien or other legal or equitable interest arising under any agreement with Developer in favor of the lien or charge on the Project and the Unit of the security interests of the lender, including but not limited to any lien, mortgage or charge securing a loan made to finance the costs of construction and other costs during such construction and any and all advances therefor, whether contractual or voluntary, until the recordation of the deed for the Unit and the Unit's release from the security for the loan.

14. Reserved Right re Licenses and Permits. Each Owner acknowledges and agrees that Developer, on behalf of the Association, may seek or has obtained certain licenses and permits from the applicable planning department of the County relating to common area maintenance and such other licenses and permits necessary or convenient to the operation of the Project as a condominium hotel. To the extent that any such licenses or permits have not been issued to the Association, Developer and its agents, employees, contractors, licensees, successors, mortgagees and assigns, reserve the right to transfer to the Association any and all obligations in connection with such licenses and permits. In connection with such licenses and permits, the Association shall have the responsibility to comply at all times now and in the future with all Department of Planning and Permitting regulations relating thereto and any other applicable statutes, ordinances and rules and regulations of Federal, State or County agencies. Neither the Association nor any Owner shall take any actions that may in any way undermine the Association's obligations to comply with such regulations. Each Owner and the Association shall execute any and all documents required by Developer in Developer's sole discretion to transfer, if required, any applicable license(s) to the Association. Each Owner shall indemnify and hold harmless Developer, its successors and assigns, from and against any and all claims and demands for damages in connection with the Association's fulfillment of its obligations in respect of the foregoing licenses and permits.

15. Reserved Right to Record Restrictive Covenant Regarding On-Street Parking. Developer shall have the reserved right, but not the obligation, to record a restrictive covenant against title to the Property

providing that the On-Street Parking will be available to hotel guests and users as long as hotel use continues at the Project.

16. Consent to Exercise of Developer's Reserved Rights. Each and every party acquiring an interest in the Project, by such acquisition: (a) consents to the exercise by Developer or other Apartment Owner, as the case may be, of each and every right reserved to such Owner or Developer set forth in the Declaration, including without limitation, Sections F, Q, S, T and U of the Declaration, such consent constituting the consent required by Section 514A-89 of the Act with respect to structural alterations and additions to the Project, and to the execution, delivery and recording (if necessary) of any and all documents necessary to effect the same, including any amendment or amendments of the Declaration and the Condominium Map; (b) agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and (c) appoints Developer and its assigns as such party's or parties' attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on such party's or parties' behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of such reserved rights of Developer, and shall not be affected by the disability of such party or parties. In connection with the foregoing subsection (c), each and every party acquiring an interest in the Project, by such acquisition, agrees to sign, have notarized, deliver, and record a special power of attorney in the form attached as Exhibit F (with any changes needed to record it).

16. Developer's Right To Change Name. The condominium property regime established by the Declaration (the "Community") shall be known as Ala Moana Hotel Condominium; provided, however, that, any time prior to the transfer of the last Unit in the Project to a third party, Developer may by Recorded amendment to the Declaration change the name of the condominium property regime and the Association, without the consent or joinder of any Owner or their mortgagee.

17. Developer's Sales Activities. Developer and its agents, employees, contractors, licensees, successors, and assigns shall have the right to conduct extensive sales activities on and at the Project, including without limitation, the use of any Apartment owned by Developer, and the Limited Common Elements appurtenant thereto as model Apartments, sales and management offices, and to conduct extensive sales displays and activities until the closing of the sale of the last unsold Apartment in the Project or Ownership Interest in an Apartment. The Developer shall also have an exclusive easement over a portion of the Hotel Lobby, labeled as the limited common element 1E on sheet A3.0 of the Condominium Map, determined necessary by Developer for the purpose of creating, maintaining and utilizing for the purposes provided in the Declaration, a sales office. Without limitation of the foregoing, these reserved rights and easements include: (a) the right to enter the common areas of the Project for the purpose of showing prospective purchasers Apartments in the Project; (b) the right to place displays, advertising signs, billboards, flags, balloons, banners, lights and spotlights upon the Project (or any portion of the Project, including without limitation, the roof areas, the Building, any lanai, any lobby area or otherwise), and to light the Building or any portion thereof shown on the Condominium Map in conjunction with sales of Apartments; (c) the right of Developer to use any Apartment owned or rented by Developer and that portion of any Lobby area determined appropriate by Developer for a sales office or for sales or display purposes until all Apartments have been sold; and (d) the right of Developer to reserve parking areas within the Project for employees, agents and prospective buyers. In the event that Developer's Mortgagee or any successor to or assignee of Developer's Mortgagee shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or by a deed in lieu of foreclosure, such Mortgagee, its successors and assigns, shall be vested with the rights of Developer under the Declaration and without limitation of the foregoing shall have the same right to conduct such extensive sales activities on the Project. Each and every party acquiring an interest in the Project hereby acknowledges that the sales activities may result in noise and nuisances, and consents to such activity by Developer, and further waives, releases and discharges any rights, claims or actions such party may acquire against Developer, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.

18. Developer's Reserved Rights Concerning Easements. Developer hereby reserves the right to designate, grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the Common Elements for any reasonable purpose, which may include, but shall not be limited to, any easements for utilities or for any public purpose. Developer hereby further reserves the right to transfer, cancel, relocate, annex to the Project, or otherwise deal with any easement over, under, across or through any land adjacent to or across the street from the Project, for any reasonable purpose, which reserved right may include, but shall not be limited to, (a) the right to accept and annex to the Project a license, grant of easement, or any other right for the purpose of access and utility service to the Project and to obligate the Association to satisfy the terms and conditions of such license, grant, or other right, (b) the right to effectuate the same purposes set forth above and in Section T of the Declaration, and (c) the right to negotiate with any owner of land upon which such easement is located on behalf of the Association and Owners any and all terms and conditions upon which such easement may be relocated, expanded, reduced, modified, or otherwise altered, and to execute, deliver, and record any instruments providing therefor upon or including such terms and conditions as Developer may reasonably determine to be just or

appropriate. To the extent that the joinder of any Apartment Owner, lien holder, or other person who may have any interest in the Land or the Project or any Apartment in it may be required in order to validate any act or thing done pursuant to the foregoing reservations, such joinder shall be accomplished by power of attorney from each of the Owners, lien holders, or other such parties, the acquiring or acceptance of ownership in an Apartment or of a lien covering an Apartment or any other interest in the Project or Land subject to the Declaration being a grant of such power and the grant being coupled with an interest, being irrevocable.

19. Developer's Right to Establish Fractional Ownership Program. Developer shall have the exclusive right to establish a fractional plan with respect to some or all of the Apartments located on Floors 33, 34 and 35 of the Waikiki Tower, but in no event with respect to more than five percent (5%) of the total number of hotel rooms in the Hotel Apartment Class, by recording a Fractional Ownership Declaration and related documents. Developer may choose to annex certain Vacation or Long Term Stay Apartments owned by Developer to the Fractional Ownership Declaration. Any owners association created pursuant to either a Fractional Ownership Declaration, together with their respective representatives, managers, licensees and invitees, shall have a non-exclusive easement over, under and upon the Common Elements of the Project for the following purposes only:

- (a) the administration, management or operation of the fractional plan;
- (b) the use, maintenance, or servicing of Apartments included in the fractional plan;

and

(c) the use of any easement reserved or granted in the Fractional Ownership Declaration, or related documents, that allow the association to use the Apartments included in the fractional plan; provided, however, that under no circumstances, may this easement be used, directly or indirectly, for the following purposes: (1) to sell or promote the sale of, or to solicit prospective purchasers of, fractional interests on behalf of anyone other than Developer, or (2) to operate a tour or activity desk or any other business used to sell or promote the sale of fractional, on behalf of any one other than Developer.

20. Assignment of Reserved Rights. Notwithstanding anything stated herein or in the Declaration to the contrary, every Owner of an Apartment in the Project or of a Vacation Ownership Apartment and all holders of liens affecting any of the Apartments and each and every other party acquiring an interest in the Project, in any Vacation Ownership Apartment or in the Land, or any party thereof, by acquiring such Apartment, lien or other interest, consents to and recognizes: (a) the right of Developer to assign, in whole or in part, the rights reserved to them in the Declaration, (b) upon any such assignment, Developer shall be relieved of any and all liability arising after the assignment, (c) any assignee of Developer shall thereafter be recognized as such under the Declaration, (d) the right of Developer to also transfer its rights as Developer as collateral for a loan, in which event the assignee lender shall not have the rights and obligations as "developer" until it (i) forecloses on the loan or obtains a deed in lieu of foreclosure and takes title to Developer's interest in the Project, and (ii) records an instrument declaring itself to be "Developer".

END OF EXHIBIT A

EXHIBIT B

SPECIAL USE RESTRICTIONS

The following summary is not intended to be a complete and exhaustive explanation of all the rights reserved by Developer under the documents governing the project (the "Project Documents"). It is intended to be a general summary. If any conflict or difference exists between this summary and the Declaration, Bylaws or other Project Documents, the Project Documents shall control. Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration.

1. Purposes and Uses. The Project is currently located in the Ala Moana BMX-3 Commercial zoning district. The current zoning for the Project does not permit hotel use and the hotel is operated, to the best of Developer's knowledge, as a nonconforming hotel use. Developer is informed that residential and commercial uses are permitted in this zoning district. Developer is also informed that the hotel structure is legally nonconforming structure in that the floor area exceeds what is permitted under current codes. The City and County of Honolulu Land Use Ordinance (the "LUO") as currently in effect defines a hotel, dwelling unit, lodging unit and kitchen in Sec. 21-10.1 as follows:

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

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

(c) **"Lodging unit"** means "a room or rooms connected together, constituting an independent living unit for a family which does not contain any kitchen. Unless specifically permitted in use regulations, 'lodging unit' shall not include a unit used for time sharing or a transient vacation unit as defined in [the LUO]."

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

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

The LUO further provides in Sec. 21-4.110(c)(2) that "[a]ny nonconforming use that is discontinued for any reason for 12 consecutive months, or for 18 months during any three-year period, shall not be resumed; however, a temporary cessation of the nonconforming use for purposes of ordinary repairs for a period not exceeding 120 days during any 12-month period shall not be considered a discontinuation."

2. Hotel Use - Abandonment. If the Project fails to meet any part of the definition of a hotel under the LUO, its current use as a hotel will become unlawful and Developer makes no representations as to whether any other use would be lawful given the age of the Building, limited parking and any other relevant factors. Therefore, a primary purpose of this section and Section U of the Declaration is to continue the status of the Project as a nonconforming hotel use. The Project and each of the Apartments are intended for and shall be restricted to the following purposes and uses and shall be subject to such other limitations on use and restrictions as are set forth in the Declaration:

(a) Generally. Each Vacation Apartment shall be occupied and used only for the uses permitted in the applicable sections of the Declaration. An Owner may rent his Apartment to any third party for any period subject to applicable zoning and any rules promulgated under the zoning, provided that the rental agreement is in writing. The Owner shall provide each rental tenant with a copy of the Project Rules and shall make

a copy of the Declaration and Bylaws, as amended, available for the tenant's review. A copy of any rental agreement for a period exceeding a thirty (30) day period shall be provided to the Association. An Owner who rents his Apartment shall at all times remain primarily and severally liable to all other Owners and to the Association for any failure on the part of such Owner's tenant(s) to observe and comply with all provisions of the Declaration, the Bylaws, the Project Rules, and all other applicable laws.

(b) Vacation Apartments. All Vacation Apartments shall be used only as hotel rooms (dwelling units or lodging units as defined by the LUO) as provided in the Declaration. No Owner or occupant of a lodging unit shall place or maintain in the Apartment any fixture, appliance or devices of any kind for heating or cooking food, including any oven, toaster oven, microwave oven, toaster, rice cooker or hotplate. Excluding the rights reserved to Developer, no Owner or occupant of any Apartment in the Project shall do anything that will increase the number of dwelling units in the Project or decrease the number of lodging units. Because of the importance of maintaining the required ratio of lodging units to dwelling units, in the event that any Owner or occupant of a lodging unit breaches this use restriction and does not cure the breach within twenty-four (24) hours after notice from the Board to do so, the Board shall have a right of access to the lodging unit to remove the offending fixture, appliance or device and by accepting a deed to the lodging unit Apartment or taking occupancy of the Apartment, all Owners and occupants waive any claim for trespass or otherwise in connection with such entry or removal. Without limitation of the foregoing, excepting only the rights reserved by Developer, no Vacation Apartment may be included in a travel club or time share operation except as specifically approved by the Board and Developer.

(c) Front Desk Apartment.

(1) The Front Desk Apartment shall at all times include a clerk's desk or counter with twenty-four (24) hour clerk service and facilities for registration and keeping of records relating to hotel guests. The remainder of the Front Desk Apartment may be used for any commercial purpose permitted by zoning and other applicable laws to the extent permitted by the Declaration, provided that such use does not cause the Project to lose its status as a nonconforming hotel use.

(2) The Front Desk Operator shall at all times arrange for the issuance of card keys for the front doors of all Vacation and Long Term Stay Apartments to control access to the Apartments and shall issue such card keys to Vacation and Long Term Stay Apartment Owners. As used in this section "Front Desk Operator" means the Front Desk Owner or such tenant or agent of the Front Desk Owner to whom the Front Desk Owner delegates its duties under this section. The Owner of the Front Desk Apartment and Front Desk Operator each agrees to conduct its business, and to cause their tenants, licensees and occupants to conduct their operations, at all times in a reputable manner, maintaining at all times a full staff of experienced and qualified employees for efficient operation in a proper and workmanlike manner.

(3) The Front Desk Operator shall provide Apartment access card keys to the Association, free of charge, for access to the Vacation and Long Term Stay Apartments when such access is permitted by the Declaration, the Bylaws or the Act.

(4) The Front Desk Operator shall administer guest and Owner access to the Vacation and Long Term Stay Apartments and may charge a reasonable fee to the guests or invitees of an Owner of a Vacation or Long Term Stay Apartment for issuance of card keys, check-in and check-out service, and replacement of lost card keys. The fee charged to the guests or invitees of Owners of Vacation or Long Term Stay Apartments for this service shall not exceed the equivalent indirect fee levied by the Front Desk Operator to participants in the hotel operation administered by the Front Desk Operator and shall be levied on a non-discriminatory basis. The Front Desk Operator is strictly prohibited from charging a fee to any Owner of a Vacation or Long Term Stay Apartment for issuance of card keys and check-in and check-out service when such Owner is personally occupying his or her Unit.

(5) The Front Desk Operator may arrange to provide one or more Apartments within the Hotel Apartment Class with sundries, mini-bar and related services in respect of the operation of the hotel for such fees and on such terms as the Front Desk Operator and the Owner of the Vacation or Long Term Stay Apartment may agree.

(6) The Front Desk Operator shall arrange to provide for the provision of a Cable/Data System to the Vacation and Long Term Stay Apartments (providing internet cable service, and pay for view movies) for an on demand-use cost and assess reasonable fees for the provision of such service. The fee charged to the Owners of Vacation and Long Term Stay Apartments for this service shall not exceed the equivalent indirect fee levied by the Front Desk Operator to participants in the Hotel Operation Program and shall be levied on a non-discriminatory basis, provided, however, the monthly fee levied by the Front Desk Operator for providing internet cable service to any such Apartment being occupied on a long term basis by its Owner shall not exceed the monthly fee levied by a local franchised operator for the equivalent service.

(7) The Front Desk Operator shall arrange to provide for the provision of a hotel operator assisted and direct connection telephone service with appropriate in-room facilities to the Vacation and Long Term Stay Apartments for an on demand-use cost and assess reasonable fees for the provision of such service. The fee charged to the Owners of Vacation Apartments for this service shall not exceed the equivalent indirect fee levied by the Front Desk Operator to participants in the Hotel Operation Program and shall be levied on a non-discriminatory basis.

(8) The Front Desk Operator shall arrange to provide for the provision of customary hotel housekeeping services and trash removal services to the Vacation and Long Term Stay Apartments

as such Apartments are used and occupied by guests or invitees of the Owners of the Apartment, or the Owner to the extent elected by the Owner of such Apartments and the Front Desk Operator may charge reasonable fees for the provision of such service.

3. Repair Limitation. Insofar as the hotel structure is nonconforming under current LUO codes and restrictions, repairs and improvements requiring a building permit from the City and County that are undertaken annually may be restricted in their dollar volume based on the nature of use (and the assessment of that use by the City and County of Honolulu) of the portion of the structure being repaired, modified, or improved. Under no circumstances shall collective repairs undertaken in any given 12 month period exceed the dollar limitation specified in the LUO.

4. Vacation and Long Term Stay Advertising and Rental Restrictions. The Owner of a Vacation or Long Term Stay Apartment may rent and advertise their respective Units for rent only subject to the limitations provided in this section and Section U of the Declaration or otherwise in the Declaration. In that regard:

(a) the Association may, by appropriate vote, prohibit voice or print rental advertisements by an Owner of a Long Term Stay or Vacation Apartment from identifying or referring to the Project by name or referring to the Project as or containing any of the following terms: the "Ala Moana Hotel," the "Ala Moana Hotel Condominium," or the "Ala Moana Condominium";

(b) no voice or print rental advertisement by an Owner of a Long Term Stay or Vacation Apartment may identify or refer to the Front Desk Operator or Owner by name or trademark;

(c) any advertisement or listing of any lodging unit for a period of more than thirty (30) days, where permitted by law, shall specify that the lodging unit is a lodging unit and contains no kitchen; and

(d) any rental agreement for a Unit shall contain a copy of Section U.1, U.2, U.3 and Section U.4, and shall require the tenant to comply with the rental agreement.

5. Safety and Soundness. No Owner will suffer anything to be done or kept in an Apartment or elsewhere in the Project which would jeopardize the soundness of the Project, or which will interfere with or unreasonably disturb the rights of other Owners, or which will increase the rate of the hazard insurance on the Project or the contents of the Project, or which will reduce the value of the Project.

6. Signs, etc. The Owner of any Apartment will not, without the prior written consent of the Board, display any sign or place any other thing in or upon any doors, windows, walls or other portions of the Apartment or the Common Elements so as to be visible from the exterior. This restriction shall not apply to: (a) signs displayed by Developer for sales purposes; (b) signs installed by the Front Desk Apartment Owner within the Limited Common Element for the Front Desk Apartment; or (c) signs identifying the business of a Commercial Apartment, provided that the Board may establish sign design guidelines in the Project Rules.

7. Use of Common Elements. Except as otherwise provided in the Declaration, Section 514A-13 of the Act, and in the Bylaws, the Common Elements shall be used only for the purposes for which they are designed and intended.

8. Specific Use Restrictions for Non-Long Term Stay/Vacation Apartments. Notwithstanding anything contained herein or in the Declaration to the contrary, the Non-Long Term Stay/Vacation Apartments and the Owners thereof, shall be subject to the following restrictions as to the use of their Apartments:

(a) With the exception of Developer, the Owners of the Non-Long Term Stay/Vacation Apartments shall not use or occupy their Apartments, or permit the use or occupancy of their Apartments, for any purpose or in any manner which:

(i) is not in keeping with the hotel operation of the building,

(ii) engages in a commercial liquor store use for off premise consumption which devotes more than twenty-five percent (25%) of the entire display space of the Apartment to the display of intoxicants, exclusive of wine and beer, (which intoxicants must be only first class, high grade spirits), or sells intoxicants (except wine, beer, and items used in cooking) in containers holding less than one-fifth of a gallon, or

(iii) operates a cinema/movie theater, bowling alley, skating rink, video game room, amusement gallery or amusement arcade, pool hall, funeral home or store selling caskets, facility for industrial or manufacturing uses, pet grooming or veterinary medicine; or

(iv) operates a real estate sales, property management, or property rental business, concierge service, or a business for the on-site sales of Apartments and Ownership Interests, except with the express written permission of Developer.

(b) The Owner of the Non-Long Term Stay/Vacation Apartments shall, at their respective expenses, obtain and maintain at all times, all licenses and permits necessary for their or their tenants', lessees', or occupants' operations from the Front Desk Apartment or Commercial Apartment as appropriate and shall post or display in a prominent place in their respective Apartments such permits and/or notices as required by law.

(c) The operations conducted in the Commercial Apartments shall be of a quality not less than those of the Ala Moana Shopping Center, which is in the immediate vicinity of the Building. The Owners of

the Commercial Apartments each agree to conduct its business, and to cause their tenants, licensees and occupants to conduct their operations, at all times in a reputable manner, maintaining at all times a full staff of experienced and qualified employees for efficient operation in a proper, workmanlike and dignified manner.

(d) The Owners of the Commercial Apartments shall not operate or be open for business between the hours of 2:00 A.M. and 5:00 A.M., without prior written consent from the Association.

(e) The Association reserves the right at all times to approve the design, location and size of any and all canopies, signs, pictures, advertisements or notices the Owner of the Non-Long Term Stay/Vacation Apartments either places inside the Building (where same are visible from outside the Building) or outside the Building, such approval not to be unreasonably withheld, delayed or conditioned. Without limiting the generality of the foregoing, no signs shall contain any strobe lights, moving parts or day-glow colors unless approved by the Association. At the request of the Association, an Owner of a Non-Long Term Stay/Vacation Apartments, at its cost, shall remove any and all signs, pictures, advertisements and notices installed by such Owner which are not in existence on the date hereof and which the Association, in its reasonable judgment, shall consider objectionable or injurious to the Building. Further, no Owner or lessee shall employ an advertising medium which can be heard or experienced outside of the Apartment, including, without limiting the generality of the foregoing, flashing lights, searchlights, loudspeakers, phonographs, compact disc players, radios, or television. No Owner or lessee shall distribute, or cause to be distributed, any handbills or other advertising device in the Common Elements or Property or on the public sidewalks or streets adjacent to the Project.

(f) Commercial Invitees and Lessees; Insurance. An Owner of a Non-Long Term Stay/Vacation Apartment shall be responsible for compliance by such Owner's commercial invitees and lessees, and such Owner's lessees' invitees, with the provisions of the Declaration, the Bylaws, and any rules made by the Board. The Owner of a Non-Long Term Stay/Vacation Apartment and such Owner's lessee shall maintain a policy or policies of public liability insurance in an amount which is reasonable for the use of such Apartment, naming the Association as an additional insured, and shall demonstrate proof of such insurance to the Board upon request.

(g) Utility Usage. Developer may install electrical or other utility service submeters to measure the use of such service by each or any Non-Long Term Stay/Vacation Apartment, including, without limitation, gas service and/or water submeters or flow meters relating to the chilled water system in each or any Non-Long Term Stay/Vacation Apartment to measure water usage for each of the individual Apartments. In such case, the Association will be responsible for the payment of this bill to the service provider, and each Apartment Owner will be responsible for paying its share of such utility service bill plus service charges to the Association. In the event that no submeters are installed for utilities provided to Non-Long Term Stay/Vacation Apartments, the Board may apportion such use equitably among the users of such utilities based on the area of the users' apartments or such engineering interpretation and consultation as the Board determines appropriate. If an Owner of a Non-Long Term Stay/Vacation Apartment fails to pay any amounts when due, such Owner will be responsible for any penalties or delinquent amounts levied by the service provider. Additionally, the Association shall have the right to cure any failure by the Owner of a Non-Long Term Stay/Vacation Apartment ("Defaulting Owner") to pay the amounts due to the service provider. If the Association elects to cure such default, then the Defaulting Owner will be responsible for reimbursing the Association. If the Defaulting Owner fails to reimburse the Association, the Association will be entitled to impose a special assessment as provided in the Declaration, may enter the Apartment to shut off water, electrical or other utility service to the Defaulting Owner's Apartment, or may pursue any other remedies as provided in the Declaration. Each Non-Long Term Stay/Vacation Apartment Owner shall also have the obligation to maintain, repair, and replace the submeter providing service to such Owner's Apartment. If the Owner of a Non-Long Term Stay/Vacation Apartment fails to maintain such meters or submeters, the Association shall be entitled to maintain, repair, and replace the meter and charge the cost thereof to such Owner or pursue any other remedies provided under the Declaration.

9. Environmental Matters. No Owner will cause or permit to occur (i) any violation by it or its agents, contractors, and invitees of any present or future federal, state or local law, ordinance or regulation related to environmental conditions in or about the Improvements or (ii) the use, generation, release, manufacture, refining, production, processing, storage or disposal of any "Hazardous Substances" (as hereinafter defined) in or about the Improvements, or the transportation to or from the Improvements of any Hazardous Substances in violation of any applicable law. Each Owner, at its expense, shall comply with each present and future federal, state and local law, ordinance and regulation related to environmental conditions in or about the portion of the Project owned by it or related to the use thereof, including all reporting requirements and the performance of any cleanups required by any governmental authorities. Each Owner shall indemnify, defend and hold harmless the other Owners, and their agents, contractors and employees, from and against all fines, suits, claims, actions, damages, liabilities, costs and expenses (including reasonable attorneys' and consultants' fees) asserted against or sustained by any such person arising out of or in any way connected with the indemnifying Owner's failure to comply with its obligations under this section and Section U of the Declaration, which obligations shall survive the expiration or termination of the Declaration. As used in this section, "Hazardous Substances" shall include flammables, explosives, radioactive materials, asbestos containing materials (ACMs), polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, petroleum and petroleum products, chloroflorocarbons (CFCS) and substances declared to be hazardous or toxic under any present or future federal, state or local law, ordinance or regulation.

10. Special Restrictions Applicable to All Apartments. Without limiting the application of any other provision of the Declaration, no use or operation shall be made, conducted, or permitted on or with respect to all or any part of the Project, which use or operation violates applicable laws or the provisions of the Declaration. No Apartment shall be used for any of the following activities or purposes:

- (a) any distillation or refinery facility (excepting therefrom any microbrewery or similar business that may be operated in the Non-Long Term Stay/Vacation Apartments);
- (b) any dumping of garbage or refuse, except in places designated for disposal by the Board;
- (c) except with the express written consent of Developer, any meeting place or place of public assembly;
- (d) any pool hall, game arcade, betting facility (including off-track betting) or video or games arcade;
- (e) any indecent or pornographic uses, massage parlor (which for purposes of this prohibition shall not be defined to include the operation of a beauty parlor or day spa in which massage therapies are offered as an ancillary services to customers), for the sale of nude, erotic or pornographic adult entertainment, books, magazines, videos and other similar products, peepshow store, or any other similar store or club; and any business devoted to sale of articles and merchandise normally used or associated with illegal or unlawful activities, including, without limitation, the sale of paraphernalia used in connection with marijuana, cocaine, or other controlled drugs or substances;
- (f) any gymnasium or martial arts studio;
- (g) any tattoo parlors or body piercing establishments;
- (h) any laundromat (provided, however that nothing in the Declaration shall prohibit the operation of a dry cleaning business which does not include a self-service laundromat provided such store is a "drop off" for dry cleaning and actual dry cleaning is conducted at a site outside the Project), secondhand surplus store, bankruptcy sale; or
- (i) any discount or thrift stores.

11. Window Coverings. All window coverings shall be of a neutral color, harmonious with and not conflicting with the color scheme of the exterior wall surface of an Apartment. Window tinting and window coverings, which differ from that described above shall be subject to the approval of the Board.

12. Animals. No animals, livestock, reptiles, insects, poultry, or other animals of any kind shall be kept in any Apartment except as is permitted by, and in accordance with, the Bylaws.

13. No Mechanics' Liens. No Owner shall cause or permit any mechanic's lien to be filed against any portion of the Common Elements or other Apartment for labor or materials alleged to have been furnished or delivered to the such Owner's Apartment or any for such Owner, and any Owner who does so shall immediately cause the lien to be discharged within five (5) days after notice to the Owner from the Board. If any Owner fails to remove such mechanic's lien, the Board may discharge the lien and charge the Owner for such cost of discharge.

14. Offensive Conduct; Nuisances. No noxious or offensive activities shall be conducted within the Project. Nothing shall be done on or within the Project that may be or may become an annoyance or nuisance to the residents of the Project, or that in any way interferes with the quiet enjoyment of occupants of Apartments or which may create a nuisance or injure the reputation of the Building. No odorous matters shall be emitted upon or about the Project in such quantity as to be readily detectable outside the physical boundaries of the space within which the odor was generated. Unless otherwise permitted by the Rules, no Owner shall serve food or beverages, cook, barbecue, or engage in similar activities, except within such Owner's Apartment and except within the Limited Common Elements appurtenant to such Owner's Apartment or Common Elements designated for such purpose by the Association, if any, subject to the provisions of the Project Rules.

15. Noise and Vibration. No person shall produce, or allow to be produced, noise or building shaking vibration at such levels as will be offensive to other Owners.

16. Outside Drying and Laundering. No exterior clotheslines shall be erected or maintained or hung on balconies or railings within the Project and there shall be no exterior drying or laundering of clothes or any other items on any Limited Common Element or Association Property.

17. Toxic or Noxious Matter. No person shall discharge into the Project's sewer system storm drain any toxic or noxious matter in such concentrations as to be detrimental to or endanger the public health, safety or welfare, violate any law, subject any Owner to liability under state and federal law for any clean up, or cause injury or damage to neighboring property or business elsewhere on the Project.

18. Parking.

(a) Parking Apartment Restrictions. Each Parking Apartment Owner shall be prohibited from reducing (i) the total number of parking stalls appurtenant to such Owner's Parking Apartment and (ii) the total number of handicap parking stalls appurtenant to such Owner's Parking Apartment. Handicap parking stalls shall not be modified without the written approval of Developer.

(b) Project Rules Respecting Parking. Developer has the exclusive right to use and/or assign and/or unassigned parking stalls that are not appurtenant to any specific Apartment, including Developer's Reserved Stalls. If Developer waives this right with respect to any one or more unassigned parking stalls, use of those unassigned parking stalls, if any, may be governed by Project Rules adopted in accordance with the Bylaws to assure equitable use of the stalls by all Owners. The Board of Directors may install parking meters, gates, security devices, checkpoints, and other equipment appropriate to this end and may issue stickers or adopt an allocation system. Without limiting the foregoing, the Board may establish additional regulations as it deems appropriate in its sole discretion with regard to any of the parking areas not assigned to individual Apartments, including, without limitation, designating "residential guest parking," "commercial parking," "parking," and "no parking" areas thereon. Any parking areas shall be subject to such further reasonable control and use limitations as the Board may establish. The Board shall determine, in its discretion, whether there is a violation of the parking and vehicular restrictions set forth in the Declaration or established by the Board, and, if such noncompliance is determined by the Board to exist, the Board shall have the power to enforce all parking and vehicle use regulations applicable to the Property, including the power to remove violating vehicles from any of the Property pursuant to law and the right to specially assess any Apartment Owner violating such parking and vehicle use regulations.

19. Lanais. Without limiting the generality of any other provision of the Declaration, the following provisions shall apply to lanais:

(a) Use of Lanais. Lanais shall be used only as outdoor living areas containing patio furniture, potted plants, and other similar outdoor furnishings that comply with the standards governing the appearance of such items as set forth in the Project Rules. Said furnishings shall be equipped with protective leg caps or other devices to prevent damage to the floor of the lanais. No Improvement shall be nailed, bolted, or otherwise attached to the floor, walls, or any other portion of the lanais. No hanging screens, banners, or wind chimes and no other accouterment (other than plants), which may be visible from any other Apartments, the Common Elements, or Association Property are permitted on any portion of the lanais. Unless placed by Developer, any plants placed on lanais must be approved by the Board, must have sufficiently large receptacles to contain all drainage from such plants, and must not be allowed to collect condensates or moisture between the receptacles and the floor of the lanais.

(b) Limitations on Use. Lanais shall not be used for storage of any type, including, without limitation, boxes, tools, exercise and sports equipment, bicycles, cleaning utensils and supplies, or other household items. Lanais shall be maintained in a clean, neat, and sanitary condition at all times, and nothing shall be placed on Lanais so as to render them unsightly or offensive to the other Owners or to any other property in the vicinity of the Project or its occupants. No dust, dirt, or other substances shall be shaken, swept, or thrown from or hosed off the lanais on or into any Common Elements. Any item which in the opinion of the Board or the Board is unsightly or offensive shall be removed from the lanais upon receipt of written notice of such determination from the Board or the Board. No Owner shall change or alter the surface or exterior of any lanais without the consent of the Board.

20. Rights of Persons with Disabilities. Subject to the provisions of the Declaration, each Owner shall have the right to modify the Owner's Apartment and the Board has the right to modify the route over the Common Elements leading to the front door of the Apartment, at the Owner's sole cost and expense, in order to facilitate access to the Apartment by persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to such persons. The rights granted by this section and Section U of the Declaration are further subject to the following conditions: (i) the modifications shall be consistent with applicable building code requirements; (ii) the modifications shall be consistent with the intent of otherwise applicable provisions of the Declaration pertaining to safety or the aesthetic integrity of the Project; (iii) the modifications which are external to the Apartment shall not prevent reasonable passage by other Owners or Invitees on the Project, and shall be removed by the Owner when the Apartment is no longer occupied by persons requiring those modifications; (iv) any Owner who intends to modify an Apartment pursuant to Section U of the Declaration shall submit their plans and specifications to the Board for review to determine whether the modifications comply with the provisions of the Declaration; and (v) any change in the exterior appearance of an Apartment shall be in accordance with the provisions of the Declaration and all applicable provisions of law. Any Owner with a disability desiring such a modification shall make such request, in writing, to the Board. That request shall set out, with specificity and in detail, the nature of the request and the reason that the requesting party needs to be granted such the modification. The Board shall not unreasonably withhold or delay its consent to such request and the Board shall not deny approval of the proposed modifications under Section U of the Declaration without good cause.

21. ADA Accessible Apartments. No Owner of an Apartment identified as an "ADA Accessible Apartment" on Exhibit C-2 shall modify such Apartment without the written approval of Developer.

22. Compliance with Laws, Etc. Nothing shall be done or kept in any Apartment or in the Common Elements or the Property that might increase the rate of, or cause the cancellation of, insurance for the Project, or any portion of the Project. No Owner shall permit anything to be done or kept in his or her Apartment that violates any law, ordinance, statute, rule, or regulation of any local, county, state, or federal body, including any laws, ordinances, or statutes pertaining to the use or storage of any hazardous, contaminated, or toxic materials.

23. Antennae. Except for rights reserved to Developer under the Declaration to install such items, no radio station, satellite, or short-wave operators of any kind shall operate from any Apartment or any other portion of the Property unless approved by the Board. With the exception of any master antenna maintained by the Association or the cable system maintained by applicable cable franchisee, no exterior radio antenna, "C.B." antenna, television antenna, receiving station, satellite dish, or other antenna of any type (collectively, "Signal Reception Device") shall be erected or maintained anywhere in the Property, without the approval of the Board. In considering whether to approve any such application and what conditions, if any, to impose thereon, the Board may consider any clearly defined safety objective, the impact of any such Signal Reception Device upon Project aesthetics and uniformity of appearance, and any potential structural damage arising from such Signal Reception Device, provided that any restriction imposed by the Committee shall be reasonable and consistent with rules and regulations promulgated by the Federal Communications Commission pursuant Section 207 of the Telecommunications Act of 1996 (collectively, the "Antennae Statutes"). In reviewing an application for approval to install a Signal Reception Device, the Board shall apply the same standards, criteria, and guidelines to such application as applicable to any other proposed exterior improvement to any Apartment and shall not impose any differential or discriminatory requirements applicable only to a proposed Signal Reception Device. In granting approval of the installation of any such Signal Reception Device, the Board may further condition such approval upon compliance with any reasonable restrictions authorized by the Antennae Statutes. All satellite dishes approved by the Board for installation on the Project shall be black. Normal radio, stereo, high fidelity, and television equipment installation within an Apartment are excepted from the provisions of this section; provided, however, in no event shall such radio, stereo, high fidelity, television equipment, or other electrical equipment interfere with the use of any such equipment by any other Owner within the Project.

24. Firearms and Fireworks. The display and discharge of firearms or fireworks in the Common Elements, including the Limited Common Elements, is prohibited; provided that the display of lawful firearms in the Common Elements is permitted by law enforcement officers and also is permitted for the limited purpose of transporting the firearms across the Common Elements to or from the Owner's Apartment. The term "firearms" includes "B B" guns, pellet guns, and other firearms of all types, regardless of size.

25. Submission of Design Approach and Laboratory Impact Isolation Tests for Initial and Replacement Hard Surface Floors.

(a) The Owner of any Apartment above the fifth floor of any structure wishing to install a hard surface floor must submit to the Board such plans and specifications regarding the flooring and the noise mitigation contemplated, together with a test report from a qualified acoustical testing laboratory clearly showing that the Impact Isolation Class of the flooring, underlayment and method of construction selected has a minimum rating of IIC 55.

(b) No flooring installation or construction shall be permitted until the information required is submitted to and approved by the Board, unless the Board determines in their prudent judgment that the requirement should be waived. Submission of the required materials to the Board shall be for the purpose of documenting the location and design of any hard surface flooring within the Project and to ensure that such flooring is designed and installed in a manner to mitigate the transmission of noise and is installed in a professional manner and with reference to appropriate standards. Installation of any hard surface flooring without compliance with each of the requirements set forth in the Declaration shall constitute a violation of the Declaration, and subject the violating Owner to all remedies provided in the Declaration or by applicable law for such violation, including, without limitation, the levy of fines by the Association until such violation is removed from the Apartment. Approval of the Board is not an assurance or guarantee that noise will not be transmitted to other Apartments. In addition, and notwithstanding any Owner's compliance with the requirements of imposed by the Board, if, following installation of any such hard surface floor, the Owner of the Apartment located beneath such installation lodges a reasonable and verifiable complaint with the Board concerning the sound impact of such flooring on the complaining Owner's Apartment, the Owner installing such hard surface flooring shall, upon notice from the Board, given in the Board's sole discretion, cover at least eighty percent (80%) of the hard surface flooring within such Owner's Apartment with carpeting in order to mitigate the impact to the complaining Owner, and the failure of the Owner notified by the Board to comply with the Board's requirement within sixty (60) days after receipt of that notice shall constitute a violation of the Declaration and subject the violating Owner to all remedies provided by the Declaration or applicable law.

26. Water Supply System. No individual water supply or water softener system shall be permitted in any Apartment unless such system is designed, located, constructed, and equipped in accordance with the requirements, standards, and recommendations of any applicable water district, the locality in which the Property is located, and all other applicable governmental authorities.

27. Sound Attenuation. In any high-rise lodging or dwelling, sound may be audible between Apartments, particularly where the sound level of the source is sufficiently high and the background noise in an adjacent Apartment is very low. Each Owner shall endeavor to minimize any noise transmission from his or her Apartment, and shall adhere to any of the rules and regulations set forth in the Project Rules that are designed to minimize noise transmission. To minimize the noise transmission from an Apartment, each Owner (other than Developer) shall adhere to the following:

(a) No holes or other penetrations shall be made in Common Element or Limited Common Element walls without the permission of the Board. No penetrations of any sort shall be made in the ceiling of any Apartment. Acoustical sealant shall be packed around the point of penetration of all pictures and other items hung from the wall that require nailing or screwing.

(b) No modifications shall be made to any Apartment that would result in a reduction in the minimum impact insulation class of the Apartment.

(c) Loudspeakers for music reproduction and television shall not be supported from or contact Common Element or Limited Common Element walls or ceilings and shall be elevated from the floor by a proper acoustic platform.

28. Roof Access Restrictions. Owners and Invitees shall not at any time or for any reason whatsoever enter upon or attempt to enter upon: (i) the roof of the Project; (ii) any portion of the Common Elements used by the Association for management, administrative, or security purposes; or (iii) utility closets and electrical or mechanical rooms, without the prior approval of the Board.

29. Storage Areas. Storage areas, if any, shall be used only for the storage of personal property. In no event shall the storage areas be used for the storage of any Hazardous Materials or any other noxious, toxic, or odorous substances. Except as set forth in the Declaration, no assigned parking stall may be sold, transferred, assigned to, or retained in the ownership of any person not an Owner, and no parking stall or storage space may be rented or leased to a non Owner except in connection with the rental or lease of an Apartment; provided, however, these limitations shall not apply to Developer, the Front Desk Owner or the Owner of a Parking Apartment to which parking stalls may be appurtenant.

30. Furnishings and Appliances Restrictions Applicable to Long Term Stay and Vacation Apartments. Owners of the Long Term Stay Apartments and Vacation Apartments are prohibited from removing, replacing or substituting any of the Furnishings and Appliances in such Owner's Apartment, it being understood and agreed that, in the event the Owner of a Vacation Apartment or Long Term Stay Apartment violates this provision, such Owner shall be separately liable for all fees and costs incurred by the Association to restore the Furnishings and Appliances removed, replaced or substituted.

31. Indemnification. Each Owner shall be liable to the remaining Owners for any damage to the Common Elements and the Property that may be sustained by reason of the negligence of that Owner or the Owner's Invitees. Each Owner, by acceptance of the deed to an Apartment, agrees for himself or herself and for the Owner's Invitees to indemnify each and every other Owner, and to hold each Owner harmless from, and to defend such Owner against, any claim of any person for personal injury or property damage occurring within the Apartment of that particular Owner and within any Limited Common Elements appurtenant to the Owner's Apartment, unless the injury or damage occurred by reason of the negligence of any other Owner.

32. Non-Applicability to Developer. The foregoing provisions of Section U shall not apply to Apartments owned by Developer or to any Improvements proposed or made by Developer in connection with its development, construction, promotion, marketing, sale, or leasing of any Apartment or any other portion of the Project.

33. PROTECTION OF HOTEL STATUS. NO MATTER WHAT ELSE THE DECLARATION SAYS, NO ALTERATION WILL BE PERMITTED THAT WILL REDUCE THE NUMBER OF LODGING UNITS IN THE PROJECT OR INCREASE THE NUMBER OF DWELLING UNITS AS DEFINED IN THE LUO.

END OF EXHIBIT B

EXHIBIT C-1

BOUNDARIES OF APARTMENTS

Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration.

(a) Boundaries of the Apartments. Generally, each Apartment includes all walls, columns and partitions which are not load bearing within the Apartment's perimeter walls, the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, the lanais, if any, shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanais and to the interior edge of the exterior railings or other boundaries of such lanais, the entry court or area, if any, shown on the Condominium Map to the inner decorated or furnished surfaces of the perimeter walls of such entry court or area and to the interior edge of other boundaries of such entry court or area, the exterior storage areas, if any, shown on the Condominium Map, all fixtures originally installed in the Apartment, and all pipes, plumbing (including water heaters), wires, conduits and other utility or service lines and facilities servicing only the Apartment. The Apartments shall not include the undecorated or unfinished surfaces of the perimeter party or non party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters (notwithstanding the obligation of the Owner of the Apartment to maintain the same), the interior load bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each Apartment, the exterior edge of the exterior railings or other exterior boundaries of the lanais, if any, shown on the Condominium Map, or any pipes, shafts, wires, conduits or other utility or service lines running through a Apartment which are utilized for or serve more than one Apartment, all of which are deemed common elements as provided in the Declaration.

(b) Parking Apartment. There is one (1) Parking Apartment. Generally, Parking Apartment No. 0A includes the Parking Apartment office located in the Parking Basement, to which is appurtenant the parking stalls located in the Parking Basement, the Porte Corchere and the On-Street Parking. The Parking Apartment consists of those areas shown as Parking Apartment on the Condominium Map, and shall be deemed to consist of (1) all the surface of the floors, driveway or street of such areas and (2) all of the space bounded by (i) the surface of the floors or ground of the areas, (ii) the surface of the ceiling above the areas, or if there is no ceiling, the imaginary horizontal plan 7.5 feet above the surface of the floor or ground, and (iii) the surface of the walls on the perimeters of such areas or, if there are no perimeter walls, the imaginary vertical planes along the perimeter of such areas. The Parking Apartment and the limited common element parking stalls appurtenant to the Parking Apartment shall not be deemed to include (a) the walls (or the surfaces of the walls) on the perimeters of such areas, (b) any walls located within such areas, (c) anything beneath the surface of the floors or ground of such areas, (d) the ceilings (or the surface of the ceilings) above such areas, or (e) any areas or ramps outside of such areas which are used for vehicular access to the stalls within the such areas, unless included in the Apartment on the Condominium Map. Each parking stall in the Parking Basement (and by way of definition, the limited common element appurtenant to the Parking Apartment) includes only the surface of the Parking Basement floor up to but not including the marking separating the parking stall from any adjacent parking stall, and shall include the airspace above such surface to a height of seven feet and six inches (7.5 feet), if not otherwise obstructed. If there is a wall or pillar adjacent to a parking stall, the parking stall does not include the wall or pillar. Certain parking stalls have intrusions of Common Elements that are excluded from the parking stall and the Parking Apartment. (The walls, surfaces, ceilings and other areas described in clauses (a) through (d) above are Common Elements of the Project, and the areas and ramps described in clause (e) above are limited common elements appurtenant to the Parking Apartment Class). Pedestrian access to the Parking Facilities includes one (1) elevator (elevator cab no. 15) and lobby stair no. 1 located in the Pedestal Structure.

(c) Non-Long Term Stay/Vacation Apartments. Except as otherwise provided in the Declaration, each of the Non-Long Term Stay/Vacation Apartments consists of the spaces within the exterior perimeter walls (if any) and/or the imaginary vertical planes (where there is no perimeter wall), floors and ceilings of the respective Non-Long Term Stay/Vacation Apartments as shown on the Condominium Map. By way of example, the Front Desk Apartment on the Lobby floor shall extend to the exterior surface of the wall, window or other separation from the Lobby/Building entrance where reflected on the Condominium Map. Where there is no wall or window, the boundary of the Apartment shall be an imaginary plane extending from the floor to the ceiling at the outer boundary of the Apartment as shown on the Condominium Map. Notwithstanding the floor areas set forth on Exhibits to the Declaration and the manner in which such floor areas have been measured, the Non-Long Term Stay/Vacation Apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, support floors and ceilings surrounding each Non-Long Term Stay/Vacation Apartment or any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust, or air conditioning running through or otherwise located within such Non-Long Term Stay/Vacation Apartment which are utilized for or

serve more than one Non-Long Term Stay/Vacation Apartment, the same being deemed common elements as hereinafter provided. Each Non-Long Term Stay/Vacation Apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls and/or imaginary vertical planes (where there is no perimeter wall), the inner decorated or finished surfaces of all walls, floors and ceilings, all windows (if any), window frames (if any), louvers (if any), shutters (if any), panels, doors and door frames along perimeters, and all of the fixtures (if any) originally installed therein.

(d) Each Apartment has the approximate net floor area in square feet set forth in the Exhibits or the Condominium Map (the latter of which shall control in the event of a conflict). The net living areas are not limited to the area of an Apartment that is suitable for occupancy. Rather, net living area refers to the floor area of an Apartment. The approximate net floor areas set forth in the Exhibits and the Condominium Map are based on measurements taken from the interior surface of all perimeter walls and/or the imaginary vertical planes (where there is no perimeter wall) as shown on the Condominium Map, except that no reduction has been made to account for interior walls, ducts, vents, shafts, stairways and the like located within the perimeter walls and/or the imaginary vertical planes (where there is no perimeter wall). The floor areas set forth in the Exhibits and Condominium Map are not exact but are approximations based on the floor plans of each of the Apartments. The measurements of each Apartment do not necessarily follow the boundaries of the Apartments in every detail. All calculations performed by Developer's architect calculations (subject to change if necessary when the "as built" certificate is filed for any apartments) shall be conclusive and binding upon all Apartment Owners, and all other interested persons, unless the calculation is clearly and materially wrong.

(e) Each of the Apartments has immediate access to the corridors, stairways, and/or elevators of the Building that lead to the lobby areas and all other common areas of the Project.

END OF EXHIBIT C-1

EXHIBIT C-2

BUILDING DESCRIPTION AND APARTMENT SUMMARY

Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration.

A. BUILDING DESCRIPTION

The Project consists of a three-story (atop a "basement" parking garage described as the Coral Level) Pedestal Structure and two high-rise building towers built immediately above the Pedestal Structure. The building tower on the Diamond Head side is called the Waikiki Tower (a 36 story tower including the Pedestal Structure) and on the building tower on the Ewa side is called the Kona Tower (a 13 story tower including the Pedestal Structure). The Pedestal Structure consists of the first floor (Plaza Level), the second floor (the Mezzanine Level), and a third floor (the Recreation Deck). The Pedestrian Bridge at the second level of the Pedestal Structure is connected to the parking structure serving the adjacent Ala Moana Center property (which Pedestrian Bridge is reflected on the Condominium Map). The Pedestal Structure is located above the Parking Basement. The Waikiki and Kona Towers contain Vacation, Long Term Stay and Office Apartments as identified on the Condominium Map, as well as the Commercial Apartment on the 36th Floor. The Pedestal Structure contains Commercial, Banquet, Meeting Room, Spa and Front Desk Apartments. The Front Desk Apartment and the Porte Cochere area are located at the Plaza Level (ground floor) of the Pedestal Structure facing Atkinson Drive. The Building is constructed principally of wood, steel metal studs, cementitious material, precast concrete, aluminum, glass, steel, drywall, flooring, and windows.

B. APARTMENT SUMMARY

1. Summary of Apartments by Type

| Apartment Type | Quantity | Number of Bedrooms & Baths | Floor Levels | Approximate Net Living Area (Sq. Ft.) | Approximate Net Lanai Area (Sq. Ft.) | Approximate Total Area (Sq. Ft.) |
|------------------|----------|----------------------------|--------------|---------------------------------------|--------------------------------------|----------------------------------|
| A | 9 | Studio/ 1 | 5-13 | 246 | N/A | 246 |
| B | 292 | Studio/ 1 | 4-13 | 246 | N/A | 246 |
| C | 751 | Studio/1 | 6-32, 34-35 | 297 | 48 | 345 |
| D | 57 | Studio/1 | 6-32, 34-35 | 301 | 56 | 357 |
| Suite A | 3 | 2/2.5 | 33,34 | 1915 | (4) 56 each (1) 48 sq.ft. | 2187 |
| Suite B | 3 | 2/2.5 | 34 | 1148 | (4) 48 each | 1340 |
| Suite C | 1 | 1/1 | 33 | 534 | (2) 48 each | 630 |
| Suite D | 3 | 1/1 | 33 | 581 | (2) 48 each | 667 |
| Suite E | 57 | 1/1 | 6-32, 34-35 | 503 | 56 | 559 |
| Banquet 2A | 1 | N/A | Mezzanine | N/A | N/A | |
| Banquet 2B | 1 | N/A | Mezzanine | N/A | N/A | |
| Banquet 2D | 1 | N/A | Mezzanine | N/A | N/A | |
| Banquet 2G | 1 | N/A | Mezzanine | N/A | N/A | |
| Commercial 1A | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1B | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1D | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1F1 | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1F2 | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1F3.1 | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1F3.2 | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1F3.3 | 1 | N/A | Plaza | N/A | N/A | |

| | | | | | | |
|----------------|---|-----|-----------------|-----|-----|--|
| Commercial 1F4 | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1F5 | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1F6 | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 1L | 1 | N/A | Plaza | N/A | N/A | |
| Commercial 2J | 1 | N/A | Mezzanine | N/A | N/A | |
| Commercial 3C | 1 | N/A | Recreation Deck | N/A | N/A | |
| Commercial 3H | 1 | N/A | Recreation Deck | N/A | N/A | |
| Commercial 36A | 1 | N/A | 36 | N/A | N/A | |
| Front Desk 1G | 1 | N/A | Plaza | N/A | N/A | |
| Spa 3B-1 | 1 | N/A | Recreation Deck | N/A | N/A | |
| Parking 0A | 1 | N/A | Coral | N/A | N/A | |
| Office 2E | 1 | N/A | Mezzanine | N/A | N/A | |
| Office 2E-1 | 1 | N/A | Mezzanine | N/A | N/A | |
| Office 4A1 | 1 | N/A | 4 | N/A | N/A | |
| Office 4A2 | 1 | N/A | 4 | N/A | N/A | |

2. Location and Numbering of Apartments

Each Vacation and Long Term Stay Apartment in the Waikiki Tower, other than suite types, is designated by floor level, from levels 6 through 32, 34, and 35, followed by a number, as a general matter, from 1 through 5, 7 through 24, and 26 through 32 (e.g., 601, 602, 603, 604, 605, 607, 608, etc.). Each suite type E Vacation and Long Term Stay Apartment in the Waikiki Tower is designated by floor level, from levels 6 through 32, and 35, followed by the number 7 or 26 (e.g., 607, 626, 707, 726, etc.). Each other suite type (i.e., suite types A through D) Vacation and Long Term Stay Apartment in the Waikiki Tower is designated by floor level, levels 33 and 34, followed by a number. The numbers and locations of the Vacation and Long Term Stay Apartments are more fully illustrated on the Condominium Map.

Each Vacation and Long Term Stay Apartment in the Kona Tower is designated by floor level, from level 4, followed by a number from 38 through 59 (e.g., 438, 439, 440, 441, 442, etc.), and levels 5 through 13, followed by a number from 33 through 63 (e.g., 533, 534, 535, 536, 537, etc.). The numbers and locations of the Vacation and Long Term Stay Apartments are more fully illustrated on the Condominium Map.

Each Banquet Apartment, Commercial Apartment and Office Apartment, and the Parking Apartment, Spa Apartment and Front Desk Apartment are designated by floor level, from levels 0 through 4, and 36, followed by an assigned letter and, in some cases, an additional number (e.g., 1A, 1B, 1D, 1F1, 1F2, etc.). The numbers and locations of each Banquet Apartment, Commercial Apartment and Office Apartment, and the Parking Apartment, Spa Apartment and Front Desk Apartment are more fully illustrated on the Condominium Map.

3. Access to Common Elements

Each of the Apartments has immediate access to the corridors, stairways, and/or elevators of the Building that lead to the lobby areas and all other common areas of the Project.

4. Description of Floor Plans

A. Description of Vacation Apartments

Apartment Types A and B: These apartment types consist of studio units located in the Kona Tower with a bedroom area, one (1) bathroom and closet. Certain of these units may contain kitchenette areas as reflected on the Condominium Map. They contain a net living area of approximately 246 square feet. There are 301 type A and B units in the Building. The general configuration of the units is reflected in the Condominium Map.

Apartment Type C: These apartment types consist of studio units located in the Waikiki Tower with a bedroom area, one (1) bathroom and closet. Certain of these units may contain kitchenette areas as reflected on the Condominium Map. These units contain a net living area of approximately 297 square feet, together with a lanai of approximately 48 square feet, for a total area of approximately 345 square feet. There are 751 type C units in the Building. The general configuration of the units is reflected in the Condominium Map.

Apartment Type D: These apartment types consist of studio units located in the Waikiki Tower with a bedroom area, one (1) bathroom and closet. Certain of these units may contain kitchenette areas as reflected on the Condominium Map. These units contain a net living area of approximately 301 square feet, together with a lanai of approximately 56 square feet, for a total area of approximately 357 square feet. There are 57 type D units in the Building. The general configuration of the units is reflected in the Condominium Map.

Apartment Type Suite A: These apartment types are located in the Waikiki Tower and consist of three (2) bedrooms, two and one-half (2 1/2) bathrooms, a living room, kitchenette, breakfast room, dining room and bar. These units contain a net living area of approximately 1915 square feet, and have five (5) lanais with a total area of 272 square feet, for a total area of approximately 2187 square feet. There are three (3) type Suite A units in the Building. The general configuration of the units is reflected in the Condominium Map.

Apartment Type Suite B: These apartment types are located in the Waikiki Tower and consist of one unit with two (2) bedrooms, two and one-half (2 1/2) bathrooms, a living room and kitchenette. This unit contains a net living area of approximately 1148 square feet, and has four (4) lanais with a total area of 192 square feet, for a total area of approximately 1340 square feet. There are three (3) type Suite B units in the Building. The general configuration of the units is reflected in the Condominium Map.

Apartment Type Suite C: This apartment type is located in the Waikiki Tower and consists of one (1) bedroom and one (1) bathroom, with a parlor/sitting room. This unit contains a net living area of approximately 534 square feet, together with two (2) lanais with a total of approximately 96 square feet, for a total area of approximately 630 square feet. This unit may contain a kitchenette area as reflected on the Condominium Map. There is one (1) Suite C unit in the Building. The general configuration of the units is reflected in the Condominium Map.

Apartment Type Suite D: These apartment types are located in the Waikiki Tower and consist of one (1) bedroom and one (1) bathroom, with a parlor/sitting room. Certain of these units may contain kitchenette areas as reflected on the Condominium Map. These units contain a net living area of approximately 581 square feet, together with two (2) lanais of approximately 48 square feet each, for a total area of approximately 667 square feet. There are three (3) Suite D units in the Building. The general configuration of the units is reflected in the Condominium Map.

Apartment Type Suite E: These apartment types are located in the Waikiki Tower and consist of one (1) bedroom and one (1) bathroom, with a parlor/sitting room. Certain of these units may contain kitchenette areas as reflected on the Condominium Map. These units contain a net living area of approximately 503 square feet, together with a lanai of approximately 56 square feet, for a total area of approximately 559 square feet. There are 57 Suite E units in the Building. The general configuration of the units is reflected in the Condominium Map.

B. Description of Commercial Apartments

Commercial Apartment 1A is located on the Plaza Level and has a net floor area of approximately 5,160 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1B is located on the Plaza Level and consists of two unfinished rooms (one enclosed and one open to the Porte Cochere). The net floor area of Apartment 1B is approximately 7,960 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1D is located on the Plaza Level and consists of one unfinished room. The net floor area of Apartment 1D is approximately 6,472 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F1 is located on the Plaza Level and has a net floor area of approximately 4,547 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F2 is located on the Plaza Level and has a net floor area of approximately 774 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F3.1 is located on the Plaza Level and has a net floor area of approximately 882 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F3.2 is located on the Plaza Level and has a net floor area of approximately 802 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F3.3 is located on the Plaza Level and has a net floor area of approximately 730 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F4 is located on the Plaza Level and has a net floor area of approximately 3,352 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F5 is located on the Plaza Level and has a net floor area of approximately 100 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1F6 is located on the Plaza Level and has a net floor area of approximately 434 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 1L is located on the Plaza Level and has a net floor area of approximately 3,425 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 2J is located on the Mezzanine Level and consists of multiple unfinished rooms. This Apartment has a net floor area of approximately 8,444 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 3C is located on the Recreation Level and consists of one unfinished room. This Apartment has a net floor area of approximately 8,680 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 3H is located on the Recreation Level and consists of multiple unfinished rooms. This Apartment has a net floor area of approximately 937 square feet and may be improved or modified as determined by Developer.

Commercial Apartment 36A is located on the 36th Floor of the Waikiki Tower and consists of multiple unfinished rooms. This Apartment has a net floor area of approximately 8,714 square feet and may be improved or modified as determined by Developer.

C. Description of Banquet Apartments

Banquet Apartment 2A is located on the Mezzanine Level and has a net floor area of approximately 9,060 square feet and may be improved or modified as determined by Developer.

Banquet Apartment 2B is located on the Mezzanine Level and has a net floor area of approximately 5,736 square feet and may be improved or modified as determined by Developer.

Banquet Apartment 2D is located on the Mezzanine Level and has a net floor area of approximately 4,263 square feet and may be improved or modified as determined by Developer.

Banquet Apartment 2G is located on the Mezzanine Level and has a net floor area of approximately 1,480 square feet and may be improved or modified as determined by Developer.

D. Description of Spa Apartment

Spa 3B-1 is located on the Recreation Level and consists of one unfinished room. This Apartment has a net floor area of approximately 3,326 square feet and may be improved or modified as determined by Developer.

E. Description of Office Apartments

Office Apartment 2E is located on the Mezzanine Level and has a net floor area of approximately 7,695 square feet and may be improved or modified as determined by Developer.

Office Apartment 2E-1 is located on the Mezzanine Level and has a net floor area of approximately 4,620 square feet and may be improved or modified as determined by Developer.

Office Apartment 4A1 is located on the 4th Level (3rd Floor) and has a net floor area of approximately 1,010 square feet and may be improved or modified as determined by Developer.

Office Apartment 4A2 is located on the 4th Level (3rd Floor) and has a net floor area of approximately 1,182 square feet and may be improved or modified as determined by Developer.

F. Description of Front Desk Apartment

The Front Desk Apartment is labeled Apartment 1G on the Condominium Map and is located on the Plaza Level. It has been improved as reflected on the Condominium Map and may be further improved as determined by the Developer. The Front Desk Apartment has a net floor area of approximately 4,719 square feet.

G. Description of Parking Apartment

Parking Apartment 0A is located on the Basement Level and has a net floor area of approximately 730 square feet and consists of an unfinished room. This Apartment may be improved or modified as determined by Developer. This apartment has appurtenant to it, among other items, approximately 299 numbered parking stalls, storage areas, and bike and moped parking areas located in the Parking Basement and 20 unnumbered parking stalls (10 valet stalls, 8 loading stalls, and 2 compact stalls) in the Porte Corchere area and the metered stalls reflected on Condominium Map Sheet A1.0. The parking stalls in the Parking Basement may be re-stripped and this Apartment may be improved or modified as determined by Developer.

5. ADA Accessible Apartments

The following Vacation and/or Long Term Stay Apartments are fully accessible to persons with disabilities under the Americans With Disabilities Act: 601, 604, 612, 616, 701, 712, 801, 804, 811, 932, 1101, 1131, 1132, 1201, 1232, 1311, 1315, 1316, 1317, 1412, 1414, 1415, 1416, 1432, 1511, 1515, 1516, 1532, 1615, 3515, 3516 and 3517.

END OF EXHIBIT C-2

EXHIBIT D

PERMITTED ALTERATIONS TO APARTMENTS

Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration.

1. Consent Required for Alteration of the Project. Except as otherwise provided by the federal Fair Housing Act (42 U.S.C. Sec. 3601 et seq.) as amended by the Fair Housing Amendments Act of 1988, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 et seq., including any and all rules and regulations promulgated thereunder and the rules and regulations promulgated thereunder, as the same may be amended from time to time in the future and except as otherwise provided in the Declaration, restoration or replacement of the Project or any building or other structure thereof or construction of any additional building or other structure or structural alteration or addition thereto, shall be undertaken by the Association or any Apartment Owner only subject to the limitations specified in the Declaration, including without limitation the Hotel Use Section of the Declaration, and (i) pursuant to an amendment of the Declaration, duly executed by or pursuant to a vote or the written consent of seventy-five percent (75%) of the Apartment Owners together with the consent of all Apartment Owners whose Apartments or the Limited Common Elements appurtenant thereto are directly affected (as determined in a reasonable manner by the Board of Directors) and (ii) in accordance with complete plans and specifications therefor first approved in writing by the Board of Directors, and (iii) promptly upon completion of such restoration, replacement, construction, alteration or addition the Association shall duly record or file of record such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that:

(a) the foregoing action of the Apartment Owners and their consent shall not apply to or be required for "nonmaterial structural additions to the common elements" as defined in Section 514A-89 of the Act, which shall require approval only by the Board and a majority of the Apartment Owners;

(b) the foregoing action of the Board, Apartment Owners and their consent shall not apply to or be required for alterations permitted pursuant to the rights and easements reserved to Developer or specific Apartment Owner(s) set forth in the Declaration, including without limitation, the easements set forth in Section F above and the reserved rights set forth in Section T, all of which rights may be exercised without the consent of the Board or any other person;

(c) the foregoing action of the Board, Apartment Owners and their consent shall not apply to or be required for alterations undertaken pursuant to the rights reserved to Developer and the Apartment Owners set forth in this section and Section Q of the Declaration;

(d) any alterations or additions in respect of any Apartment shall be subject to the limitations specified in the Hotel Use Section of the Declaration and shall require only the written approval thereof, including the plans therefor, by (i) the Owner of the Apartment in question, (ii) the holders of first mortgage liens affecting such Apartment (if the lien holders require such approval), (iii) by the appropriate agencies of the State of Hawaii and the City and County of Honolulu (if such agencies so require), and (iv) with respect to alterations or additions to those Apartments identified as "ADA Accessible Apartments" on Exhibit B, the written approval of Developer; provided, however, that upon completion of the alterations or additions, the Owner of the affected Apartment shall duly record an amendment to the Declaration together with the approved plans showing only such alterations and alterations made to the Apartment, and such amendment need only be executed by the Apartment Owner and its lien holder, if required by the lien holder;

(e) the Front Desk Owner may from time to time install, maintain, move or rearrange the reception desk, non-loadbearing partitions, and other nonstructural improvements within the Front Desk Apartment and the elements contained within the Front Desk Apartment, and such improvements shall not be considered an alteration or addition to the Front Desk Apartment, but if the Front Desk Owner is not Developer, then Developer's prior written approval of the plans will be required until for an modification occurring prior to December 31, 2010; and

(f) any change or addition to the Project shall comply in all respects with the Declaration and the Hotel Use Section as well as all applicable governmental codes, statutes, ordinances and rules and regulations, or with all variances granted therefrom; provided, however, alterations by Developer need not comply with the Hotel Use Section of the Declaration.

2. Additions or Alterations Solely Within an Apartment or Limited Common Element. Notwithstanding anything to the contrary contained herein or in the Declaration, an Owner or Owners (if there be more than one Owner of an Apartment) of an Apartment shall have the right, subject to the limitations specified in the Hotel Use Section of the Declaration and subject further to the Easements and other rights and licenses reserved for the benefit of other Apartment Owners, at any time and from time to time at such Owner's or Owners' sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner, to make any of the following alterations solely within the Apartment and its appurtenant Limited Common Element, which such Owner or Owners control: (i) to install, maintain, remove and rearrange partitions and other structures from time to time within

such Apartment; (ii) to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment by such Owner or Owners or the tenants or lessees thereof (provided, however, that with respect to any item connecting to a common facility, such as electrical or plumbing such undertaking shall be first approved by the Board, and may be made subject to such reasonable conditions as the Board may impose); (iii) to tile, finish, re-carpet, and do or cause to be done such work on the floors of any Apartment and (iv) to install optional kitchenettes in Apartment Type Suites C, D and E as shown on the Condominium Map; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Apartment, materially alter the uniform external appearance of the Project, materially affect or impair any easement or rights of any of the other Apartment Owners or materially interfere with or deprive any non-consenting Owner or Owners of the use or enjoyment of any part of the Common Elements or right of access over or through the Apartment's Limited Common Elements; provided, further, that, notwithstanding anything to the contrary in this section, Section Q of the Declaration, or otherwise in the Declaration, no Owner or Owners (if there be more than one Owner of an Apartment) of a Vacation Apartment or Long Term Stay Apartment shall be permitted to change the existing lock access system on the entry door to such Owner's Apartment, it being understood and agreed that, in the event the Owner of a Vacation Apartment or Long Term Stay Apartment violates this provision, (i) the Developer shall have the right to enter the Apartment of such Owner for the purpose of changing the lock access system back to the standard lock access system and (ii) such Owner shall be liable for all fees and costs incurred by the Developer in connection therewith. Notwithstanding the foregoing prohibition regarding the existing lock access system, an Owner of a Vacation Apartment or Long Term Stay Apartment shall be permitted to install at such Owner's sole cost and expense a supplemental locking mechanism on the entry door to such Owner's Apartment, provided that such Owner immediately provides a key to such supplemental locking mechanism to the Front Desk Operator, it being understood and agreed that if the Association, Managing Agent or Front Desk Operator is required to forcibly enter such Owner's Apartment due to the failure of such Owner to provide a key to the supplemental locking mechanism to the Front Desk Operator, such Owner (a) will be liable for all fees and costs incurred by the Front Desk Operator, Managing Agent and/or Association in connection therewith and (b) shall indemnify and hold the Front Desk Operator, Managing Agent and/or Association harmless from and against any and all cost and expense attributable thereto. Further, nothing in this paragraph shall prohibit the Board from effecting such changes within an Apartment or Limited Common Element, or to require the same, in order that the Building and other improvements of the Project may continue to comply with applicable law, including any fire or building code requirements.

3. Connection between Apartments.

(a) The Owner of any two or more adjacent Apartments separated by a common element which is a wall may, with the consent of all mortgagees of record of any interest in such Owner's Apartments and subject to the limitations specified in the Hotel Use Section of the Declaration, alter or remove all or portions of the intervening wall (and, if the Owner so desires, install a door within the opening created by such removal), if the structural integrity of the common elements or any other Apartment in the Project will not thereby be adversely affected and if the finish of the common element then remaining is placed in a condition substantially comparable to that of the common element prior to such alterations. As used above, "adjacent Apartments" shall not include Apartments that are located above or beneath one another on different floors. For purposes hereof "alterations" shall include without limitation, installing a door therein which shall be similar in appearance to other doors visible along the hallway, so the Owner will have the exclusive use of such hallway area). Notwithstanding the foregoing, however, the Owner of the adjoining Apartments, excepting Developer, may not exclusively use or make alterations or additions within any portion of the hallway that provides access to such the adjacent Apartments.

(b) Prior to commencing any such alteration or removal, the Apartment Owner shall provide to the Board (i) a certification in form and content reasonably satisfactory to the Board signed by a duly registered Hawaii architect or engineer, that such alteration or removal will not adversely affect the structural integrity of the common elements or any other Apartment in the Project, (ii) satisfactory evidence that all governmental approvals required for such alteration or removal have been duly obtained, and (iii) if the cost of such alteration or removal, as reasonably determined by the Board or Directors, should exceed the sum of \$10,000, the Board of Directors may require that the Owner provide evidence satisfactory to the Board of Directors of sufficient financing to complete such alteration or removal or, in lieu thereof, require that the Owner obtain a performance and lien payment bond, naming as obliges the Board of Directors and the Association and collectively all Apartment Owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such alteration or removal. Such alteration or removal may be undertaken without the necessity of and amendment to the Declaration or the Condominium Map and, except as otherwise provided in this section and Section Q of the Declaration, without the consent or joinder of the Association, the Board or any other person.

(c) If any intervening wall between adjacent Apartments shall have been altered or removed pursuant to the foregoing provisions, then prior to the termination of the common ownership of such adjacent Apartments, the Owner of such Apartments shall restore such intervening wall to substantially the same condition in which the same existed prior to such alteration or removal.

(d) Notwithstanding any alteration or additions permitted under this section and Section Q of the Declaration, such shall not affect the common interest or limited common interest allocable to any Apartment.

4. Subdivision of Non-Long Term Stay/Vacation Apartments. The Owner of any Non-Long Term Stay/Vacation Apartment may, with the consent of all mortgagees of record of any interest in such Apartment and except as otherwise provided in the Declaration (including the limitations specified in the Hotel Use Section of the Declaration), without the consent or joinder of the Board, the Association, any other Apartment Owner or any other person, from time to time subdivide such Apartment (the "Original Apartment") into any number of separate Apartments of the same Class type (the "Resulting Apartments") and, except with respect to a Parking Apartment, may create walls, partitions, doors, foyers, corridors or vestibules between the Resulting Apartments, and may allocate any Individual limited common elements appurtenant to the Original Apartment to the Resulting Apartments, upon the following terms and conditions:

(a) The structural integrity of the common elements and all other Apartments in the Project shall not be thereby adversely affected.

(b) The Owner of the Original Apartment shall execute and file in the Recording Offices (without the necessity of the consent or joinder of the Association, the Board, any other Apartment Owner or any other person), and promptly deliver to the Board of Directors a true and correct filed copy of, an amendment to the Declaration which contains the following:

(i) a description of the layout, location, dimensions and apartment number of each of the Resulting Apartments,

(ii) a description of the limited common elements appurtenant to the Resulting Apartments,

(iii) the percentage of the common interest appurtenant to, and Class limited common interests assigned to, each Resulting Apartment (the sum of which common interests and Class limited common interests, as applicable, shall equal the common interest and the Class limited common interest, respectively, appurtenant to the Original Apartment), and

(iv) an amendment to the Condominium Map which accurately depicts the layout, location, apartment numbers, and dimensions of the Resulting Apartments.

(c) Upon the completion of any construction relating to the subdivision of the Original Apartment, the Owner of the Original Apartment shall file in the Recording Offices, and promptly deliver to the Board of Directors a true and correct filed copy of, a statement of a registered architect or engineer, certifying that the amendment described in clause (b) (iv) above accurately depicts the Resulting Apartments, as built.

(d) Prior to commencing any construction relating to the subdivision of the Original Apartment, the Apartment Owner shall deliver to the Board a certificate, in form and content reasonably satisfactory to the Board, signed by a duly registered Hawaii architect or engineer, that the proposed work will not adversely affect the structural integrity of the common elements or any other Apartments in the Project.

(e) Such modifications shall not impair any Apartment Owner's right of access to their respective Apartment from a public way; provided, however, no impairment shall be found to exist or to have occurred if reasonable alternate access is provided as part of the proposed alteration.

(f) The Resulting Apartments shall not be assigned apartment numbers which are the same as the apartment number of any other Apartment in the Project.

5. Developer's Reserved Rights Regarding Alterations. Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all Apartments in the Project have been sold and recorded and the filing by Developer of the "as built" verified statement required by Section 514A-12 of the Act, Developer shall have the right, without the approval, consent or joinder of any Apartment Owner or the Owner's mortgagee, (a) to make alterations in the Project (and/or to amend the Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Apartment (and the Limited Common Elements appurtenant thereto) in the Project which is not sold and recorded, (b) to exercise any of the rights reserved to Developer in the Declaration, (c) to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) which make minor changes in any Apartment in the Project or the Common Elements which do not affect the physical location, design or size of any Apartment which has been sold and recorded, or (d) to make alterations to the common elements within the Project permitted by the Declaration and to amend the Declaration or Condominium Map accordingly; PROVIDED, HOWEVER, that as to (a) above, any such changes shall be reflected in an amendment to the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of Apartments in the Project, and the recording of the deed in the Recording Office from Developer to any party who is not the assignee or holder of Developer's reserved rights under the Declaration.

END OF EXHIBIT D

EXHIBIT E-1

DESCRIPTION OF COMMON ELEMENTS

Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration.

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

1. The Land in fee simple and any appurtenances thereto as described on Exhibit A.
2. The structural components of the Building, including all perimeter and party walls, load bearing walls and columns, foundations, footings, floor slabs, girders, beams, supports, elevators, stairs and stairways, exterior walls, exterior glass, lanai railings, the Porte Cochere structure, roofs and all other apparatus and installations existing for common use or providing common support, all structural components existing for common use or providing common support, roofs and ceilings, including without limitation all perimeter doors, door frames, door handles, door lock set, windows, window frames, and all hardware associated therewith, and the undecorated or unfinished interior surfaces thereof; whether at the perimeter of the building structure or at the perimeter of an Apartment.
3. All yards, grounds and landscaping, and all trash enclosures within the Project, excluding special trash assessments for particular commercial uses which will be separately assessed.
4. All driveways, parking areas as shown on the Condominium Map, access lanes, paved areas, ramps, loading areas and walkways within the Project, to the extent such areas are not otherwise designated as Apartments on the Condominium Map or as a Limited Common Element appurtenant to an Apartment.
5. All amenities and improvements, including, without limitation, the pool and pool deck areas, the fitness room and the laundry facilities depicted on the Condominium Map, to the extent such areas are not otherwise designated as Apartments on the Condominium Map or as a Limited Common Element appurtenant to an Apartment.
6. All cables, conduits, ducts, trash chute, sewer lines, electrical equipment, door lock controller equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, storm water, refuse, cable television and television signal distribution.
7. All unimproved areas, laundry rooms, ice machine areas, maintenance, equipment, Building Engineering area, Association employee lunch and break areas, storage areas and other similar areas which are not part of an Apartment or designated as a Limited Common Element appurtenant to an Apartment.
8. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units including fan coil equipment located within an Apartment, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations and apparatus, to the extent not designated as a Limited Common Element appurtenant to an Apartment.
9. All toilet facilities that are not part of an Apartment or the Limited Common Elements appurtenant to an Apartment.
10. Elevator Cab No. 15.
11. All interior areas of the Project necessary or desirable for the operation and maintenance of the Building and accessory thereto, including, without limitation, the lobby areas and guest telephone areas, to the extent such areas are not otherwise characterized and defined in the Declaration as Apartments or designated as a Limited Common Element appurtenant to an Apartment.
12. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use; and
13. All other areas designated on the Condominium Map as "Common Elements", or that are not designated as an Apartment or as a Limited Common Element appurtenant to an Apartment.

END OF EXHIBIT E-1

EXHIBIT E-2

COMMON INTEREST CALCULATION (AOAO COMMON INTERESTS)

| Apartment No.**/Type | Living Area | # Units | Approx. Total Area | Unit Type Common Interest | Individual Unit Common Interest |
|-----------------------------|--------------------|----------------|---------------------------|----------------------------------|----------------------------------------|
|-----------------------------|--------------------|----------------|---------------------------|----------------------------------|----------------------------------------|

| | | | | | |
|------------------------------|--|--|--|--|--|
| Hotel Apartment Class | | | | | |
|------------------------------|--|--|--|--|--|

| | | | | | |
|---------|------|-----|---------|-----------|-----------|
| A | 246 | 9 | 2,214 | 0.0058329 | 0.0006481 |
| B | 246 | 292 | 71,832 | 0.1892452 | 0.0006481 |
| C | 345 | 751 | 259,095 | 0.4867231 | 0.0006481 |
| D | 357 | 57 | 20,349 | 0.0369417 | 0.0006481 |
| Suite A | 2187 | 3 | 6,561 | 0.0088377 | 0.0029459 |
| Suite B | 1340 | 3 | 4,020 | 0.0073647 | 0.0024549 |
| Suite C | 630 | 1 | 630 | 0.000982 | 0.0009820 |
| Suite D | 667 | 3 | 2001 | 0.002946 | 0.0009820 |
| Suite E | 559 | 57 | 31863 | 0.055974 | 0.0009820 |

| | | | | | |
|-----------------------------------|--|--|--|--|--|
| Commercial Apartment Class | | | | | |
|-----------------------------------|--|--|--|--|--|

| | | | | | |
|-------|----------|---|-------|-------------|-------------|
| 1A | 5,160.00 | 1 | 5,160 | 0.01491602 | 0.01491602 |
| 1B | 7,960.00 | 1 | 7,960 | 0.01463362 | 0.01463362 |
| 1D | 6,472.00 | 1 | 6,472 | 0.019996544 | 0.019996544 |
| 1F1 | 4,547.00 | 1 | 4,547 | 0.012132941 | 0.012132941 |
| 1F2 | 774.00 | 1 | 774 | 0.00043027 | 0.00043027 |
| 1F3.1 | 882.00 | 1 | 882 | 0.00196123 | 0.00196123 |
| 1F3.2 | 802.00 | 1 | 802 | 0.00178334 | 0.00178334 |
| 1F3.3 | 730.00 | 1 | 730 | 0.00162324 | 0.00162324 |
| 1F4 | 3,352.00 | 1 | 3,352 | 0.011180344 | 0.011180344 |
| 1F5 | 100.00 | 1 | 100 | 0.000444723 | 0.000444723 |
| 1F6 | 434.00 | 1 | 434 | 0.0001389 | 0.0001389 |
| 1L | 3,425.00 | 1 | 3,425 | 0.001395488 | 0.001395488 |
| 2J | 8,444.00 | 1 | 8,444 | 0.004694054 | 0.004694054 |
| 3B-1 | 3,326.00 | 1 | 3,326 | 0.006713098 | 0.006713098 |
| 3C | 8,680.00 | 1 | 8,680 | 0.015693173 | 0.015693173 |
| 3H | 937.00 | 1 | 937 | 0.000689321 | 0.000689321 |
| 36A | 8,714.00 | 1 | 8,714 | 0.019376594 | 0.019376594 |

| | | | | | |
|--------------------------------|--|--|--|--|--|
| Banquet Apartment Class | | | | | |
|--------------------------------|--|--|--|--|--|

| | | | | | |
|----|----------|---|-------|-----------|-----------|
| 2A | 9,060.00 | 1 | 9,060 | 0.0179880 | 0.0179880 |
| 2B | 5,736.00 | 1 | 5,736 | 0.0113885 | 0.0113885 |
| 2D | 4,263.00 | 1 | 4,263 | 0.0084639 | 0.0084639 |
| 2G | 1,480.00 | 1 | 1,480 | 0.0029384 | 0.0029384 |

Office Apartment Class

| | | | | | |
|------|----------|---|-------|------------|------------|
| 2E | 7,695.00 | 1 | 7,695 | 0.0152779 | 0.0152779 |
| 2E 1 | 4,620.00 | 1 | 4,620 | 0.0091727 | 0.0091727 |
| 4A1 | 1,010.00 | 1 | 1,010 | 0.00059978 | 0.00059978 |
| 4A2 | 1,182.00 | 1 | 1,182 | 0.00070192 | 0.00070192 |

Front Desk Apartment Class

| | | | | | |
|----|----------|---|-------|-----------|-----------|
| 1G | 4,719.00 | 1 | 4,719 | 0.0093693 | 0.0093693 |
|----|----------|---|-------|-----------|-----------|

Parking Apartment Class

| | | | | | |
|-------------|--------|---|-----|-----------|-----------|
| Coral Level | 730.00 | 1 | 730 | 0.0014494 | 0.0014494 |
|-------------|--------|---|-----|-----------|-----------|

| | | | | | |
|--------------|--|-------------|-------------------|--|--|
| TOTAL | | 1203 | 503,365.00 | | |
|--------------|--|-------------|-------------------|--|--|

| Apartment Class | | |
|-----------------|-----------|-----------|
| Hotel | 0.7948473 | 0.7948473 |
| Commercial | 0.1278029 | 0.1278029 |
| Banquet | 0.0407788 | 0.0407788 |
| Office | 0.0257523 | 0.0257523 |
| Front Desk | 0.0093693 | 0.0093693 |
| Parking | 0.0014494 | 0.0014494 |
| TOTAL | 1 | 1 |

** The Apartment numbers for the Vacation and Long Term Stay Apartments are as follows:

| Apartment Type | Vacation Apartment Number |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A (9) | 537, 637, 737, 837, 937, 1037, 1137, 1237, 1337 |
| B (292) | 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 533, 534, 535, 536, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 633, 634, 635, 636, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 733, 734, 735, 736, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 833, 834, 835, 836, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 933, 934, 935, 936, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 1033, 1034, 1035, 1036, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1133, 1134, 1135, 1136, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1233, 1234, 1235, 1236, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1333, 1334, 1335, 1336, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, |

| | |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 1363 |
| C (751) | 601, 602, 603, 604, 605, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 628, 629, 630, 631, 632, 701, 702, 703, 704, 705, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 728, 729, 730, 731, 732, 801, 802, 803, 804, 805, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 828, 829, 830, 831, 832, 901, 902, 903, 904, 905, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 928, 929, 930, 931, 932, 1001, 1002, 1003, 1004, 1005, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1028, 1029, 1030, 1031, 1032, 1101, 1102, 1103, 1104, 1105, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1128, 1129, 1130, 1131, 1132, 1201, 1202, 1203, 1204, 1205, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1228, 1229, 1230, 1231, 1232, 1301, 1302, 1303, 1304, 1305, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1328, 1329, 1330, 1331, 1332, 1401, 1402, 1403, 1404, 1405, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1428, 1429, 1430, 1431, 1432, 1501, 1502, 1503, 1504, 1505, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1528, 1529, 1530, 1531, 1532, 1601, 1602, 1603, 1604, 1605, 1609, 1610, 1611, 1612, 1613, 1614, 1615, 1616, 1617, 1618, 1619, 1620, 1621, 1622, 1623, 1624, 1628, 1629, 1630, 1631, 1632, 1701, 1702, 1703, 1704, 1705, 1709, 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1718, 1719, 1720, 1721, 1722, 1723, 1724, 1728, 1729, 1730, 1731, 1732, 1801, 1802, 1803, 1804, 1805, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1819, 1820, 1821, 1822, 1823, 1824, 1828, 1829, 1830, 1831, 1832, 1901, 1902, 1903, 1904, 1905, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1928, 1929, 1930, 1931, 1932, 2001, 2002, 2003, 2004, 2005, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2028, 2029, 2030, 2031, 2032, 2101, 2102, 2103, 2104, 2105, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2128, 2129, 2130, 2131, 2132, 2201, 2202, 2203, 2204, 2205, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2228, 2229, 2230, 2231, 2232, 2301, 2302, 2303, 2304, 2305, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2328, 2329, 2330, 2331, 2332, 2401, 2402, 2403, 2404, 2405, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2428, 2429, 2430, 2431, 2432, 2501, 2502, 2503, 2504, 2505, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2528, 2529, 2530, 2531, 2532, 2601, 2602, 2603, 2604, 2605, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2628, 2629, 2630, 2631, 2632, 2701, 2702, 2703, 2704, 2705, 2709, 2710, 2711, 2712, 2713, 2714, 2715, 2716, 2717, 2718, 2719, 2720, 2721, 2722, 2723, 2724, 2728, 2729, 2730, 2731, 2732, 2801, 2802, 2803, 2804, 2805, 2809, 2810, 2811, 2812, 2813, 2814, 2815, 2816, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2824, 2828, 2829, 2830, 2831, 2832, 2901, 2902, 2903, 2904, 2905, 2909, 2910, 2911, 2912, 2913, 2914, 2915, 2916, 2917, 2918, 2919, 2920, 2921, 2922, 2923, 2924, 2928, 2929, 2930, 2931, 2932, 3001, 3002, 3003, 3004, 3005, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3028, 3029, 3030, 3031, 3032, 3101, 3102, 3103, 3104, 3105, 3109, 3110, 3111, 3112, 3113, 3114, 3115, 3116, 3117, 3118, 3119, 3120, 3121, 3122, 3123, 3124, 3128, 3129, 3130, 3131, 3132, 3201, 3202, 3203, 3204, 3205, 3209, 3210, 3211, 3212, 3213, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3228, 3229, 3230, 3231, 3232, 3401, 3402, 3403, 3404, 3405, 3409, 3410, 3411, 3412, 3413, 3414, 3415, 3416, 3417, 3418, 3419, 3420, 3421, 3422, 3429, 3430, 3431, 3432, 3501, 3502, 3503, 3504, 3505, 3509, 3510, 3511, 3512, 3513, 3514, 3515, 3516, 3517, 3518, 3519, 3520, 3521, 3522, 3523, 3524, 3528, 3529, 3530, 3531, 3532 |
| D (57) | 608, 627, 708, 727, 808, 827, 908, 927, 1008, 1027, 1108, 1127, 1208, 1227, 1308, 1327, 1408, 1427, 1508, 1527, 1608, 1627, 1708, 1727, 1808, 1827, 1908, 1927, 2008, 2027, 2108, 2127, 2208, 2227, 2308, 2327, 2408, 2427, 2508, 2527, 2608, 2627, 2708, 2727, 2808, 2827, 2908, 2927, 3008, 3027, 3108, 3127, 3208, 3227, 3408, 3508, 3527 |
| Suite A (3) | 3307, 3326, 3426 |
| Suite B (3) | 3313, 3319, 3331 |
| Suite C (1) | 3315 |
| Suite D | 3301, 3303, 3317 |

| | |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (3) | |
| Suite E (57) | 607, 626, 707, 726, 807, 826, 907, 926, 1007, 1026, 1107, 1126, 1207, 1226, 1307, 1326, 1407, 1426, 1507, 1526, 1607, 1626, 1707, 1726, 1807, 1826, 1907, 1926, 2007, 2026, 2107, 2126, 2207, 2226, 2307, 2326, 2407, 2426, 2507, 2526, 2607, 2626, 2707, 2726, 2807, 2826, 2907, 2926, 3007, 3026, 3107, 3126, 3207, 3226, 3407, 3507, 3526 |

END OF EXHIBIT E-2

EXHIBIT E-3

APARTMENT CLASS LIMITED COMMON INTERESTS CALCULATION

| |
|------------------------------|
| Hotel Apartment Class |
|------------------------------|

| Apartment Type | Living Area | # Units | Approx. Total Area | Limited Common Interest | Individual Unit Limited Common Interest |
|----------------|-------------|-------------|--------------------|-------------------------|-----------------------------------------|
| A | 246 | 9 | 2,214 | 0.00734 | 0.000815379 |
| B | 246 | 292 | 71,832 | 0.23810 | 0.000815379 |
| C | 345 | 751 | 259,095 | 0.61234 | 0.000815379 |
| D | 357 | 57 | 20,349 | 0.04648 | 0.000815379 |
| Suite A | 2187 | 3 | 6,561 | 0.01111 | 0.003706266 |
| Suite B | 1340 | 3 | 4,020 | 0.00926 | 0.003088555 |
| Suite C | 630 | 1 | 630 | 0.00124 | 0.001235422 |
| Suite D | 667 | 3 | 2,001 | 0.00371 | 0.001235422 |
| Suite E | 559 | 57 | 31,863 | 0.07042 | 0.001235422 |
| TOTAL | 6577 | 1176 | 398,565 | 1 | 0.013762603 |

| |
|-----------------------------------|
| Commercial Apartment Class |
|-----------------------------------|

| Apartment Type | Living Area | # Units | Approx. Total Area | Limited Common Interest | Individual Unit Limited Common Interest |
|----------------|------------------|-----------|--------------------|-------------------------|-----------------------------------------|
| 1A | 5,160.00 | 1 | 5,160 | | 0.116829511 |
| 1B | 7,960.00 | 1 | 7,960 | | 0.114617622 |
| 1D | 6,472.00 | 1 | 6,472 | | 0.156696165 |
| 1F1 | 4,113.00 | 1 | 4,113 | | 0.085960604 |
| 1F2 | 774.00 | 1 | 774 | | 0.003370082 |
| 1F3.1 | 882.00 | 1 | 882 | | 0.015361304 |
| 1F3.2 | 802.00 | 1 | 802 | | 0.013967988 |
| 1F3.3 | 730.00 | 1 | 730 | | 0.012714004 |
| 1F4 | 3,352.00 | 1 | 3,352 | | 0.087569883 |
| 1F5 | 100.00 | 1 | 100 | | 0.003483288 |
| 1F6 | 434.00 | 1 | 434 | | 0.009070484 |
| 1L | 3,425.00 | 1 | 3,425 | | 0.010930142 |
| 2J | 8,444.00 | 1 | 8,444 | | 0.036766114 |
| 3B-1 | 3,326.00 | 1 | 3,326 | | 0.052580246 |
| 3C | 8,680.00 | 1 | 8,680 | | 0.122916558 |
| 3H | 937.00 | 1 | 937 | | 0.005399097 |
| 36A | 8,714.00 | 1 | 8,714 | | 0.1517669071 |
| TOTAL | 64,305.00 | 17 | 64,305 | | 1 |

| |
|--------------------------------|
| Banquet Apartment Class |
|--------------------------------|

| Apartment Type | Living Area | # Units | Approx. Total Area | Limited Common Interest | Individual Unit Limited Common Interest |
|----------------|------------------|----------|--------------------|-------------------------|-----------------------------------------|
| 2A | 9,060.00 | 1 | 9,060 | | 0.441112031 |
| 2B | 5,736.00 | 1 | 5,736 | | 0.279273577 |
| 2D | 4,263.00 | 1 | 4,263 | | 0.207556356 |
| 2G | 1,480.00 | 1 | 1,480 | | 0.072058036 |
| TOTAL | 20,539.00 | 4 | 20,539 | | 1 |

Office Apartment Class

| Apartment Type | Living Area | # Units | Approx. Total Area | Limited Common Interest | Individual Unit Limited Common Interest |
|----------------|------------------|----------|--------------------|-------------------------|-----------------------------------------|
| 2E | 7,695.00 | 1 | 7,695 | | 0.530433584 |
| 2E 1 | 4,620.00 | 1 | 4,620 | | 0.318466947 |
| 4A1 | 1,010.00 | 1 | 1,010 | | 0.069621562 |
| 4A2 | 1,182.00 | 1 | 1,182 | | 0.081477907 |
| TOTAL | 14,507.00 | 4 | 14,507 | | 1 |

Front Desk Apartment Class

| Apartment Type | Living Area | # Units | Approx. Total Area | Limited Common Interest | Individual Unit Limited Common Interest |
|----------------|-----------------|----------|--------------------|-------------------------|-----------------------------------------|
| 1G | 4,719.00 | 1 | 4,719 | | 1 |
| TOTAL | 4,719.00 | 1 | 4,719 | | 1 |

Parking Apartment Class

| Apartment Type | Living Area | # Units | Approx. Total Area | Limited Common Interest | Individual Unit Limited Common Interest |
|----------------|---------------|----------|--------------------|-------------------------|-----------------------------------------|
| Coral Level | 730.00 | 1 | 730 | | 1 |
| TOTAL | 730.00 | 1 | 730 | | 1 |

Multi-Class Allocations

| Apartment Class | | | | Class Limited Common Interest |
|-----------------|--|--|--|-------------------------------|
| Hotel | | | | 0.7948473 |
| Commercial | | | | 0.1278029 |
| Banquet | | | | 0.0407788 |
| Office | | | | 0.0257523 |
| Front Desk | | | | 0.0093693 |
| Parking | | | | 0.0014494 |
| TOTAL | | | | 1 |

END OF EXHIBIT E-3

EXHIBIT E-4

MULTICLASS ALLOCATION

503,365.00 Total Sq. Feet

| | Commerci al Apartment Class | Banquet Apartment Class | Front Desk Apartment Class | Hotel Apartment Class | Office Apartment Class | Parking Apartment Class |
|-----------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------|----------------------------------|-----------------------------|------------------------------|-------------------------------|
| Total Square Footage | 64,305.00 | 20,539.00 | 4,719.00 | 398,565.00 | 14,507.00 | 730.00 |
| Water Chill System | 0.4 | 0.0281144 | 0.0064595 | 0.54556841 | 0.0198576 | |
| Elevator Cab 1-12 | 0.127936 | 0.0408627 | 0.0093885 | 0.79295115 | 0.0288619 | |
| Lobby (1E) | " | " | " | " | " | |
| Lobby and Circulation (2K) | " | " | " | " | " | |
| 3rd Level Lobby (3F) | " | " | " | " | " | |
| Engineering (1K) | " | " | " | " | " | |
| Engineering (36D) | " | " | " | " | " | |
| Pump Room/Mechanical Room (2C) | " | " | " | " | " | |
| Loading Area (1H) | " | " | " | " | " | |
| Restrooms(1N, 2L, 3E) | " | " | " | " | " | |
| Service Spaces (4B) | " | " | " | " | " | |
| Service Lobbies (4D) | " | " | " | " | " | |
| 4th Level Lobby (4C) | " | " | " | " | " | |
| Service Lobby (WT (Waikiki Tower)-A, Typical Floor Plans Levels 6 &13, 7-12, 14-32 & 35) | " | " | " | " | " | |
| Waikiki and Kona Tower Corridors | " | " | " | " | " | |
| Lobby and Corridor (WT (Waikiki Tower)-B, Typical Floor Plans Levels 6 &13, 7-12, 14-32 & 35) | " | " | " | " | " | |
| Lobby and Corridor (5A and KT (Kona Tower)-A, Typical Floor Plans Levels 6-13) | " | " | " | " | " | |
| Service Lobby (33A, 34A) | " | " | " | " | " | |
| Lobby (33B, 34B) | " | " | " | " | " | |
| Glass Cleaning | | | 0.0120043 | 0.98799572 | | |

END OF EXHIBIT E-4

EXHIBIT F

DESCRIPTION OF LIMITED COMMON ELEMENTS

Without limitation of designations specified in the Declaration and as determined appropriate by the Board of Directors of the Association, certain parts of the Common Elements, herein referred to as the "Limited Common Elements" are hereby designated and set aside for the use of certain Apartments, and such Apartments shall have appurtenant, easements for the use of such Limited Common Elements, subject to the limitations and rights reserved to others specified in the Declaration, as follows (capitalized terms used herein, unless otherwise defined herein, shall have the meanings given to them in Declaration):

A. Individual Limited Common Elements

1. Furnishings and Appliances, but excluding fixtures, located within a Vacation or Long Term Stay Apartment shall be a Limited Common Element appurtenant to such Apartment and shall be for the use of such Apartment.
2. Where an Apartment has a lanai reflected on the Condominium Map, the lanai is a Limited Common Element appurtenant to such Apartment over which the Apartment has an exclusive easement, from the exterior surface of all perimeter walls which separate the interior of the Apartments from the lanais to the interior edge of the exterior railings or other boundaries of the lanais. All net lanai floor areas are not exact but are approximations based on the floor plans of the subject lanais and the Apartments to which they are appurtenant.
3. To the extent that any fan coil equipment is located with an Apartment, the Apartment shall have use of such equipment.
4. To the extent that any air handler equipment is located with an Apartment, the Apartment shall have use of such equipment.
5. Back of House, as reflected on the Condominium Map as 1A-1, shall be for the use of Commercial Apartment 1A.
6. Back of House, as reflected on the Condominium Map as 1M, shall be for the use of the Front Desk Apartment 1G.
7. Back of House, as reflected on the Condominium Map as 2M, shall be for the use of the Front Desk Apartment 1G.
8. Restaurant Lanai, as reflected on the Condominium Map as 1B1, shall be for the use of Commercial Apartment 1B.
9. Pool Deck, as reflected on the Condominium Map as 3A, shall be for the use of the Apartments in the Hotel Apartment Class.
10. Storage Facility, as reflected on the Condominium Map as 3B-3, shall be for the use of the Spa Apartment 3B-1.
11. Deck, as reflected on the Condominium Map as 3B-2, shall be for the use of the Apartments in the Hotel Apartment Class.
12. Back of House, as reflected on the Condominium Map as 36C, shall be for the use of Commercial Apartment 36A.
13. Lobby, as reflected on the Condominium Map as 36B, shall be for the use of Apartment Commercial 36A.
14. Restrooms, as reflected on the Condominium Map as 36E, shall be for the use of Commercial Apartment 36A.
15. Housekeeping, as reflected on the Condominium Map as 1J, shall be for the use of the Front Desk Apartment 1G.
16. Employee Lockers, as reflected on the Condominium Map as 2F, shall be for the use of the Front Desk Apartment 1G.
17. Telephone Room as reflected on the Condominium Map as 2H, shall be for the use of the Front Desk Apartment 1G.
18. Cafeteria as reflected on the Condominium Map as 2I, shall be for the use of the Front Desk Apartment 1G.
19. Elevator Cab Nos. 13 and 14 shall be for the use of Commercial Apartment 3C, Commercial Apartment 2J, and Front Desk Apartment 1G.
20. Parking Stalls, as reflected on the Condominium Map as 0B and 1C, and the metered stalls reflected on Condominium Map Sheet A1.0, shall be for the use of Parking Apartment 0A.
21. Service Spaces, as reflected on the Condominium Map as 4B and 4B.1, shall be for the use of the Front Desk Apartment 1G.
22. Service Spaces, as reflected on the Condominium Map as 4B.2, shall be for the use of Office Apartment 4A1.
23. Storage and Vending, as reflected on the Condominium Map as 5B, shall be for the use of the Front Desk Apartment 1G.
24. Linen as reflected on the Condominium Map as 5C, shall be for the use of the Front Desk Apartment 1G.

25. Storage and Vending, as reflected on the Condominium Map as KT (Kona Tower)-B, Typical Floor Plans Levels 6-13, shall be for the use of the Front Desk Apartment 1G.
26. Janitor, as reflected on the Condominium Map as WT (Waikiki Tower)-D, Typical Floor Plans Levels 6 & 13, 7-12, 14-32 & 35, shall be for the use of the Front Desk Apartment 1G.
27. Service (Laundry on 6th Level Only), as reflected on the Condominium Map as WT (Waikiki Tower)-F, Typical Floor Plans Levels 6 & 13, shall be for the use of the Front Desk Apartment 1G.
28. Service (Laundry on 13th Level Only), as reflected on the Condominium Map as WT (Waikiki Tower)-G, Typical Floor Plans Levels 6 & 13, shall be for the use of the Front Desk Apartment 1G.
29. Service Space, as reflected on the Condominium Map as WT (Waikiki Tower)-E, Typical Floor Plans Levels 7-12, 14-32 & 35, shall be for the use of the Front Desk Apartment 1G.
30. Linen/Storage, as reflected on the Condominium Map as WT (Waikiki Tower)-C, Typical Floor Plans Levels 6 & 13, 7-12, 14-32 & 35, shall be for the use of the Front Desk Apartment 1G.
31. Linen/Storage, as reflected on the Condominium Map as 33C, 34C, shall be for the use of the Front Desk Apartment 1G.
32. Janitor, as reflected on the Condominium Map as 33D, 34D, shall be for the use of the Front Desk Apartment 1G.
33. Service, as reflected on the Condominium Map as 33F, 34F, shall be for the use of the Front Desk Apartment 1G.
34. On-floor trash receptacles shall be for the use of the Vacation and Long Term Stay Apartments.
35. Concierge, as reflected on the Condominium Map as 1Q shall be for the use of the Front Desk Apartment 1G.

B. Multi-Class Limited Common Elements

Without limitation of designations specified in the Declaration and as determined appropriate by the Board of Directors of the Association, the following Limited Common Elements shall be for the use of the Apartments to which they are appurtenant unless otherwise indicated, subject to the limitations and rights reserved to others specified in the Declaration:

1. The water chill system for the Project (inclusive of electrical, system maintenance and replacement).
2. The corridors on Levels 5 through 35 of the Waikiki Tower and Levels 5 through 13 of the Kona Tower, which corridors shall be for the primary use of the Hotel Apartment Class and the Front Desk Apartment.
3. Elevators (and corresponding elevator lobbies) identified as Elevator Cab Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 on the Condominium Map.
4. Hotel Lobby/Registration, as reflected on the Condominium Map as 1E.
5. Loading Area, as reflected on the Condominium Map as 1H.
6. Restrooms, as reflected on the Condominium Map as 1N.
7. Lobby and Circulation, as reflected on the Condominium Map as 2K.
8. Restrooms, as reflected on the Condominium Map as 2L.
9. Restrooms, as reflected on the Condominium Map as 3E.
10. 3rd Level Lobby, as reflected on the Condominium Map as 3F.
11. 4th Level Lanai & Lobby, as reflected on the Condominium Map as 4C.
12. Service Lobby, as reflected on the Condominium Map as 4D.
13. Lobby and Corridor, as reflected on the Condominium Map as 5A and KT (Kona Tower)-A, Typical Floor Plans Levels 6-13.
14. Service Lobby, as reflected on the Condominium Map as WT (Waikiki Tower)-A, Typical Floor Plans Levels 6 & 13, 7-12, 14-32 & 35.
15. Lobby and Corridor, as reflected on the Condominium Map as WT (Waikiki Tower)-B, Typical Floor Plans Levels 6 & 13, 7-12, 14-32 & 35.
16. Service Lobby, as reflected on the Condominium Map as 33A and 34A.
17. Lobby, as reflected on the Condominium Map as 33B and 34B.
18. Engineering, as reflected on the Condominium Map as 1K.
19. Engineering, as reflected on the Condominium Map as 36D.
20. Pump Room/Mechanical Room, as reflected on the Condominium Map as 2C.

END OF EXHIBIT F

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. The terms and provisions contained in Deed dated June 30, 1981, recorded as Document No. 1074374, as amended by Land Court Order No. 80681, filed October 14, 1986.
3. Terms, provisions, reservations, covenants, conditions and restrictions contained in Declaration of Restrictive Covenant dated October 3, 1988, recorded as Document No. 1584617.
4. Encroachments and other matters shown on or disclosed by the Survey Map dated September 10, 1996, revised October 20, 2004, prepared by Erik S. Kaneshiro, Licensed Professional Land Surveyor, Certificate No. 9826, with Austin, Tsutsumi & Associates, Inc.
5. The terms and provisions contained in Assignment and Assumption of Landlord's Interest in Tenant Leases dated October 22, 2004, by and between Azabu U.S.A. Corporation, a Hawaii corporation, as assignor, and the developer, as assignee, recorded as Document No. 2004-216189.
6. Land Court Condominium Map No. 1728, as amended by instruments recorded as Documents Nos. 3517195, 3517982 and 3814224.
7. The terms and provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime of Ala Moana Hotel Condominium, Condominium Map No. 1728, as may be amended. Said Declaration was recorded June 24, 2005 as Document No. 3286879. The foregoing Declaration was amended by instruments recorded as Document Nos. 3320699, 3366414, 3517196, 3517983, and 3814225.

Partial Assignment of Rights Under Declaration made by and between Ala Moana Property Development, LLC, a Delaware limited liability company, and ALM LLC, a Hawaii limited liability company, recorded January 8, 2007 as Document No. 3537617.
8. The terms and provisions contained in or incorporated by reference in the Condominium By-Laws of the Association of Apartment Owners of Ala Moana Hotel Condominium, as may be amended. Said By-Laws were recorded June 24, 2005 as Document No. 3286880.
9. The terms and provisions contained in the Parking License Agreement made by and between AML LLC, a Hawaii limited liability company, "Licensor", and Ala Moana Property Development, LLC, a Delaware limited liability company, "Licensee", recorded January 3, 2007 as Document No. 3535977.
10. Terms, provisions, reservations, covenants, conditions and restrictions as contained in the Joint Declaration of Restrictive Covenants and Agreement recorded January 3, 2007 as Document No. 3535978.
11. Terms, provisions, reservations, covenants, conditions and restrictions contained in the Declaration of Restrictive Covenants Regarding On-Street Parking recorded January 8, 2007 as Document No. 3537616.
12. Real property taxes as may be due and owing. Check with the County Tax Assessor for further information.

END OF EXHIBIT G

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Attached.

CERTIFICATE

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

1. I am the Senior Vice President for Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer and the Board of Directors of the Ala Moana Hotel Condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing October 6, 2008, based on generally accepted accounting principles.

3. As permitted pursuant to Section 514B-148(b), new associations need not collect estimated reserves until the fiscal year which begins after the association's first annual meeting. The Ala Moana Hotel Condominium Board of Directors has conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

DATED: Honolulu, Hawaii, this 21 day of JAN, 2009.

Ted Walkey

Name: TED WALKEY
Title: SENIOR VICE PRESIDENT,
OPERATIONS

Subscribed and sworn to before me
this 21 day of January, 2009.

State of Hawaii
City & County of Honolulu

Date: 1-21-2009 # of Pages: 4

Doc. Description: Certificate of Managing Agent & Estimated
Annual Disbursements for: Ala Moana Hotel Condominium

Bruce A. Howe
Notary Signature
Name: Bruce A. Howe

No. & Expiration: 94-155 : 03-06-2010

First Circuit, State of Hawaii

NOTARY CERTIFICATION

Hawailana Management Company, Ltd

2009 Monthly Operating Budget For

ALA MOANA HOTEL CONDOMINIUM

Approved by Board of Directors on January 5, 2009

Page 2

| DESCRIPTION | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | ANNUAL |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------|
| REVENUE | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | TOTAL |
| MAINTENANCE FEES | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 871.183 | 10,454.190 |
| FFE RESERVE ASSESSMENT | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 80.676 | 968.112 |
| ELECTRICITY REIMB | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 240.000 |
| INVESTMENT INTEREST | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 96.000 |
| TOTAL REVENUE | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 979.859 | 11,758.302 |

| UTILITIES | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| ELECTRICITY | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 386.000 | 4,632.000 |
| TV CABLE | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 6.810 | 81.720 |
| WATER | 15.700 | 15.700 | 15.700 | 15.700 | 15.700 | 15.700 | 15.700 | 17.300 | 17.300 | 17.300 | 17.300 | 17.300 | 196.400 |
| SEWER | 40.300 | 40.300 | 40.300 | 40.300 | 40.300 | 40.300 | 40.300 | 47.400 | 47.400 | 47.400 | 47.400 | 47.400 | 519.100 |
| TELEPHONE | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 4.820 | 57.840 |
| TOTAL UTILITIES | 453.630 | 453.630 | 453.630 | 453.630 | 453.630 | 453.630 | 453.630 | 462.330 | 462.330 | 462.330 | 462.330 | 462.330 | 5,487.060 |

| CONTRACT SVCS | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| ELEVATOR | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 10.745 | 128.940 |
| PEST CONTROL | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 1.220 | 14.640 |
| REFUSE | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 6.520 | 78.240 |
| INTERNET | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 8.700 | 104.400 |
| WINDOW CLNG | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 5.976 | 71.712 |
| GROUNDS | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 7.460 | 89.520 |
| SECURITY | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 27.086 | 325.032 |
| FIRE SYSTEMS | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 5.600 | 67.200 |
| EQUIPMENT MAINT | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 5.667 | 68.004 |
| TOTAL CNTRCT SVCS | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 78.974 | 947.688 |

| MAINTENANCE | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| POOL | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 10,800 |
| BUILDING REPAIRS | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 240.000 |
| MISCL SUPPL PURCH | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 | 126.000 |
| TOTAL MAINTENANCE | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 31.400 | 376.800 |

2009 Monthly Operating Budget For ALA MOANA HOTEL CONDOMINIUM

Approved by Board of Directors on January 5, 2009

| DESCRIPTION | JAN 2009 | FEB 2009 | MAR 2009 | APR 2009 | MAY 2009 | JUNE 2009 | JULY 2009 | AUG 2009 | SEPT 2009 | OCT 2009 | NOV 2009 | DEC 2009 | ANNUAL TOTAL |
|-------------------------|----------|----------|----------|----------|----------|-----------|-----------|----------|-----------|----------|----------|----------|--------------|
| PROFESSIONAL SVCS | | | | | | | | | | | | | |
| ALA ADMIN SUPS & SRVCS | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 108,000 |
| AOAO ADMIN EXPS | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| MANAGEMENT SRVCS | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 10,467 | 125,604 |
| AUDIT | 4,920 | | | | | | | | | | | | 4,920 |
| LEGAL FEES | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| LEGAL FEES - COLLECTION | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |
| TOTAL PROF. SERVICES | 26,737 | 21,817 | 21,817 | 21,817 | 21,817 | 21,817 | 21,817 | 21,817 | 21,817 | 21,817 | 21,817 | 21,817 | 266,724 |

| PAYROLL & BENEFITS | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| P/R - MANAGER | 6,300 | 4,200 | 4,200 | 4,200 | 4,200 | 4,200 | 6,300 | 4,200 | 4,200 | 4,200 | 4,200 | 6,300 | 56,700 |
| P/R - MAINT | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 78,907 | 946,884 |
| P/R - JANITORIAL | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 74,612 | 895,344 |
| P/R - TELECOMMUNICATION | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 20,943 | 251,316 |
| WORKERS COMP | | | | | 3,000 | | | | | | | | 3,000 |
| TDI | 55 | | | 55 | | | 55 | | | 55 | | | 220 |
| HEALTH CARE | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 720 |
| PAYROLL TAXES | 510 | 340 | 340 | 340 | 340 | 340 | 510 | 340 | 340 | 340 | 340 | 510 | 4,590 |
| TOTAL P/R & BENEFITS | 181,387 | 179,062 | 179,062 | 179,117 | 182,062 | 179,062 | 181,387 | 179,062 | 179,062 | 179,117 | 179,062 | 181,332 | 2,158,774 |

| OTHER EXPENSES | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| INSURANCE | 27,700 | 27,700 | 27,700 | 27,700 | 27,700 | 27,700 | 27,700 | 27,700 | 27,700 | 28,531 | 28,531 | 28,531 | 334,893 |
| INSURANCE-FLOOD | | | | | | | | | | 345,600 | | | 345,600 |
| UNINSURED EXP | 5,000 | | | | | | | | | | | | 5,000 |
| AOAO OFFICE SPACE | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 10,200 |
| MISCELLANEOUS EXPENSE | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 18,000 |
| PFE RESERVE TRANSFER | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 80,676 | 968,112 |
| STATE GENERAL EXCISE TAX | | | 1,800 | | | 1,800 | | | 1,800 | | | 1,800 | 7,200 |
| FEDERAL INCOME TAX | | | 5,771 | | | 5,771 | | | 5,771 | | | 5,771 | 23,084 |
| CONDO REGISTRATION | | | | | | 4,835 | | | | | | | 4,835 |
| TOTAL OTHER EXP. | 115,726 | 110,726 | 118,297 | 110,726 | 110,726 | 123,132 | 110,726 | 110,726 | 118,297 | 457,157 | 111,557 | 119,128 | 1,716,924 |

| | | | | | | | | | | | | | |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|---------|---------|------------|
| TOTAL OP EXPENSE | 887,854 | 875,609 | 883,180 | 875,664 | 878,609 | 888,015 | 877,934 | 884,309 | 891,880 | 1,230,795 | 885,140 | 894,981 | 10,953,970 |
| SURPLUS (-DEFICIT) | 92,004 | 104,250 | 96,678 | 104,195 | 101,250 | 91,843 | 101,925 | 95,549 | 87,978 | -250,936 | 94,718 | 84,877 | 804,332 |

MAINTENANCE EXPENSES

| Apartment Type | Individual Unit Ltd. Common Interest | Individual Unit Monthly Expense | Monthly Collection |
|----------------|--------------------------------------|---------------------------------|--------------------|
|----------------|--------------------------------------|---------------------------------|--------------------|

Hotel Apartment Class[^]

| | | | |
|---------|-----------|------------|--------------|
| A | 0.0006481 | \$630.40 | \$5,673.56 |
| B | 0.0006481 | \$630.40 | \$184,075.40 |
| C | 0.0006481 | \$630.40 | \$473,426.81 |
| D | 0.0006481 | \$630.40 | \$35,932.53 |
| Suite A | 0.0029459 | \$2,865.42 | \$8,596.27 |
| Suite B | 0.0024549 | \$2,387.84 | \$7,163.52 |
| Suite C | 0.0009820 | \$955.17 | \$955.17 |
| Suite D | 0.0009820 | \$955.17 | \$2,865.51 |
| Suite E | 0.0009820 | \$955.17 | \$54,444.72 |

Commercial Apartment Class

| | | | |
|-------|-------------|-------------|-------------|
| 1A | 0.01491602 | \$12,994.58 | \$12,994.58 |
| 1B | 0.01463362 | \$12,748.56 | \$12,748.56 |
| 1D | 0.019996544 | \$17,420.65 | \$17,420.65 |
| 1F1 | 0.012132941 | \$10,570.01 | \$10,570.01 |
| 1F2 | 0.00043027 | \$374.84 | \$374.84 |
| 1F3.1 | 0.00196123 | \$1,708.59 | \$1,708.59 |
| 1F3.2 | 0.00178334 | \$1,553.62 | \$1,553.62 |
| 1F3.3 | 0.00162324 | \$1,414.14 | \$1,414.14 |
| 1F4 | 0.011180344 | \$9,740.13 | \$9,740.13 |
| 1F5 | 0.000444723 | \$387.44 | \$387.44 |
| 1F6 | 0.0001389 | \$121.01 | \$121.01 |
| 1L | 0.001395488 | \$1,215.73 | \$1,215.73 |
| 2J | 0.004694054 | \$4,089.38 | \$4,089.38 |
| 3B-1 | 0.006713098 | \$5,848.34 | \$5,848.34 |
| 3C | 0.015693173 | \$13,671.63 | \$13,671.63 |
| 3H | 0.000689321 | \$600.52 | \$600.52 |
| 36A | 0.019376594 | \$16,880.56 | \$16,880.56 |

Banquet Apartment Class

| | | | |
|----|-----------|-------------|-------------|
| 2A | 0.0179880 | \$15,670.84 | \$15,670.84 |
| 2B | 0.0113885 | \$9,921.47 | \$9,921.47 |
| 2D | 0.0084639 | \$7,373.61 | \$7,373.61 |
| 2G | 0.0029384 | \$2,559.88 | \$2,559.88 |

Office Apartment Class

| | | | |
|------|------------|-------------|-------------|
| 2E | 0.0152779 | \$13,309.85 | \$13,309.85 |
| 2E 1 | 0.0091727 | \$7,991.10 | \$7,991.10 |
| 4A1 | 0.00059978 | \$522.52 | \$522.52 |
| 4A2 | 0.00070192 | \$611.50 | \$611.50 |

| |
|-----------------------------------|
| Front Desk Apartment Class |
|-----------------------------------|

| | | | |
|----|-----------|------------|------------|
| 1G | 0.0093693 | \$8,162.37 | \$8,162.37 |
|----|-----------|------------|------------|

| |
|--------------------------------|
| Parking Apartment Class |
|--------------------------------|

| | | | |
|-------------|-----------|------------|------------|
| Coral Level | 0.0014494 | \$1,262.69 | \$1,262.69 |
|-------------|-----------|------------|------------|

| | | | |
|---------------|--|--|----------------------------------|
| BUDGET | | | \$951,859.04^{^^} |
|---------------|--|--|----------------------------------|

[^]The Monthly Collection for the Hotel Apartment Class includes the monthly FF&E Reserve Assessment in the 2009 Budget. Under the 2009 Budget, the monthly FF&E Reserve Assessment for Apartment Type A, B, C and D apartments is \$65.79, for Apartment Type Suite A apartments is \$299.01, for Apartment Type Suite B apartments is \$249.18 and for Apartment Type Suites C, D and E apartments is \$99.67.

^{^^}Total includes the monthly FF&E Reserve Assessment for the Hotel Apartment Class.

+Among other rights reserved to Developer under the Declaration, Developer has reserved the right (to Developer and the Board of Directors of the Association) under Section U.8(g) of the Declaration to allocate the cost for provision of gas service among the Apartments in the Commercial Apartment Class utilizing such service the cost of which service is approximately \$20,000.00 per month.

EXHIBIT I

SUMMARY OF SALES CONTRACT

A specimen Sales Contract ("Purchase Agreement" or "Sales Contract"), has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE AGREEMENT IN FULL since this summary is NOT A COMPLETE DESCRIPTION of its contents. The Purchase Agreement contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized herein below):

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a Apartment.
- (b) That the buyer acknowledges having received and read a public report (either contingent or final) for the Community prior to signing the Sales Contract.
- (c) That the developer makes no representations concerning rental of a Apartment, income or profit from a Apartment, or any other economic benefit to be derived from the purchase of a Apartment.
- (d) That the Sales Contract may be subordinate to the lien of a construction lender.
- (e) That, in the event in the event the buyer elects to obtain a mortgage loan for the purchase and fails to provide the developer with evidence of approval or disapproval of such loan within the time period specified in the Sales Contract, the transaction will be considered an all cash purchase without any financing contingency and the buyer's deposit will not be refundable to the buyer in the event the buyer fails to close the purchase.
- (f) That the buyer's money will be held in escrow, under the terms of the Escrow Agreement.
- (g) Requirements relating to the buyer's financing of the purchase of a Apartment.
- (h) That the Apartment and the Community will be subject to various other legal documents which the buyer should examine, and that the developer may change these documents under certain circumstances.
- (i) That the developer makes no warranties regarding the Apartment, the Community or anything installed or contained in the Apartment or the Community.
- (j) That the Community will be subject to ongoing construction and sales activities which may result in certain annoyances to the buyer.
- (k) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (l) That the developer has reserved certain rights and powers relating to the Community and the buyer acknowledges and consents to the exercise of such rights and powers.
- (m) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the developer.
- (n) If the buyer defaults, the developer may retain the buyer's deposits and bring on action against the buyer.
- (o) The buyer may not at any time assign its rights or obligations under the Purchase Agreement.
- (p) That, in the event of a default by either the buyer or the developer, the non-defaulting party does not have the right to specifically enforce the Sales Contract.

The Sales Contracts contains various other important provisions relating to the purchase of an Apartment in the Community. As previously stated, all buyers and prospective buyers should carefully read the specimen Sales Contracts on file with the Real Estate Commission. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings given them under the Purchase Agreement.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE PURCHASE AGREEMENT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF BUYER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, THE BUYER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL. THIS DESCRIPTION DOES NOT RESTRICT THE DEVELOPER'S ABILITY TO REQUEST FROM BUYER OR MARKET THE APARTMENTS USING A RESERVATION OR LETTER OF INTENT FORM.

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) Except under certain circumstances as set forth in the Sales Contract, all deposits toward the purchase price shall be the property of the Developer.
- (d) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. All buyers and prospective buyers should carefully read the signed Escrow Agreement on file with the Real Estate Commission.

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

END OF EXHIBIT J

EXHIBIT K

PROPERTY CONDITION REPORT AND SUMMARY OF RESERVE STUDY

See attached.



Armstrong Consulting, Inc.



850 West Hind Drive, Suite 208
Honolulu, Hawaii 96821
Phone: (808) 377-8500
Toll Free: (800) 561-7732

Fax: (808) 377-8511
Toll Free Fax: (888) 332-4610
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1333 Gateway Drive, Suite 1014
Melbourne, Florida 32901
Phone: (321) 674-0196
Toll Free: (888) 819-2300

November 17, 2004

Ala Moana Hotel Condition Report Summary

Visual observations were conducted at the request of the Crescent Heights, LLC for the Ala Moana Hotel on September 9 through September 15, 2004. This property is located at 410 Atkinson Drive, Honolulu, Hawaii 96814

Description

The high-rise building is a thirty-six-story concrete frame structure. The first four floors include a parking garage, hotel lobby, front desk, conference room, and retail and restaurant space. Floors five through thirty-five include hotel units, common area internal hallway corridors, elevator lobbies and back of house service areas. The thirty-sixth floor contains a restaurant/bar facility. Nine guest elevators and five service elevators provide upper floor access.

Amenities include a recreation deck at the building's 4th floor. The recreation deck includes a swimming pool and fitness/spa area. The property was completed in approximately 1969 and went through major renovations in 1987 that included major upgrades to the fire protection system. The chill water plant and hot water heating system went through major renovations/replacements in 2001. The property was considered to be in average condition upon the site visit conducted on September 15, 2004.

Disclaimer

Observations were made to ascertain the current condition of the subject property. This report relies on information obtained from onsite staff, maintenance personnel, and limited project drawings. No destructive measures or laboratory analyses were made. Armstrong Consulting, Inc. did not perform ADA compliance and environmental surveys. No effort is made to determine if existing systems meet current building and mechanical codes, adequacy of design for the intended purpose or efficiency of operation.

We reserve the right to alter or change any opinions or information given to reflect any new or contradictory information that may be made available.

Summary:

As stated above the subject property went through major renovations and major component replacements in 1987 and 2001.

The majority of maintenance is performed in-house. At the time of the on site observations, the property appeared to be well maintained and in average condition consistent with age.

Structural: No serious structural defects were observed. Letter dated November 14, 2004 from Roscoe Ford, Structural and Civil Engineer attached hereto as Exhibit A. Some concrete spalls were noted. Repairs are scheduled in 2005.

Mechanical: The majority of the chill water plant and the hot water heating plant were replaced in 2001. The room air handlers have been replaced as needed. All hotel room air handles are scheduled to be replaced in 2005. Chill water risers for the Kona-Tower are scheduled to be replaced in 2005.

Fire Protection: A fire sprinkler system was installed in 1987. The fire alarm panel was upgraded in 2000. There is a public address system tied into the fire alarm panel. Upgrades to the fire alarm and fire sprinkler systems that service the elevators are planned for upgrades in 2005.

Plumbing: Plumbing components have been replaced on an as needed basis. The Kona Wing vertical plumbing stacks and hot and cold water lines are scheduled to be replaced in 2005. Due to the age of the project, near future plumbing component replacements should be expected. Plans have been submitted for permitting, to the building department, for grease trap upgrades.

Electrical: The majority of the electrical system is original. The system is considered in maintainable condition consistent with its age. Repairs and upgrades of the electrical system have been performed on an as needed basis. Due to the age of the electrical system, future replacements and/or major repairs should be expected.

Elevators: Elevator modernization was being performed in 2004 and will continue into 2005. Upgrades to the fire alarm/control systems relating to the elevators are included.

Assuming the level of maintenance based upon the budget, structures and amenities will have the useful life set forth on Exhibit B attached hereto.

Please feel free to call if you have any concerns or questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dale Armstrong', written in a cursive style.

Dale Armstrong
President & CEO

Roscoe O. Ford

Structural/Civil Engineer

469 Eua Road #2604
Honolulu, HI 96815Telephone (808)949-5784
Facsimile (808)949-5784

November 14, 2004

To Whom It May Concern:

I have made a non-destructive structural inspection of the Ala Moana Hotel. The building is constructed using reinforced concrete foundations, columns, walls and floors. Some structural steel was also used and incorporated in the structure at various locations.

The building was designed in the 1960's and, according to plans, design was based on the codes current at the time. The governing code for applied loads at that time was the 1961 Uniform Building Code. The design loading criteria at that time is essentially the same as that of the currently used code, the 1997 Uniform Building Code.

As previously stated, the building is a reinforced concrete structure. The foundations are constructed of pile caps supported on driven precast 16 1/2" octagonal piles. Pile caps are connected with tie beams to maintain lateral stability and rigidity.

The basic floor slab system is precast planks with two (2) foot wide cast in place pour strips. The slab is supported by precast column/beam members (precast tees) which were joined by cast in place beam sections. Cast in place concrete walls are placed throughout the building to act as shear walls. Cast in place concrete was also used for the elevator shaft walls.

The following was observed during the inspection. There was some spalling of the precast siding at the roof line. This should be taken care of to prevent further deterioration of the siding. At the basement level there was evidence of seepage of water through the floor slab. This seepage appears to be under areas where landscaping has been installed. Water proofing these areas should be done to reduce seepage that may cause damage to the concrete. Some renovation work has been done in the past. Some of that work resulted in the addition of structural steel reinforcement being installed on the first floor framing to support loads added on the floor above. Also, steel framing was added to support a statue located outside the building.

From the visual inspection the building appear to be in good condition structurally. No serious structural defects were observed.

Very truly yours,



Roscoe O. Ford, P.E. 3731-S

| <u>Description</u> | <u>Useful Life (years)</u> |
|----------------------------------------|----------------------------|
| Building Exterior Renovation | |
| Concrete Spall/Railing Repairs | 20 |
| Paint - Building Exterior | 07 |
| Elevators | |
| Elevator Cab Refurbish | 10 |
| Elevator Modernize-Mech (Cable) | 30 |
| Elevator Modernize-Mech (Hydraulic) | 30 |
| Escalators - Major Repairs & Clean | 25 |
| Fire/Life Safety | |
| Fire Alarm System Upgrade | 20 |
| Generator - Emergency Back Up | 30 |
| Pump - Fire Sprinkler Booster Pump | 25 |
| Fire/Life Safety - Corridors | |
| Fire Extinguisher - Kona | 08 |
| Fire Extinguisher - Waikiki | 08 |
| Lighted Exit Signs - Kona | 20 |
| Lighted Exit Signs - Waikiki | 20 |
| Lighting-Battery Back Up-Kona | 20 |
| Lighting-Battery Back Up-Waikiki | 20 |
| Furniture | |
| Furniture-Pool Deck | 08 |
| Furniture/Equipment - Corridors | |
| Furnishings-Corridors-Kona | 12 |
| Furnishings-Corridors-Waikiki | 12 |
| Ice Machines-Corridors-Kona | 12 |
| Ice Machines-Corridors-Waikiki | 12 |
| Washers/Dryers-Guest Laundry | 12 |
| Interior Finishes - Corridors | |
| Carpet Flooring - Kona Tower | 08 |
| Carpet Flooring - Waikiki Tower | 08 |
| Paint Interior - Kona Tower | 10 |
| Paint Interior - Service/BOH | 10 |
| Paint Interior - Waikiki Tower | 08 |
| VCT Flooring - Service/BOH | 20 |
| Wallpaper (Corridors)-Kona Tower | 10 |
| Wallpaper (Corridors)-Waikiki Tower | 10 |
| Interior Finishes-Bathrooms | |
| Bathrooms Employees-Refurbish | 20 |
| Bathrooms Public-Refurbish | 15 |
| Lighting - Corridors | |
| Lighting-Ceiling Fixtures-Service | 25 |
| Lighting-Ceiling Fixtures-Waikiki | 20 |
| Lighting-Recessed Downlight-Kona | 25 |
| Lighting-Recessed Downlight-Waikiki | 25 |
| Lighting-Wall Sconce-Kona | 20 |
| Lighting-Wall Sconce-Waikiki | 20 |
| Lobby | |
| Carpet Flooring - 1st Floor Lobby | 08 |
| Carpet Flooring - 2nd Floor Lobby | 08 |
| Furnishings-Lobby | 08 |

| <u>Description</u> | <u>Useful Life (years)</u> |
|-------------------------------------|----------------------------|
| Paint Interior - Lobby (1st/2nd FL) | 08 |
| Mechanical | |
| A/C-Elevator Mech. Room (Waikiki) | 10 |
| Air Handler-Corridors (Kona) | 30 |
| Air Handler-Corridors (Waikiki) | 30 |
| Boilers - Roof (1,000 MBH) | 20 |
| Chiller-HVAC (800 Ton) | 20 |
| Cooling Tower-HVAC (400 Ton) | 20 |
| EMS-Digital System Controller | 20 |
| Exhaust Fans | 20 |
| Heat Pump-Liquid | 20 |
| Hot Water Storage-14th Floor | 20 |
| Hot Water Storage-Roof-1 | 20 |
| Hot Water Storage-Roof-2 | 20 |
| Pump-Domestic Water Booster | 20 |
| Pump/Motor-Chill Water (100 hp) | 20 |
| Pump/Motor-Condenser Water (60 hp) | 20 |
| Pump/Motor-Condenser Water (7.5 hp) | 20 |
| Pump/Motor-Hot Water Circ (20 hp) | 20 |
| Pumps/Filters Water Feature | 10 |
| Pool | |
| Pool Deck Finish Replacement | 20 |
| Pumps, Filters, Chlorinators-Pool | 10 |
| Roofing | |
| Roofing - Built Up (2nd FL Club) | 18 |
| Roofing - Built Up (4th Floor) | 18 |
| Roofing - Built Up (Kona Tower) | 18 |
| Roofing - Built Up (Loading Dock) | 18 |
| Roofing - Built Up (Waikiki Tower) | 18 |
| Roofing - Clay Tile (Hut) | 35 |
| Roofing - Clay Tile (Waikiki Tower) | 35 |
| Roofing - Gutters (Waikiki Tower) | 07 |
| Roofing - Pitch & Gravel (4th Fl) | 18 |
| Roofing - WP Membrane (36th Flr) | 07 |
| Unit Appliances | |
| Unit-Microwave Oven | 08 |
| Unit-Refrigerator | 10 |
| Unit Furniture | |
| Unit-Artwork & Accessories | 12 |
| Unit-Chair-Dining Outdoor | 06 |
| Unit-Chair-Upholstered Armless | 06 |
| Unit-Chair-Upholstered W/Arms | 06 |
| Unit-Coffee Table-Round 30" | 12 |
| Unit-Credenza/Desk-64" | 12 |
| Unit-Dining Table-Round 30" | 12 |
| Unit-Framed Mirrors | 12 |
| Unit-Glass For Coffee Table | 12 |
| Unit-Glass For Credenza | 12 |
| Unit-Glass For Dining Table | 12 |
| Unit-Glass For Night Stands | 12 |

| <u>Description</u> | <u>Useful Life (years)</u> |
|----------------------------------|----------------------------|
| Unit-Headboard-Double | 12 |
| Unit-Headboard-King | 12 |
| Unit-Headboard-Queen | 12 |
| Unit-Hide A Bed | 06 |
| Unit-Mattress/Box Spring-Double | 06 |
| Unit-Mattress/Box Spring-King | 06 |
| Unit-Mattress/Box Spring-Queen | 06 |
| Unit-Mirror-Full Length Framed | 18 |
| Unit-Mirror-Vanity Framed | 18 |
| Unit-Night Stands-Double Rm | 12 |
| Unit-Night Stands-King/Queen Rm | 12 |
| Unit-Soft Goods | 06 |
| Unit-Stone Top For Console Table | 12 |
| Unit-Table-Dining Outdoor | 06 |
| Unit Interior Finishes | |
| Carpeting Hotel Room | 6 |
| Wall Coverings/Paint Hotel Room | 8 |
| Window Treatments Hotel Room | 8 |



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June 3, 2005

VIA E-MAIL

Ala Moana Hotel Condominium
c/o Sunset Heights Hawaii, LLC/Ko'olani
Attn: Steve Della Salla, President
1189 Waimanu Street
Honolulu, Hawaii 96814

Re: Ala Moana Hotel Condominium Reserve Study Summary

Dear Mr. Della Salla:

This project contains a thirty-six story multi-use buildings with a total of 1,154 hotel units. This study considers the replacement, repairs and/or refurbishment of the project's common area AOA improvements. The total current cost of the components included in this analysis as of January 1, 2005 is \$18,303,9997 and the total future cost is \$20,542,425. The largest proportion of these expenses involves the building's mechanical systems and room interior furnishings.

*Analysis 1 indicates a recommended contribution rate into reserves based on the following parameters. The analysis period utilized is 25 years and the average rate of return on reserve funds invested is projected at 2%. The inflation rate estimated for reserve components is 3% per year. This project is undergoing conversion from hotel to an AOA with hotel usage. Planned transfer to reserves from sales through escrow is \$1,000,000 and is utilized as the reserve fund balance as of January 1, 2005. Utilizing these analysis parameters, the recommended reserve funding level for the 2005 fiscal year is \$1,311,000. It will be necessary to increase reserve contributions at an annual rate of 4.4% to adequately fund future projected reserve expenditures. Under this analysis the Association will meet Hawaii State reserve requirements under the cash flow method of calculation.

Room interior furnishings costs were furnished by the client. Based on discussions with the client, the annual reserve contribution assumes that several building components will be replaced and/or renovated and will be considered new or in good condition in the year 2005. These components include but are not limited to interior hotel room finishes, exterior painting, roofing, concrete spalling, lanai railings, main lobby area, hallway corridors, fire alarm system, elevator

EXHIBIT K

Ala Moana Hotel Condominium
June 3, 2005
Page 2 of 2

lobbies, elevator machinery, elevator cab interiors and air handlers. This report also assumes that there is no product and/or installation related defects that would affect the useful or remaining lives of the components.

Sincerely,

ARMSTRONG CONSULTING, INC.

DALE ARMSTRONG
Reserve Specialist

Enclosure as noted

2005
RESERVE STUDY
FOR

**Ala Moana Hotel
Condominium**



June 3, 2005

Prepared by

Armstrong Consulting, Inc.

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**2005
RESERVE STUDY
FOR
Ala Moana Hotel Condominium
June 3, 2005**

A level one (1) study was performed according to the Community Associations Institute (CAI) Reserve Study Standards. *(See attached standards.)*

On-site visual observations of the common area elements [i.e., roofs, parking areas, paint, etc.] were performed in November, 2004 by Robert Wilder and Dale Armstrong.

This report may also rely on information supplied by the on site maintenance personnel, property manager, the developer, contractors, and published replacement guides modified for local conditions related to reconstruction.

The placement of a useful life on common elements is not an exact science. There are many variables that affect their life. For example, weather, usage, vandalism and proper maintenance. Therefore, we recommend a review of the physical analysis every three years or at any time of a major condition change [i.e., storm damage] and an update of the financial analysis every year.

Disclosure; as an impartial third party, Armstrong Consulting, Inc. also provides construction management for Association's reserve projects, by being the Association's representative.

This report was either prepared or reviewed by Dale Armstrong, R.S.

Armstrong Consulting, Inc.



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COMMUNITY ASSOCIATIONS INSTITUTE (CAI) RESERVE STUDY STANDARDS

What is a Reserve Study?

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

| Physical Analysis | Financial Analysis |
|------------------------------|--------------------|
| Component Inventory | Fund Status |
| Condition Assessment | Funding Plan |
| Life and Valuation Estimates | |

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- A summary of the association's number of units, physical description, and Reserve Fund financial condition.
- A projection of Reserve Starting Balance, recommended Reserve contributions, projected Reserve expenses, and projected ending Reserve Fund Balance for a minimum of 20 years.
- A tabular listing of the Component Inventory, component quantity or identifying descriptions, Useful Life, Remaining Useful Life, and Current Replacement Cost.
- A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- Source(s) utilized to obtain component Repair or Replacement cost estimates.
- A description of the Level of Service by which the Reserve Study was prepared.
- Fiscal year for which the Reserve Study is prepared.

Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

- I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
 - Component Inventory
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

II. Update, With-Site-Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

III. Update, No-Site-Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

The following are the minimum disclosures to be included in the Reserve Study.

General: Description of other involvement(s) with the association that could result in actual or perceived conflicts of interest.

Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.

Financial Analysis: Description of assumptions utilized for interest and inflation, tax, and other outside factors.

Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.

Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.

Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance: The actual or projected total presented in the reserve study is based upon information provided and was not audited.

Component Quantities: For Update With-Site-Visit and Update No-Site-Visit Levels of Service, the client is considered to have deemed previously developed component quantities as accurate and reliable.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Terms and Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$

OR

$FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
- **Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual who prepares Reserve Studies.

RESERVE STUDY: A budget planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

HAWAII'S AMENDMENT TO ALLOW CASH FLOW ANALYSIS

HB 70

"Cash flow plan" means a twenty-year projection of an association's future income and expense requirements to fund fully its replacement reserves requirements each year during that twenty-year period, except in an emergency; provided that it does not include a projection of special assessments or loans during that twenty-year period, except in an emergency.

Courtesy of Armstrong Consulting, Inc.

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Ala Moana Hotel Condominium

PROJECT DEFINITION REPORT

6/03/2005

Project Information

Project: Ala Moana Hotel Condominium
Address: 410 Atkinson Drive
City: Honolulu
State: HI
Zip: 96814-0000

Project Date: 1/01/1969
Number of Phases: 0
Number of Units: 1154
Number of Models: 0

Property Description

The subject property is defined as the Ala Moana Hotel and is located at 410 Atkinson Drive in Honolulu, Hawaii. The property consist of a high-rise multi-use tower including hotel, commercial retail space, restaurants and conference meeting rooms. The project contains a total of 1,154 hotel units.

The high-rise building is a thirty-six story concrete frame structure. The first four floors include a parking garage, hotel lobby, front desk, conference room, retail and restaurant space. Floors five through thirty-five include hotel units, common area internal hallway corridors, elevator lobbies and back of house service areas. The thirty-sixth floor contains a restaurant/bar facility. Upper floor access is provided by nine guest elevators and five service elevators.

Amenities include a recreation deck at the building's 4th floor. The recreation deck includes a swimming pool and fitness/spa area. The property was completed in approximately 1969 and was considered to be in average condition upon the site visit conducted on October 21, 2004.

*This study is comprised of those components that are only association with the AOAO as delineated and/or allocated by the client.

Ala Moana Hotel Condominium

ANALYSIS DEFINITION REPORT

Analysis 1

Project Information

Project: Ala Moana Hotel Condominium
Address: 410 Atkinson Drive
City: Honolulu
State: HI
Zip: 96814-0000

Project Date: 1/01/1969
Analysis Date: 1/01/2005
Number of Phases: 0
Number of Units: 1154
Number of Models: 0

Analysis Parameters

Rate of Inflation: 3%
Rate of Return on Investment: 2%
Beginning Funds: \$1,000,000.00
Loan/Special Assessment: No

Deferred Expenditures: No
Contingency: 0%
Contingency Time: None

Annual Contribution Factors

| | | | | | |
|-------|------|-------|------|-------|------|
| 2006: | 4.4% | 2015: | 4.4% | 2025: | 4.4% |
| 2007: | 4.4% | 2016: | 4.4% | 2026: | 4.4% |
| 2008: | 4.4% | 2017: | 4.4% | 2027: | 4.4% |
| 2009: | 4.4% | 2018: | 4.4% | 2028: | 4.4% |
| 2010: | 4.4% | 2019: | 4.4% | 2029: | 4.4% |
| 2011: | 4.4% | 2020: | 4.4% | | |
| 2012: | 4.4% | 2021: | 4.4% | | |
| 2013: | 4.4% | 2022: | 4.4% | | |
| 2014: | 4.4% | 2023: | 4.4% | | |
| | | 2024: | 4.4% | | |

Additional Analysis Information

Analysis 1 indicates the recommended contribution rate into reserves based on the above stated parameters. The analysis period utilized is 25 years and the average rate of return on reserve funds invested is projected at 2%. The inflation rate estimated for reserve components is 3% per year. The building is undergoing conversion from hotel to an AOA. Planned transfer to reserves from sales through escrow is \$1,000,000 and is utilized as the reserve fund balance as of January 1, 2005. Utilizing these analysis parameters, the recommended reserve funding level for the 2005 fiscal year is \$1,311,000. It will be necessary to increase reserve contributions at an annual rate of 4.4% to adequately fund future projected reserve expenditures.

Based on discussions with the client, this annual reserve contribution assumes that several building components will be replaced and/or renovated and will be considered new or in good condition as of January 1, 2005. These components include but are not limited to exterior painting, concrete spalling, lanai railings, main lobby area, hallway corridors, elevator lobbies, elevator machinery, elevator cab interiors and air handlers. Please review the above financial parameters and the entire report for accuracy.

Ala Moana Hotel Condominium
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Analysis 1

| Year | Beginning Balance | Contribution | Average/ Unit/Mo | Interest Earned | Expenditures | Ending Balance |
|------|-------------------|--------------|------------------|-----------------|--------------|----------------|
| 2005 | 1,000,000.00 | 1,311,000.00 | 94.67 | 34,480.95 | 0.00 | 2,345,480.95 |
| 2006 | 2,345,480.95 | 1,368,684.00 | 98.84 | 62,272.99 | 0.00 | 3,776,437.94 |
| 2007 | 3,776,437.94 | 1,428,906.10 | 103.19 | 83,720.17 | 401,127.00 | 4,887,937.21 |
| 2008 | 4,887,937.21 | 1,491,777.97 | 107.73 | 111,325.22 | 179,208.00 | 6,311,832.40 |
| 2009 | 6,311,832.40 | 1,557,416.20 | 112.47 | 142,019.09 | 118,179.00 | 7,893,088.69 |
| 2010 | 7,893,088.69 | 1,625,942.51 | 117.41 | 171,430.08 | 279,616.00 | 9,410,845.28 |
| 2011 | 9,410,845.28 | 1,697,483.98 | 122.58 | 158,837.44 | 3,686,914.00 | 7,580,252.70 |
| 2012 | 7,580,252.70 | 1,772,173.28 | 127.97 | 157,263.34 | 747,473.00 | 8,762,216.32 |
| 2013 | 8,762,216.32 | 1,850,148.90 | 133.60 | 145,197.33 | 3,006,908.00 | 7,750,654.55 |
| 2014 | 7,750,654.55 | 1,931,555.45 | 139.48 | 138,305.04 | 1,943,011.00 | 7,877,504.04 |
| 2015 | 7,877,504.04 | 2,016,543.89 | 145.62 | 154,875.83 | 1,359,586.00 | 8,689,337.76 |
| 2016 | 8,689,337.76 | 2,105,271.82 | 152.03 | 193,903.17 | 221,543.00 | 10,766,969.75 |
| 2017 | 10,766,969.75 | 2,197,903.78 | 158.72 | 134,390.67 | 7,807,583.00 | 5,291,681.20 |
| 2018 | 5,291,681.20 | 2,294,611.55 | 165.70 | 107,144.13 | 1,223,596.00 | 6,469,840.88 |
| 2019 | 6,469,840.88 | 2,395,574.46 | 172.99 | 156,356.79 | 18,610.00 | 9,003,162.13 |
| 2020 | 9,003,162.13 | 2,500,979.74 | 180.60 | 184,862.41 | 1,196,873.00 | 10,492,131.28 |
| 2021 | 10,492,131.28 | 2,611,022.85 | 188.55 | 104,788.98 | 7,266,054.00 | 5,941,889.11 |
| 2022 | 5,941,889.11 | 2,725,907.86 | 196.84 | 111,002.68 | 1,915,582.00 | 6,863,217.65 |
| 2023 | 6,863,217.65 | 2,845,847.81 | 205.51 | 96,269.13 | 5,453,064.00 | 4,352,270.59 |
| 2024 | 4,352,270.59 | 2,971,065.11 | 214.55 | 98,284.83 | 1,088,309.00 | 6,333,311.53 |
| 2025 | 6,333,311.53 | 3,101,791.97 | 223.99 | 106,779.15 | 2,806,086.00 | 6,735,796.65 |

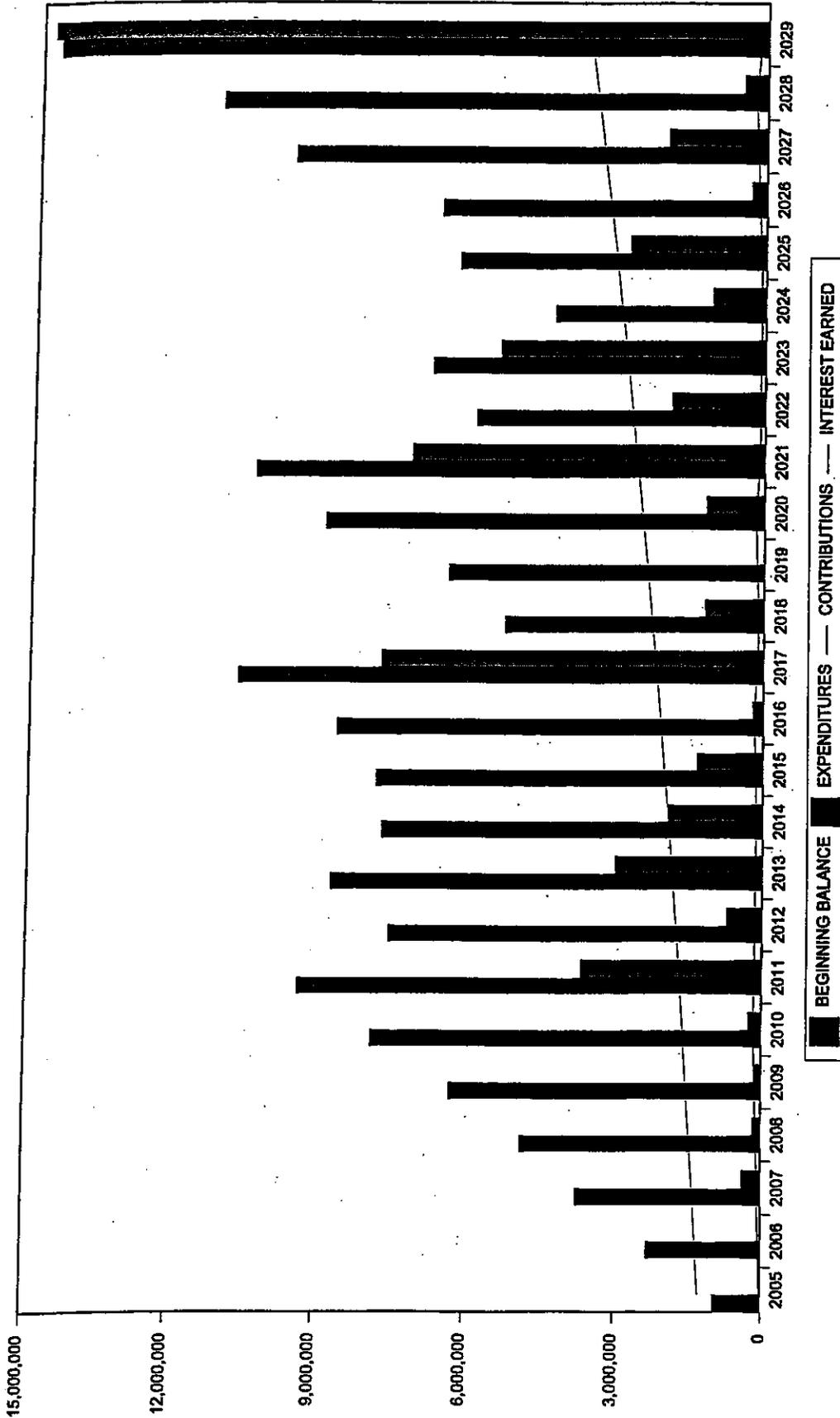
Ala Moana Hotel Condominium
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Analysis 1

| Year | Beginning Balance | Contribution | Average/ Unit/Mo | Interest Earned | Expenditures | Ending Balance |
|----------------|-------------------|----------------------|------------------|---------------------|----------------------|----------------|
| 2026 | 6,735,796.65 | 3,238,270.82 | 233.84 | 164,797.14 | 321,554.00 | 9,817,310.61 |
| 2027 | 9,817,310.61 | 3,380,754.74 | 244.13 | 194,152.97 | 2,025,920.00 | 11,366,298.32 |
| 2028 | 11,366,298.32 | 3,529,507.95 | 254.87 | 257,990.55 | 493,148.00 | 14,660,648.82 |
| 2029 | 14,660,648.82 | 3,684,806.30 | 266.09 | 124,148.70 | 14,784,083.00 | 3,685,520.82 |
| Totals: | | 57,634,949.04 | | 3,394,598.78 | 58,344,027.00 | |

**Ala Moana Hotel Condominium
CASHFLOW PROJECTIONS GRAPH**

Analysis 1



PROJECTED EXPENDITURES

Analysis 1

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------------|------|------|---------|------|--------|---------|--------|---------|---------|---------|
| A/C-Elevator Mech. Room (Waikiki) | | | | | | | | | | 32,629 |
| Air Handler-Corridors (Kona) | | | | | | | | | | 97,887 |
| Air Handler-Corridors (Waikiki) | | | | | | | | | | 293,661 |
| Carpet Flooring - 1st Floor Lobby | | | | | | | | 144,961 | | |
| Carpet Flooring - 2nd Floor Lobby | | | | | | | | 99,249 | | |
| Carpet Flooring - Kona Tower | | | | | | | | 180,378 | | |
| Carpet Flooring - Waikiki Tower | | | | | | | | 563,372 | | |
| Carpeting-Hotel Room | | | | | | | | 732,346 | | |
| Exhaust Fans | | | | | | | | | | |
| Fire Alarm System Upgrade | | | 395,716 | | | | | | | |
| Fire Extinguisher - Kona | | | | | | | | | 1,267 | |
| Fire Extinguisher - Waikiki | | | | | | | | | 5,702 | |
| Furnishings-Lobby | | | | | | | | | 126,714 | |
| Furniture-Pool Deck | | | | | | | | | 44,350 | |
| Hot Water Storage-14th Floor | | | | | 67,531 | | | | | |
| Hot Water Storage-Roof-1 | | | | | 28,138 | | | | | |
| Hot Water Storage-Roof-2 | | | | | 22,510 | | | | | |
| Paint - Building Exterior | | | | | | | | | | |
| Paint Interior - Lobby (1st/2nd FL) | | | | | | | | | 866,727 | |
| Paint Interior - Waikiki Tower | | | | | | | | | 63,357 | |
| Pump - Fire Sprinkler Booster Pump | | | | | | | 29,851 | | | |
| Pumps/Filters Water Feature | | | | | 3,825 | | | | | |
| Roofing - Built Up (4th Floor) | | | | | | 182,933 | | | | |
| Roofing - Built Up (Kona Tower) | | | | | | | | | | |
| Roofing - Gutters (Waikiki Tower) | | | | | | | | | | |
| Roofing - Pitch & Gravel (4th Fl) | | | 5,411 | | | | | | | |
| Roofing - WP Membrane (36th Flr) | | | | | | | | | | 6,656 |
| Unit-Chair-Dining Outdoor | | | | | | | | 15,127 | | |
| | | | | | | | | | | 181,394 |

PROJECTED EXPENDITURES

Analysis 1

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|------|------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|------------------|
| Unit-Chair-Upholstered Armless | | | | | | | 163,462 | | | |
| Unit-Chair-Upholstered W/Arms | | | | | | | 380,939 | | | |
| Unit-Hide A Bed | | | | | | | 231,184 | | | |
| Unit-Mattress/Box Spring-Double | | | | | | | 789,100 | | | |
| Unit-Mattress/Box Spring-King | | | | | | | 61,298 | | | |
| Unit-Mattress/Box Spring-Queen | | | | | | | 167,009 | | | |
| Unit-Microwave Oven | | | | | | | | 200,761 | | |
| Unit-Soft Goods | | | | | | | 1,597,377 | | | |
| Unit-Table-Dining Outdoor | | | | | | | 85,300 | | | |
| Wall Coverings/Paint-Hotel Room | | | | | | | | | | 1,512,178 |
| Window Treatments | | | | | | | | | 632,217 | |
| Totals | | | 401,127 | 179,208 | 118,179 | 279,616 | 3,686,914 | 747,473 | 3,006,908 | 1,943,011 |

PROJECTED EXPENDITURES

Analysis 1

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|---------|------|--------|---------|------|-----------|-----------|------|------|-----------|
| A/C-Elevator Mech. Room (Waikiki) | | | | | | | | | | |
| Bathrooms Public-Refurbish | | | | | | 130,908 | | | | |
| Boilers - Roof (1,000 MBH) | | | | | | | | | | 43,851 |
| Carpet Flooring - 1st Floor Lobby | | | | | | | 144,466 | | | |
| Carpet Flooring - 2nd Floor Lobby | | | | | | | 183,633 | | | |
| Carpet Flooring - Kona Tower | | | | | | | 125,726 | | | |
| Carpet Flooring - Waikiki Tower | | | | | | | 228,497 | | | |
| Carpeting-Hotel Room | | | | 874,717 | | | 713,663 | | | |
| Chiller-HVAC (800 Ton) | | | | | | | | | | 1,044,458 |
| Cooling Tower-HVAC (400 Ton) | | | | | | | 1,926,217 | | | |
| Elevator Cab Refurbish | 151,235 | | | | | | 1,605,181 | | | |
| EMS-Digital System Controller | | | | | | | | | | |
| Fire Extinguisher - Kona | | | | | | | 321,036 | | | |
| Fire Extinguisher - Waikiki | | | | | | | 1,605 | | | |
| Furnishings-Corridors-Kona | | | 7,131 | | | | 7,223 | | | |
| Furnishings-Corridors-Waikiki | | | 40,646 | | | | | | | |
| Furnishings-Lobby | | | | | | | | | | |
| Furniture-Pool Deck | | | | | | | | | | |
| Generator - Emergency Back Up | | | | | | | | | | |
| Heat Pump-Liquid | | | | | | | 160,518 | | | |
| Ice Machines-Corridors-Kona | | | | | | | 56,181 | | | |
| Ice Machines-Corridors-Waikiki | | | | | | | | | | |
| Paint - Building Exterior | | | | | | | | | | |
| Paint Interior - Kona Tower | 26,470 | | | | | | | | | |
| Paint Interior - Lobby (1st/2nd FL) | | | | | | | | | | |
| Paint Interior - Service/BOH | 165,055 | | | | | | 80,259 | | | |
| Paint Interior - Waikiki Tower | | | | | | | | | | |
| Pump-Domestic Water Booster | 114,267 | | | | | | | | | |
| | | | | | | 1,065,965 | | | | |

PROJECTED EXPENDITURES

Analysis 1

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|-------|------|-----------|---------|--------|------|--------|------|-----------|------|
| Pump/Motor-Chill Water (100 hp) | | | | | | | 80,259 | | | |
| Pump/Motor-Condenser Water (60 hp) | | | | | | | 64,207 | | | |
| Pump/Motor-Condenser Water (7.5 hp) | | | | | | | 12,039 | | | |
| Pump/Motor-Hot Water Circ (20 hp) | | | | | | | 72,233 | | | |
| Pumps, Filters, Chlorinators-Pool | 6,049 | | | | | | | | | |
| Pumps/Filters Water Feature | | | | 5,141 | | | | | | |
| Roofing - Built Up (2nd FL Club) | | | | 88,138 | | | | | 24,522 | |
| Roofing - Built Up (Loading Dock) | | | | 255,600 | | | | | | |
| Roofing - Built Up (Waikiki Tower) | | | | | | | | | | |
| Roofing - Gutters (Waikiki Tower) | | | | | | | 8,186 | | | |
| Roofing - WP Membrane (36th Fir) | | | | | 18,610 | | | | | |
| Unit-Artwork & Accessories | | | 279,207 | | | | | | | |
| Unit-Chair-Dining Outdoor | | | 216,658 | | | | | | 258,702 | |
| Unit-Chair-Upholstered Armless | | | 195,240 | | | | | | 233,127 | |
| Unit-Chair-Upholstered W/Arms | | | 454,996 | | | | | | 543,289 | |
| Unit-Coffee Table-Round 30" | | | 98,305 | | | | | | | |
| Unit-Credenza/Desk-64" | | | 1,026,725 | | | | | | | |
| Unit-Dining Table-Round 30" | | | 235,505 | | | | | | | |
| Unit-Framed Mirrors | | | 199,434 | | | | | | | |
| Unit-Glass For Coffee Table | | | 9,326 | | | | | | | |
| Unit-Glass For Credenza | | | 42,862 | | | | | | | |
| Unit-Glass For Dining Table | | | 19,348 | | | | | | | |
| Unit-Glass For Night Stands | | | 27,327 | | | | | | | |
| Unit-Headboard-Double | | | 565,444 | | | | | | | |
| Unit-Headboard-King | | | 38,549 | | | | | | | |
| Unit-Headboard-Queen | | | 136,235 | | | | | | | |
| Unit-Hide A Bed | | | 276,128 | | | | | | 329,711 | |
| Unit-Mattress/Box Spring-Double | | | 942,505 | | | | | | 1,125,401 | |

PROJECTED EXPENDITURES

Analysis 1

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|------------------|----------------|------------------|------------------|---------------|------------------|------------------|------------------|------------------|------------------|
| Unit-Mattress/Box Spring-King | | | 73,215 | | | | | | 87,422 | |
| Unit-Mattress/Box Spring-Queen | | | 199,477 | | | | | | 238,186 | |
| Unit-Microwave Oven | | | | | | | 254,393 | | | |
| Unit-Mirror-Full Length Framed | | | | | | | | | | |
| Unit-Mirror-Vanity Framed | | | | | | | | | 106,450 | |
| Unit-Night Stands-Double Rm | | | 218,196 | | | | | | 106,450 | |
| Unit-Night Stands-King/Queen Rm | | | 207,658 | | | | | | | |
| Unit-Refrigerator | | 192,628 | | | | | | | | |
| Unit-Soft Goods | | | 1,907,915 | | | | | | 2,278,150 | |
| Unit-Stone Top For Console Table | | | 9,562 | | | | | | | |
| Unit-Table-Dining Outdoor | | | 101,883 | | | | | | | |
| Wall Coverings/Paint-Hotel Room | | | | | | | | 1,915,582 | | |
| Wallpaper (Corridors)-Kona Tower | | 167,501 | | | | | | | | |
| Wallpaper (Corridors)-Walkiki Tower | | 536,381 | | | | | | | | |
| Washers/Dryers-Guest Laundry | | | 21,393 | | | | | | | |
| Window Treatments | | | | | | | 800,874 | | | |
| Totals | 1,359,586 | 221,543 | 7,807,583 | 1,223,596 | 18,610 | 1,198,873 | 7,266,054 | 1,915,582 | 5,453,064 | 1,088,309 |

PROJECTED EXPENDITURES

Analysis 1

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------------|---------|------|---------|------|-----------|
| Bathrooms Employees-Refurbish | 101,172 | | | | |
| Carpet Flooring - 1st Floor Lobby | | | | | 232,689 |
| Carpet Flooring - 2nd Floor Lobby | | | | | 159,313 |
| Carpet Flooring - Kona Tower | | | | | 289,539 |
| Carpet Flooring - Walkiki Tower | | | | | 904,315 |
| Concrete Spall/Railing Repairs | | | | | |
| Elevator Cab Refurbish | 203,248 | | | | |
| Exhaust Fans | | | | | |
| Fire Alarm System Upgrade | | | 714,918 | | |
| Fire Extinguisher - Kona | | | | | 2,034 |
| Fire Extinguisher - Walkiki | | | | | 9,153 |
| Furnishings-Corridors-Kona | | | | | 10,170 |
| Furnishings-Corridors-Waikiki | | | | | 57,969 |
| Furnishings-Lobby | | | | | 203,400 |
| Furniture-Pool Deck | | | | | 71,190 |
| Hot Water Storage-14th Floor | | | | | 122,040 |
| Hot Water Storage-Roof-1 | | | | | 50,850 |
| Hot Water Storage-Roof-2 | | | | | 40,680 |
| Ice Machines-Corridors-Kona | | | | | 91,530 |
| Ice Machines-Corridors-Waikiki | | | | | 274,589 |
| Lighted Exit Signs - Kona | 14,634 | | | | |
| Lighted Exit Signs - Walkiki | 14,634 | | | | |
| Lighting-Battery Back Up-Kona | 30,352 | | | | |
| Lighting-Battery Back Up-Waikiki | 45,527 | | | | |
| Lighting-Ceiling Fixtures-Waikiki | 12,466 | | | | |
| Lighting-Wall Sconce-Kona | 45,527 | | | | |
| Lighting-Wall Sconce-Waikiki | 136,582 | | | | |
| Paint - Building Exterior | | | | | 1,311,002 |

PROJECTED EXPENDITURES

Analysis 1

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|-------------------------------------|---------|---------|------|---------|-----------|
| Paint Interior - Kona Tower | 35,573 | | | | |
| Paint Interior - Lobby (1st/2nd FL) | | | | | 101,700 |
| Paint Interior - Service/BOH | 221,820 | | | | |
| Paint Interior - Waikiki Tower | | | | | 124,969 |
| Pool Deck Finish Replacement | 451,661 | | | | |
| Pumps, Filters, Chlorinators-Pool | 8,130 | | | | |
| Pumps/Filters Water Feature | | | | 6,910 | |
| Roofing - Built Up (4th Floor) | | | | 311,524 | |
| Roofing - Built Up (Kona Tower) | | 298,666 | | | |
| Roofing - Gutters (Waikiki Tower) | | | | 10,068 | |
| Roofing - Pitch & Gravel (4th Fl) | | | | 164,646 | |
| Roofing - WP Membrane (36th Fir) | | 22,888 | | | |
| Unit-Artwork & Accessories | | | | | 398,200 |
| Unit-Chair-Dining Outdoor | | | | | 308,994 |
| Unit-Chair-Upholstered Armless | | | | | 278,448 |
| Unit-Chair-Upholstered W/Arms | | | | | 648,907 |
| Unit-Coffee Table-Round 30" | | | | | 140,201 |
| Unit-Credenza/Desk-64" | | | | | 1,464,298 |
| Unit-Dining Table-Round 30" | | | | | 335,873 |
| Unit-Framed Mirrors | | | | | 284,429 |
| Unit-Glass For Coffee Table | | | | | 13,300 |
| Unit-Glass For Credenza | | | | | 61,129 |
| Unit-Glass For Dining Table | | | | | 27,593 |
| Unit-Glass For Night Stands | | | | | 38,973 |
| Unit-Headboard-Double | | | | | 806,426 |
| Unit-Headboard-King | | | | | 54,978 |
| Unit-Headboard-Queen | | | | | 194,296 |
| Unit-Hide A Bed | | | | | 393,809 |

PROJECTED EXPENDITURES

Analysis 1

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|-------------------------------------|------------------|----------------|------------------|----------------|-------------------|
| Unit-Mattress/Box Spring-Double | | | | | 1,344,185 |
| Unit-Mattress/Box Spring-King | | | | | 104,418 |
| Unit-Mattress/Box Spring-Queen | | | | | 284,490 |
| Unit-Microwave Oven | | | | | 322,353 |
| Unit-Night Stands-Double Rm | | | | | 311,187 |
| Unit-Night Stands-King/Queen Rm | | | | | 296,158 |
| Unit-Refrigerator | 258,952 | | | | |
| Unit-Soft Goods | | | | | 2,721,035 |
| Unit-Stone Top For Console Table | | | | | 13,636 |
| Unit-Table-Dining Outdoor | | | | | 145,304 |
| VCT Flooring - Service/BOH | 279,849 | | | | |
| Wallpaper (Corridors)-Kona Tower | 225,108 | | | | |
| Wallpaper (Corridors)-Waikiki Tower | 720,851 | | | | |
| Washers/Dryers-Guest Laundry | | | | | 30,510 |
| Window Treatments | | | | | 1,014,823 |
| Totals | 2,806,086 | 321,554 | 2,025,920 | 493,148 | 14,784,083 |

**Ala Moana Hotel Condominium
ACCOUNTANT'S REPORT**

Analysis 1

1/01/2005 - 12/31/2005

| Component | Remaining Life (yr/mo) | Future Cost | Assigned Reserves | 2005 Contribution Requirement | 2005 Assigned Interest Earned | 2005 Funding Requirement |
|-----------------------------------|------------------------|-------------|-------------------|-------------------------------|-------------------------------|--------------------------|
| A/C-Elevator Mech. Room (Waikiki) | 09/00 | 32,629 | 1,382 | 1,812 | 48 | 1,860 |
| Air Handler-Corridors (Kona) | 09/00 | 97,887 | 33,103 | 43,398 | 1,141 | 44,539 |
| Air Handler-Corridors (Waikiki) | 09/00 | 293,661 | 99,309 | 130,193 | 3,424 | 133,617 |
| Bathrooms Employees-Refurbish | 20/00 | 101,172 | 0 | 0 | 0 | 0 |
| Bathrooms Public-Refurbish | 15/00 | 130,908 | 0 | 0 | 0 | 0 |
| Boilers - Roof (1,000 MBH) | 16/00 | 144,466 | 12,214 | 16,012 | 421 | 16,433 |
| Carpet Flooring - 1st Floor Lobby | 08/00 | 144,961 | 0 | 0 | 0 | 0 |
| Carpet Flooring - 2nd Floor Lobby | 08/00 | 99,249 | 0 | 0 | 0 | 0 |
| Carpet Flooring - Kona Tower | 08/00 | 180,378 | 0 | 0 | 0 | 0 |
| Carpet Flooring - Waikiki Tower | 08/00 | 563,372 | 0 | 0 | 0 | 0 |
| Chiller-HVAC (800 Ton) | 16/00 | 1,926,217 | 162,847 | 213,492 | 5,615 | 219,107 |
| Concrete Spall/Railing Repairs | 20/00 | 0 | 0 | 0 | 0 | 0 |
| Cooling Tower-HVAC (400 Ton) | 16/00 | 1,605,181 | 135,706 | 177,910 | 4,679 | 182,589 |
| Elevator Cab Refurbish | 10/00 | 151,235 | 0 | 0 | 0 | 0 |
| EMS-Digital System Controller | 16/00 | 321,036 | 27,141 | 35,582 | 936 | 36,518 |
| Exhaust Fans | 04/00 | 0 | 0 | 0 | 0 | 0 |
| Fire Alarm System Upgrade | 02/00 | 395,716 | 151,353 | 198,424 | 5,219 | 203,643 |
| Fire Extinguisher - Kona | 08/00 | 1,267 | 0 | 0 | 0 | 0 |
| Fire Extinguisher - Waikiki | 08/00 | 5,702 | 0 | 0 | 0 | 0 |
| Furnishings-Corridors-Kona | 12/00 | 7,131 | 0 | 0 | 0 | 0 |
| Furnishings-Corridors-Waikiki | 12/00 | 40,646 | 0 | 0 | 0 | 0 |

Ala Moana Hotel Condominium
ACCOUNTANT'S REPORT

Analysis 1
1/01/2005 - 12/31/2005

| Component | Remaining Life (yr/mo) | Future Cost | Assigned Reserves | 2005 Contribution Requirement | 2005 Assigned Interest Earned | 2005 Funding Requirement |
|-------------------------------------|------------------------|-------------|-------------------|-------------------------------|-------------------------------|--------------------------|
| Furnishings-Lobby | 08/00 | 126,714 | 0 | 0 | 0 | 0 |
| Furniture-Pool Deck | 08/00 | 44,350 | 0 | 0 | 0 | 0 |
| Generator - Emergency Back Up | 11/00 | 221,543 | 59,316 | 77,763 | 2,045 | 79,808 |
| Heat Pump-Liquid | 16/00 | 321,036 | 27,141 | 35,582 | 936 | 36,518 |
| Hot Water Storage-14th Floor | 04/00 | 67,531 | 25,691 | 33,681 | 886 | 34,567 |
| Hot Water Storage-Roof-1 | 04/00 | 28,138 | 10,705 | 14,034 | 369 | 14,403 |
| Hot Water Storage-Roof-2 | 04/00 | 22,510 | 8,564 | 11,227 | 295 | 11,522 |
| Ice Machines-Corridors-Kona | 12/00 | 64,178 | 0 | 0 | 0 | 0 |
| Ice Machines-Corridors-Waikiki | 12/00 | 192,535 | 0 | 0 | 0 | 0 |
| Lighted Exit Signs - Kona | 20/00 | 14,634 | 0 | 0 | 0 | 0 |
| Lighted Exit Signs - Waikiki | 20/00 | 14,634 | 0 | 0 | 0 | 0 |
| Lighting-Battery Back Up-Kona | 20/00 | 30,352 | 0 | 0 | 0 | 0 |
| Lighting-Battery Back Up-Waikiki | 20/00 | 45,527 | 0 | 0 | 0 | 0 |
| Lighting-Ceiling Fixtures-Waikiki | 20/00 | 12,466 | 0 | 0 | 0 | 0 |
| Lighting-Wall Sconce-Kona | 20/00 | 45,527 | 0 | 0 | 0 | 0 |
| Lighting-Wall Sconce-Waikiki | 20/00 | 136,582 | 0 | 0 | 0 | 0 |
| Paint Interior - Kona Tower | 10/00 | 26,470 | 0 | 0 | 0 | 0 |
| Paint Interior - Lobby (1st/2nd FL) | 08/00 | 63,357 | 0 | 0 | 0 | 0 |
| Paint Interior - Service/BOH | 10/00 | 165,055 | 0 | 0 | 0 | 0 |
| Paint Interior - Waikiki Tower | 08/00 | 77,853 | 0 | 0 | 0 | 0 |
| Pool Deck Finish Replacement | 20/00 | 451,661 | 0 | 0 | 0 | 0 |

Ala Moana Hotel Condominium
ACCOUNTANT'S REPORT

Analysis 1

1/01/2005 - 12/31/2005

| Component | Remaining Life (yr/mo) | Future Cost | Assigned Reserves | 2005 Contribution Requirement | 2005 Assigned Interest Earned | 2005 Funding Requirement |
|-------------------------------------|------------------------|-------------------|-------------------|-------------------------------|-------------------------------|--------------------------|
| Pump - Fire Sprinkler Booster Pump | 06/00 | 29,851 | 9,591 | 12,573 | 331 | 12,904 |
| Pump-Domestic Water Booster | 10/00 | 114,267 | 24,154 | 31,666 | 833 | 32,499 |
| Pump/Motor-Chill Water (100 hp) | 16/00 | 80,259 | 6,785 | 8,896 | 234 | 9,130 |
| Pump/Motor-Condenser Water (60 hp) | 16/00 | 64,207 | 5,428 | 7,116 | 187 | 7,303 |
| Pump/Motor-Condenser Water (7.5 hp) | 16/00 | 12,039 | 1,018 | 1,334 | 35 | 1,369 |
| Pump/Motor-Hot Water Circ (20 hp) | 16/00 | 72,233 | 6,107 | 8,006 | 211 | 8,217 |
| Pumps, Filters, Chlorinators-Pool | 10/00 | 6,049 | 0 | 0 | 0 | 0 |
| Pumps/Filters Water Feature | 03/00 | 3,825 | 1,132 | 1,484 | 39 | 1,523 |
| Roofing - Built Up (2nd FL Club) | 18/00 | 24,522 | 0 | 0 | 0 | 0 |
| Roofing - Built Up (4th Floor) | 05/00 | 182,933 | 57,999 | 76,036 | 2,000 | 78,036 |
| Roofing - Built Up (Kona Tower) | 03/00 | 175,383 | 61,788 | 81,004 | 2,131 | 83,135 |
| Roofing - Built Up (Loading Dock) | 13/00 | 88,138 | 10,353 | 13,572 | 357 | 13,929 |
| Roofing - Built Up (Walkiki Tower) | 13/00 | 255,600 | 30,023 | 39,360 | 1,035 | 40,395 |
| Roofing - Gutters (Waikiki Tower) | 02/00 | 5,411 | 1,634 | 2,142 | 56 | 2,198 |
| Roofing - Pitch & Gravel (4th Fl) | 05/00 | 96,683 | 29,519 | 38,700 | 1,018 | 39,718 |
| Roofing - WP Membrane (36th Fir) | 07/00 | 15,127 | 0 | 0 | 0 | 0 |
| VCT Flooring - Service/BOH | 20/00 | 279,849 | 0 | 0 | 0 | 0 |
| Wallpaper (Corridors)-Kona Tower | 10/00 | 167,501 | 0 | 0 | 0 | 0 |
| Wallpaper (Corridors)-Walkiki Tower | 10/00 | 536,381 | 0 | 0 | 0 | 0 |
| Washers/Dryers-Guest Laundry | 12/00 | 21,393 | 0 | 0 | 0 | 0 |
| Totals: | | 10,647,118 | 1,000,003 | 1,310,999 | 34,481 | 1,345,480 |

**Ala Moana Hotel Condominium
COMPONENT SUMMARY REPORT**

Analysis 1

| Description | Starting Date | Useful Life (yr/mo) | Adj. Life (yr/mo) | Sched. Rpl. (mo/yr) | Recur | Current Cost | Future Cost |
|--------------------------------------------|---------------|---------------------|-------------------|---------------------|-------|------------------|------------------|
| <u>Building Exterior Renovation</u> | | | | | | | |
| Concrete Spall/Railing Repairs | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 0 | 0 |
| Paint - Building Exterior | 9/01/2005 | 07/00 | +00/04 | 09/05 | Y | 684,000 | 697,681 |
| Sub Total: | | | | | | 684,000 | 697,681 |
| <u>Elevators</u> | | | | | | | |
| Elevator Cab Refurbish | 1/01/2005 | 10/00 | 00/00 | 01/05 | Y | 112,500 | 112,500 |
| Elevator Modernize-Mech (Cable) | 1/01/2005 | 30/00 | 00/00 | 01/05 | Y | 1,800,000 | 1,800,000 |
| Elevator Modernize-Mech (Hydraulic) | 1/01/2005 | 30/00 | 00/00 | 01/05 | Y | 225,000 | 225,000 |
| Escalators - Major Repairs & Clean | 1/01/2005 | 25/00 | 00/00 | 01/05 | Y | 50,000 | 50,000 |
| Sub Total: | | | | | | 2,187,500 | 2,187,500 |
| <u>Fire/Life Safety</u> | | | | | | | |
| Fire Alarm System Upgrade | 1/01/1986 | 20/00 | +01/00 | 01/07 | Y | 373,000 | 395,716 |
| Generator - Emergency Back Up | 1/01/1986 | 30/00 | 00/00 | 01/16 | Y | 160,000 | 221,543 |
| Pump - Fire Sprinkler Booster Pump | 1/01/1986 | 25/00 | 00/00 | 01/11 | Y | 25,000 | 29,851 |
| Sub Total: | | | | | | 558,000 | 647,110 |
| <u>Fire/Life Safety - Corridors</u> | | | | | | | |
| Fire Extinguisher - Kona | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 1,000 | 1,000 |
| Fire Extinguisher - Waikiki | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 4,500 | 4,500 |
| Lighted Exit Signs - Kona | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 8,100 | 8,100 |
| Lighted Exit Signs - Waikiki | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 8,100 | 8,100 |
| Lighting-Battery Back Up-Kona | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 16,800 | 16,800 |

Ala Moana Hotel Condominium
COMPONENT SUMMARY REPORT

Analysis 1

| Description | Starting Date | Useful Life (yr/mo) | Adj. Life (yr/mo) | Sched. Rpl. (mo/yr) | Recur | Current Cost | Future Cost |
|----------------------------------------|---------------|---------------------|-------------------|---------------------|-------|----------------|----------------|
| Lighting-Battery Back Up-Waikiki | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 25,200 | 25,200 |
| Sub Total: | | | | | | 63,700 | 63,700 |
| Furniture | | | | | | | |
| Furniture-Pool Deck | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 35,000 | 35,000 |
| Sub Total: | | | | | | 35,000 | 35,000 |
| Furniture/Equipment - Corridors | | | | | | | |
| Furnishings-Corridors-Kona | 1/01/2005 | 12/00 | 00/00 | 01/05 | Y | 5,000 | 5,000 |
| Furnishings-Corridors-Waikiki | 1/01/2005 | 12/00 | 00/00 | 01/05 | Y | 28,500 | 28,500 |
| Ice Machines-Corridors-Kona | 1/01/2005 | 12/00 | 00/00 | 01/05 | Y | 45,000 | 45,000 |
| Ice Machines-Corridors-Waikiki | 1/01/2005 | 12/00 | 00/00 | 01/05 | Y | 135,000 | 135,000 |
| Washers/Dryers-Guest Laundry | 1/01/2005 | 12/00 | 00/00 | 01/05 | Y | 15,000 | 15,000 |
| Sub Total: | | | | | | 228,500 | 228,500 |
| Interior Finishes - Corridors | | | | | | | |
| Carpet Flooring - Kona Tower | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 142,350 | 142,350 |
| Carpet Flooring - Waikiki Tower | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 444,600 | 444,600 |
| Paint Interior - Kona Tower | 1/01/2005 | 10/00 | 00/00 | 01/05 | Y | 19,690 | 19,690 |
| Paint Interior - Service/BOH | 1/01/2005 | 10/00 | 00/00 | 01/05 | Y | 122,780 | 122,780 |
| Paint Interior - Waikiki Tower | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 61,440 | 61,440 |
| VCT Flooring - Service/BOH | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 154,900 | 154,900 |
| Wallpaper (Corridors)-Kona Tower | 1/01/2005 | 10/00 | 00/00 | 01/05 | Y | 124,600 | 124,600 |

**Ala Moana Hotel Condominium
COMPONENT SUMMARY REPORT**

Analysis 1

| Description | Starting Date | Useful Life (yr/mo) | Adj. Life (yr/mo) | Sched. Rpl. (mo/yr) | Recur | Current Cost | Future Cost |
|-------------------------------------|---------------|---------------------|-------------------|---------------------|-------|------------------|------------------|
| Wallpaper (Corridors)-Waikiki Tower | 1/01/2005 | 10/00 | 00/00 | 01/05 | Y | 399,000 | 399,000 |
| Sub Total: | | | | | | 399,000 | 399,000 |
| Interior Finishes-Bathrooms | | | | | | | |
| Bathrooms Employees-Refurbish | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 56,000 | 56,000 |
| Bathrooms Public-Refurbish | 1/01/2005 | 15/00 | 00/00 | 01/05 | Y | 84,000 | 84,000 |
| Sub Total: | | | | | | 140,000 | 140,000 |
| Interior Finishes-Hotel Room | | | | | | | |
| Carpeting-Hotel Room | 1/01/2006 | 06/00 | 00/00 | 01/06 | Y | 595,464 | 613,328 |
| Wall Coverings/Paint-Hotel Room | 1/01/2006 | 08/00 | 00/00 | 01/06 | Y | 1,158,616 | 1,193,374 |
| Window Treatments | 8/01/2005 | 08/00 | 00/00 | 08/05 | Y | 490,450 | 498,931 |
| Sub Total: | | | | | | 2,244,530 | 2,305,633 |
| Lighting - Corridors | | | | | | | |
| Lighting-Ceiling Fixtures-Service | 1/01/2005 | 25/00 | 00/00 | 01/05 | Y | 4,500 | 4,500 |
| Lighting-Ceiling Fixtures-Waikiki | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 6,900 | 6,900 |
| Lighting-Recessed Downlight-Kona | 1/01/2005 | 25/00 | 00/00 | 01/05 | Y | 15,750 | 15,750 |
| Lighting-Recessed Downlight-Waikiki | 1/01/2005 | 25/00 | 00/00 | 01/05 | Y | 47,250 | 47,250 |
| Lighting-Wall Sconce-Kona | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 25,200 | 25,200 |
| Lighting-Wall Sconce-Waikiki | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 75,600 | 75,600 |
| Sub Total: | | | | | | 175,200 | 175,200 |

**Ala Moana Hotel Condominium
COMPONENT SUMMARY REPORT**

Analysis 1

| <u>Description</u> | <u>Starting Date</u> | <u>Useful Life (yr/mo)</u> | <u>Adj. Life (yr/mo)</u> | <u>Sched. Rpl. (mo/yr)</u> | <u>Recur</u> | <u>Current Cost</u> | <u>Future Cost</u> |
|-------------------------------------|----------------------|----------------------------|--------------------------|----------------------------|--------------|---------------------|--------------------|
| Lobby | | | | | | | |
| Carpet Flooring - 1st Floor Lobby | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 114,400 | 114,400 |
| Carpet Flooring - 2nd Floor Lobby | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 78,325 | 78,325 |
| Furnishings-Lobby | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 100,000 | 100,000 |
| Paint Interior - Lobby (1st/2nd FL) | 1/01/2005 | 08/00 | 00/00 | 01/05 | Y | 50,000 | 50,000 |
| Sub Total: | | | | | | 342,725 | 342,725 |
| Mechanical | | | | | | | |
| A/C-Elevator Mech. Room (Waikiki) | 1/01/2004 | 10/00 | 00/00 | 01/14 | Y | 25,000 | 32,629 |
| Air Handler-Corridors (Kona) | 1/01/1969 | 30/00 | +15/00 | 01/14 | Y | 75,000 | 97,887 |
| Air Handler-Corridors (Waikiki) | 1/01/1969 | 30/00 | +15/00 | 01/14 | Y | 225,000 | 293,661 |
| Boilers - Roof (1,000 MBH) | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 90,000 | 144,466 |
| Chiller-HVAC (800 Ton) | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 1,200,000 | 1,926,217 |
| Cooling Tower-HVAC (400 Ton) | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 1,000,000 | 1,605,181 |
| EMS-Digital System Controller | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 200,000 | 321,036 |
| Exhaust Fans | 1/01/1969 | 20/00 | +20/00 | 01/09 | Y | 0 | 0 |
| Heat Pump-Liquid | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 200,000 | 321,036 |
| Hot Water Storage-14th Floor | 1/01/1969 | 20/00 | +20/00 | 01/09 | Y | 60,000 | 67,531 |
| Hot Water Storage-Roof-1 | 1/01/1969 | 20/00 | +20/00 | 01/09 | Y | 25,000 | 28,138 |
| Hot Water Storage-Roof-2 | 1/01/1969 | 20/00 | +20/00 | 01/09 | Y | 20,000 | 22,510 |
| Pump-Domestic Water Booster | 1/01/1995 | 20/00 | 00/00 | 01/15 | Y | 85,000 | 114,267 |
| Pump/Motor-Chill Water (100 hp) | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 50,000 | 80,259 |
| Pump/Motor-Condenser Water (60 hp) | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 40,000 | 64,207 |

**Ala Moana Hotel Condominium
COMPONENT SUMMARY REPORT**

Analysis 1

| Description | Starting Date | Useful Life (yr/mo) | Adj. Life (yr/mo) | Sched. Rpl. (mo/yr) | Recur | Current Cost | Future Cost |
|-------------------------------------|---------------|---------------------|-------------------|---------------------|-------|------------------|------------------|
| Pump/Motor-Condenser Water (7.5 hp) | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 7,500 | 12,039 |
| Pump/Motor-Hot Water Circ (20 hp) | 1/01/2001 | 20/00 | 00/00 | 01/21 | Y | 45,000 | 72,233 |
| Pumps/Filters Water Feature | 1/01/1998 | 10/00 | 00/00 | 01/08 | Y | 3,500 | 3,825 |
| Sub Total: | | | | | | 3,351,000 | 5,207,122 |
| Pool | | | | | | | |
| Pool Deck Finish Replacement | 1/01/2005 | 20/00 | 00/00 | 01/05 | Y | 250,000 | 250,000 |
| Pumps, Filters, Chlorinators-Pool | 1/01/2005 | 10/00 | 00/00 | 01/05 | Y | 4,500 | 4,500 |
| Sub Total: | | | | | | 254,500 | 254,500 |
| Roofing | | | | | | | |
| Roofing - Built Up (2nd FL Club) | 1/01/2005 | 18/00 | 00/00 | 01/05 | Y | 14,400 | 14,400 |
| Roofing - Built Up (4th Floor) | 1/01/1990 | 18/00 | +02/00 | 01/10 | Y | 157,800 | 182,933 |
| Roofing - Built Up (Kona Tower) | 1/01/1990 | 18/00 | 00/00 | 01/08 | Y | 160,500 | 175,383 |
| Roofing - Built Up (Loading Dock) | 1/01/2000 | 18/00 | 00/00 | 01/18 | Y | 60,000 | 88,138 |
| Roofing - Built Up (Waikiki Tower) | 1/01/2000 | 18/00 | 00/00 | 01/18 | Y | 174,000 | 255,600 |
| Roofing - Clay Tile (Hut) | 1/01/2005 | 35/00 | +01/00 | 01/05 | Y | 45,500 | 45,500 |
| Roofing - Clay Tile (Waikiki Tower) | 1/01/2005 | 35/00 | 00/00 | 01/05 | Y | 239,250 | 239,250 |
| Roofing - Gutters (Waikiki Tower) | 1/01/2000 | 07/00 | 00/00 | 01/07 | Y | 5,100 | 5,411 |
| Roofing - Pitch & Gravel (4th Fl) | 1/01/1992 | 18/00 | 00/00 | 01/10 | Y | 83,400 | 96,683 |
| Roofing - WP Membrane (36th Flr) | 1/01/2005 | 07/00 | 00/00 | 01/05 | Y | 12,300 | 12,300 |
| Sub Total: | | | | | | 952,250 | 1,115,598 |

**Ala Moana Hotel Condominium
COMPONENT SUMMARY REPORT**

Analysis 1

| Description | Starting Date | Useful Life (yr/mo) | Adj. Life (yr/mo) | Sched. Rpl. (mo/yr) | Recur | Current Cost | Future Cost |
|---------------------------------|---------------|------------------------|----------------------|------------------------|-------|----------------|----------------|
| Unit Appliances | | | | | | | |
| Unit-Microwave Oven | 5/01/2005 | 08/00 | 00/00 | 05/05 | Y | 156,944 | 158,482 |
| Unit-Refrigerator | 5/01/2005 | 10/00 | 00/00 | 05/05 | Y | 141,942 | 143,333 |
| Sub Total: | | | | | | 298,886 | 301,815 |
| Unit Furniture | | | | | | | |
| Unit-Artwork & Accessories | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 193,872 | 195,772 |
| Unit-Chair-Dining Outdoor | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 150,440 | 151,915 |
| Unit-Chair-Upholstered Armless | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 135,568 | 136,897 |
| Unit-Chair-Upholstered W/Arms | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 315,934 | 319,031 |
| Unit-Coffee Table-Round 30" | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 68,260 | 68,929 |
| Unit-Credenza/Desk-64" | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 712,923 | 719,911 |
| Unit-Dining Table-Round 30" | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 163,527 | 165,130 |
| Unit-Framed Mirrors | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 138,480 | 139,837 |
| Unit-Glass For Coffee Table | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 6,476 | 6,539 |
| Unit-Glass For Credenza | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 29,762 | 30,054 |
| Unit-Glass For Dining Table | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 13,434 | 13,566 |
| Unit-Glass For Night Stands | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 18,975 | 19,161 |
| Unit-Headboard-Double | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 392,625 | 396,474 |
| Unit-Headboard-King | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 26,767 | 27,029 |
| Unit-Headboard-Queen | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 94,597 | 95,524 |
| Unit-Hide A Bed | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 191,734 | 193,613 |
| Unit-Mattress/Box Spring-Double | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 654,444 | 660,859 |

**Ala Moana Hotel Condominium
COMPONENT SUMMARY REPORT**

Analysis 1

| Description | Starting Date | Useful Life (yr/mo) | Adj. Life (yr/mo) | Sched. Rpl. (mo/yr) | Recur | Current Cost | Future Cost |
|----------------------------------|---------------|------------------------|----------------------|------------------------|-------|-------------------|-------------------|
| Unit-Mattress/Box Spring-King | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 50,838 | 51,336 |
| Unit-Mattress/Box Spring-Queen | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 138,510 | 139,868 |
| Unit-Mirror-Full Length Framed | 5/01/2005 | 18/00 | 00/00 | 05/05 | Y | 61,903 | 62,510 |
| Unit-Mirror-Vanity Framed | 5/01/2005 | 18/00 | 00/00 | 05/05 | Y | 61,903 | 62,510 |
| Unit-Night Stands-Double Rm | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 151,508 | 152,993 |
| Unit-Night Stands-King/Queen Rm | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 144,191 | 145,604 |
| Unit-Soft Goods | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 1,324,792 | 1,337,778 |
| Unit-Stone Top For Console Table | 5/01/2005 | 12/00 | 00/00 | 05/05 | Y | 6,639 | 6,704 |
| Unit-Table-Dining Outdoor | 5/01/2005 | 06/00 | 00/00 | 05/05 | Y | 70,744 | 71,437 |
| Sub Total: | | | | | | 5,318,846 | 5,370,981 |
| Grand Total: | | | | | | 18,303,997 | 20,542,425 |

EXHIBIT L

CERTAIN ENVIRONMENTAL REPORTS

See attached.

AARON WRIGHT

August 25, 2004

Mr. Mark Vogt
iStar Financial, Inc.
3480 Preston Ridge Road, Suite 575
Alpharetta, GA 30005

RE: Phase I Environmental Site Assessment of
Ala Moana Condo and Hotel
410 Atkinson Drive
Honolulu, Honolulu, Hawaii 96814
Aaron & Wright Project No. 041786T.DCA

Dear Mr. Vogt:

AARON & WRIGHT TECHNICAL SERVICES (Aaron & Wright) has completed a Phase I Environmental Site Assessment (ESA) of the above referenced property. The assessment was conducted in accordance with American Society for Testing and Materials (ASTM) *Standard Guide for Environmental Site Assessments: Phase I Environmental Site Assessment Process E 1527-00*, Standard & Poor's *Environmental Criteria*, the scope of work provided by the Client, and generally accepted industry standards.

Aaron & Wright certifies that to the best of its knowledge this report is true and accurate. We hope you find the report complete and informative. Please do not hesitate to contact us if you have any questions or if we can be of further service to you.

Sincerely,

AARON & WRIGHT TECHNICAL SERVICES

Donald Allen
Project Manager

Richard Dagnall
President

1.0 EXECUTIVE SUMMARY

1.1 Property Summary

Property Name: Ala Moana Condo and Hotel
Property Address: 410 Atkinson Drive
City /County/State/Zip Code: Honolulu, Honolulu, Hawaii 96814
Property Usage: Lodging

Based upon the walk-through of the subject property conducted by Aaron & Wright, the following immediate needs or capital expenditures are recommended.

| IMMEDIATE NEEDS | | |
|----------------------------------------------------------------------|-----------------------------|--------------------|
| REPAIR ITEM | COST BASIS | ESTIMATED COST |
| Upgrade/Refurbish Elevators (12) | Allowance | \$1,140,000 |
| Provide air-conditioning in the elevator rooms | Allowance | \$50,000 |
| Provide Design Build services to upgrade HVAC and associated systems | Confirmed bid to management | \$4,466,316 |
| Related work not included in above (drywall and supervision) | Management's Allowance | \$550,000 |
| Clean air handling system and ducting | Lump Sum Allowance | \$115,200 |
| Repair concrete spalling | Allowance | \$75,000 |
| Remediate the fungal/mold growth | Allowance | \$1,000,000 |
| | TOTAL | \$7,396,516 |

Based upon the inspection and analysis of the subject property conducted by Aaron & Wright, the following table summarizes the replacement reserves anticipated for the subject property.

PHYSICAL NEEDS RESERVE SUMMARY

| TERM | UNINFLATED RESERVE | ANNUAL COST PER ROOM | INFLATED RESERVE | ANNUAL COST PER ROOM |
|----------------|---------------------------|-----------------------------|-------------------------|-----------------------------|
| 10 YEAR | \$3,443,500 | \$299 | \$3,945,423 | \$343 |
| 12 YEAR | \$4,887,500 | \$354 | \$5,909,927 | \$428 |

1.2 Property Description

The subject property consists of an irregular-shaped parcel of land totaling 3.0455 acres. It is improved with a single hotel building totaling 608,273 square feet (SF) and containing 1,152 guest rooms. The building has a semi-subterranean parking garage; a first floor consisting of a lobby, registration desks, restaurants, shops, a porte cochere as the entrance and service areas; a second floor consisting of offices, ballrooms, meeting rooms and service areas, and the third floor consisting of the swimming pool, fitness area, restaurants and service areas. The building has two towers. The Waikiki (west) Tower is thirty-eight stories tall with 873 guest rooms on the fourth through thirty-fifth floors, a restaurant on the thirty-sixth floor, mechanical spaces on the thirty-seventh and thirty-eighth floors and radio/TV antennas mounted on the roof. The Kona (east) Tower is thirteen stories tall with 379 guest rooms on the fourth through thirteenth floors. The building, which was constructed in 1969 and 1970, is of reinforced poured-in-place concrete construction with a combination of decorative poured-in-place concrete and concrete masonry unit exterior walls and flat membrane roofs with some pitched ceramic tile decorative roofs. The building covers the entire site, except for some landscaped slopes and drives at the entrance on the first floor level. Landscape planters are placed throughout the exposed exterior portions of the building up through the third floor pool/exercise areas. Two fountains are located on the front entrance slope along Atkinson Drive and an elevated pedestrian ramp across Mahukona Street provides direct access to the Ala Moana Shopping Center from the second floor of the Waikiki Tower.

1.3 General Physical Condition

Property management has been proactive in replacing various fixtures and finishes that are visible to the public through a renovation program. Property management has not, however, been proactive in replacing various back of house/infrastructure building systems that are in need of upgrade/repair or do not operate at all. Therefore, the property is in poorer condition than would normally be anticipated for a hotel complex that is 34 years old.

General Condition: Fair to Good
 Level of Maintenance: Fair
 Expected Remaining Useful Life: 30 to 35 years

- Recent Capital Improvements:
- Replaced roofing on third floor section in 2002
- Planned Capital Improvements:
- Renovate elevators
 - Renovate air conditioning and ventilating systems
 - Repairing concrete spalling and stucco cracking
 - Cleaning air handling equipment and ducting
 - Remediating mold and associated repairs

1.4 Recommendations & Discussion

Aaron & Wright observed that some of the passenger elevators were not operating forcing hotel staff to use service elevators to get guests to their rooms. Management was aware of the problem, had hired a firm to keep the elevators operational and was developing the scope of work for repairs and upgrades to the elevators and related equipment. To date, life safety control panel, wiring, hoist cable and controller replacement appear to be the major concerns, with refurbishing of other elements and providing conditioned air to be included in the upgrades. Aaron & Wright recommend continuation of the service contract to keep the elevators operational and proceeding with the prospective elevator upgrades/alterations including providing air conditioning for the elevator rooms. An estimated cost for these repairs can not be determined until the elevator engineer's report is concluded and reviewed, and a cost allowance has been provided for the assessment and repairs.

Aaron & Wright observed that none of the seven supply air fans in the semi-subterranean parking garage were operational and recommends either replacing the inoperable supply air fans or installing an exhaust system with a CO/humidity sensor control system. This work is included in Management's bid in the Immediate Needs Table.

Aaron & Wright observed problems with the conditioned air systems at the hotel. Management was aware of these problems. A study by a mechanical engineer had just been completed identifying the extent of the problems. The report indicated that three built-up air handlers located on the thirty-seventh floor of the Waikiki Tower and one built-up air handler located on the sixteenth floor of the Kona Tower that provide conditioned air to guest corridors were not operational and that five air handling units located on the first floor that provide conditioned air to the public areas, restaurants and service areas were in poor condition with the effectiveness of the temperature controls in question. The report further indicated that the guest room fan coil units did not have automatic temperature controls, operating on manual fan speed controls only and that chilled water piping insulation was old and ineffective. A subsequent report identified the cost to make corrections. Aaron & Wright recommends replacing the inoperable air handlers, repairing the air handlers in poor condition and the related work as identified in the September 26, 2004 bid by the Leis Company. This work is included in Management's bid in the Immediate Needs Table.

Aaron & Wright observed extensive evidence of dust in air handling units and ducting and recommends cleaning the air handlers/fans, vents and ducts. An estimated cost for this cleaning can not be determined

until the full extent of the problem is identified so a cost allowance has been provided for the assessment and subsequent repairs.

Aaron & Wright observed concrete spalling at the top two floors of the Waikiki Tower and around the third floor pool. Management was aware of these problems. A study by a structural engineer was underway at the time of Aaron & Wright's visit to identify the extent of the problem. Based on the extent of spalling observed, Aaron & Wright recommends that repairs be made immediately following the structural engineer's evaluation of the building. An estimated cost for these repairs can not be determined until the engineer's report is concluded and reviewed so a cost allowance has been provided.

Aaron & Wright observed significant evidence of suspected mold in guest room air handling units (AHUs), tower hallway AHUs, back of house ceiling mounted air diffusers and restaurant ceiling acoustic panels. Suspected mold was also observed on wallpaper and on the acoustical ceilings of guest rooms. Mold was reported to also be evident in the mechanical spaces on the second and third floors and on chilled water risers in stairwells. The source of the mold is suspected to be due to high humidity and maintenance deficiencies of air conditioning/air handling equipment throughout the spaces resulting in reduced air movement throughout the building. Management was aware of these problems. A Building Fungal Evaluation has been completed identifying the extent of the mold throughout the hotel. Aaron & Wright recommends that property management should repair the source of the moisture infiltration/buildup supporting the mold growth. The site should be remediated. Any damaged materials in these areas should be removed and replaced. Subsequent to addressing the moisture issue, the identified areas of mold should be properly cleaned and sanitized. In addition to the remediation of the affected areas, testing for mold after the remediation should be conducted. An estimated cost for these repairs was not included in the evaluation so a cost allowance has been provided.

No other building components or systems were identified that would require additional investigation. No additional investigation is warranted prior to finalizing the immediate needs estimates or the physical needs reserves estimates. A detailed physical needs reserve calculation is provided in the table below.

Moana Condo and Hotel
 1 Atkinson Drive
 Honolulu, Honolulu, Hawaii 96814
 Iron & Wright Project No. 041786T.DCA

| Property Age | PHYSICAL NEEDS RESERVE TABLE | | | | | | | | | | | | Total | Beyond loan term | Total | | | |
|--------------------------------|------------------------------|---------------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|-----------|---------|-------------|--------|
| | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 1-10 | 11 | | | | 12 | | |
| Plumbing/Mechanical/Electrical | | | | | | | | | | | | | | | | | | |
| Commercial Water features | 0 | \$3,000/each | 10-15 | | | | | | | | | | | | | | | 0 |
| Boiler overhaul | 3 | \$5,000/each | 15-20 | 5,000 | 5,000 | | | | | | | | | | | | | 15,000 |
| Commercial Kitchen Equipmt | 1 | lump sum | 15-20 | | | 75,000 | | | | | | | | | | | | 75,000 |
| Ice Machines | 33 | \$2,500/each | 10-15 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 82,500 |
| Commercial Washers | 3 | \$25,000/each | 15-20 | | | | | | | | | | | | | | | 75,000 |
| Commercial Dryers | 4 | \$20,000/each | 15-20 | | | 40,000 | | | | | | | | | | | | 80,000 |
| Washers coin-op | 10 | \$300/each | 10-15 | | | | 1,500 | 1,500 | | | | | | | | | | 3,000 |
| Dryers coin-op | 10 | \$300/each | 10-15 | | | | 1,500 | 1,500 | | | | | | | | | | 3,000 |
| Totals | | | | 185,000 | 236,000 | 244,500 | 522,500 | 847,500 | 205,000 | 267,500 | 495,500 | 195,500 | 244,500 | 3,443,500 | 851,500 | 592,500 | 4,887,500 | |
| Inflation Factor | 3.0% | | | 1,000 | 1,0300 | 1,0609 | 1,0927 | 1,1255 | 1,1593 | 1,1941 | 1,2299 | 1,2668 | 1,3048 | | 1,3439 | 1,3842 | | |
| Total (Inflated) | | | | 185,000 | 243,080 | 259,390 | 570,950 | 953,869 | 237,651 | 319,409 | 609,403 | 247,654 | 319,017 | \$3,945,423 | 1,144,345 | 820,159 | \$5,909,927 | |
| Cost | Guest Rooms | 1,152 | | \$161 | \$211 | \$225 | \$496 | \$828 | \$206 | \$277 | \$329 | \$215 | \$277 | \$3,425 | \$993 | \$712 | \$5,130 | |
| Annual Cost per Unit over term | | | | | | | | | | | | | | \$343 | | | \$428 | |

Costs provided by property management. ** Items anticipated to last beyond their EUL based on regular maintenance and past experience.

Building Fungal Evaluation

Prepared for:

CRESCENT HEIGHTS

1189 Waimanu Street
Honolulu, Hawaii

Ala Moana Hotel
410 Atkinson Drive
Honolulu, Hawaii

85-05028.00
September 1, 2004

Clayton Group Services, Inc.
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Appendices

- A Photographs
- B Laboratory Analytical Results

1.0 INTRODUCTION

Mr. Perry Raanan, Senior Project Manager for Crescent Heights, authorized Clayton Group Services, Inc. (Clayton) to perform a building fungal evaluation of the Ala Moana Hotel located at 410 Atkinson Drive in Honolulu, Hawaii.

Clayton understands that Crescent Heights requested this evaluation as part of their due diligence efforts for the hotel. The purpose of this evaluation was to identify existing or potential building-related conditions that could have a negative effect on indoor air quality. Clayton also understands that Crescent Heights plans to renovate many areas of hotel including the replacement of air handler units (AHUs), vinyl wall coverings and carpeting. Crescent Heights has begun removal of these items on a voluntary basis since the State of Hawaii does not have any regulatory requirements regarding indoor air quality.

The scope of Clayton's services was described in the August 4, 2004 proposal addressed to Mr. Raanan, which also included the terms and conditions under which the work was performed (Clayton Proposal No. 05-HI-0213).

Mr. Errol Gard, Industrial Hygienist with Clayton, performed the evaluation from August 9 through 18, 2004. Mr. Dennis Miho, Chief Engineer for the facility, provided escorts for building access and information during the evaluation.

In conducting this evaluation, Clayton performed the following tasks:

- Conducted an inspection of 48 representative guest rooms; selected at random as available, to identify readily apparent and visibly moldy, water-stained, or otherwise damaged building materials. Guest corridors were also included in the visual inspection.
- Conducted a fungal evaluation of the heating, ventilating and air-conditioning (HVAC) systems serving the 48 guest rooms and corridors. This included inspection of the condition of accessible, representative air system components, internal insulation, condensate drain pans, filters and cooling coils.
- Conducted a fungal evaluation of facility common areas and back-of-house regions. Emphasis placed on air handling units (AHUs) and supply duct systems that deliver conditioned air to these regions.

- Performed direct-reading measurements of carbon dioxide, carbon monoxide, temperature, particle size, relative humidity, and moisture content testing of selected building materials.
- Collected 25 bulk samples of suspect visible fungi for laboratory analysis.
- Provided quality control oversight for limited AHU remediation performed during the course of this evaluation.

Data associated with this project is presented in Appendices A (Laboratory Analytical Results) and B (Photographs).

2.0 FACILITY DESCRIPTION

The subject property, currently owned by Azabu USA Corporation, is 132,664 square feet in area and is improved with the Ala Moana Hotel. The 38-story hotel building, constructed in 1969, occupies the entire property and includes 1,152 guest rooms.

The bottom floor of the building (Coral Level) primarily consists of parking areas. The first floor includes the main lobby, shops, three restaurants (Tsukasa Japanese Restaurant, Hawaiian Hut, and Plantation Café) and Rumours Night Club, as well as back-of-house areas such as the Housekeeping, Security and Engineering departments. The mezzanine level and second floor include lobby areas, offices, banquet/conference rooms, kitchen areas, and back-of-house areas. The third floor includes offices, maintenance and storage areas, employee locker rooms, swimming pool, fitness center, and two restaurants (Royal Garden Chinese Restaurant and Ginger Terrace Café). Two guest room wings are located above the third floor, including the 13-story Kona Tower and the high-rise Waikiki Tower. Aaron's restaurant/cocktail lounge occupies the 36th floor, and mechanical equipment rooms occupy the 37th and 38th floors of the Waikiki Tower.

The hotel complex is located in a resort and shopping district of Honolulu. Similar resort and commercial businesses are located within close proximity to the subject building. The Pacific Ocean is located to the south of the subject property.

3.0 OBSERVATIONS AND DISCUSSION

Clayton's observations and discussions are based on the following: (1) inspection of the guest rooms, corridors, back-of-house areas, and associated ventilation systems, (2) bulk sample collection of suspect fungal growth, and (3) direct-read measurement for indoor air parameters and moisture content of selected building materials.

Clayton's evaluation included 48 guest rooms selected at random to reflect conditions throughout the hotel. Clayton inspected the following guest rooms:

- Waikiki Tower: Room Numbers 602, 610, 704, 825, 901, 911, 1120, 1311, 1405, 1410, 1509, 1523, 1715, 1728, 1732, 1821, 1830, 2020, 2021, 2103, 2129, 2303, 2320, 2401, 2430, 2625, 2631, 2728, 2832, 2919, 3210, 3214, 3317, 3319 and 3530
- Kona Tower: Room Numbers 536, 544, 737, 850, 933, 1056, 1057, 1139, 1235, 1240, 1334 and 1348, plus the Hospitality Suite and Human Resources suite of offices on the 4th floor

3.1 HOTEL BACKGROUND AND OBSERVATIONS

Based on information provided by building maintenance escorts, there has been no reported roof leaks associated with the roofing membrane (roofing felt). A chilled water pipe failure from the rooftop chiller plant occurred approximately five years ago, allowing water to flow from the roof to the ground floor. However, the flow was confined to a concrete fire escape stairwell. Other reported leaks in the building occurred within guest rooms from sink and tub overflow. Clayton was also informed that an employee had complained about mold at the front desk office area of the hotel. Based on the complaint, Management had the air ducts cleaned in April of 2004. Clayton reviewed documents provided by Crescent Heights regarding work performed at the building. Based on review of these documents, there are no known reports of complaints from guests regarding indoor air quality.

Guest room floor treatments include short pile carpeting and sheet vinyl flooring. Interior partition walls are vinyl-clad gypsum wallboard and concrete. According to Mr. Raanan, all original carpet, vinyl wall coverings, and guest room furnishings within the hotel will be replaced. Bathroom walls are comprised of painted and vinyl-clad gypsum wallboard, with ceramic tile forming the bathtub enclosure. All guest rooms have sliding glass doors to the exterior. Ceilings are comprised of asbestos-containing, spray-applied acoustical plaster on a concrete substrate, or painted gypsum ceiling board. Most back-of-house functional spaces contain resilient or ceramic tile floors, painted gypsum board and concrete block walls, and suspended/affixed ceiling panels, or bare concrete ceilings.

Clayton's inspection resulted in the following observations:

- Water staining and suspect microbial growth was observed on vinyl wallpaper and underlying wallboard in many guest rooms and corridors inspected by Clayton.

- Moisture testing within most rooms inspected revealed moisture in gypsum wallboard in the vicinity of the AHUs, with visible microbial observed on the vinyl wallpaper and underlying wallboard. Elevated moisture readings were measured in wallboard located next to the ceramic bathtub enclosure in guest bathrooms.
- Water-damaged areas of spray-applied acoustical ceiling plaster containing asbestos were observed in many rooms inspected by Clayton.
- Clayton observed water leaking from the kitchens and mechanical rooms into the lower floors. Clayton also noted areas of water damage on the gypsum ceilings of the guest corridors. Areas with notable damage were located at the end of the return diffusers within the Waikiki Tower, and above many ice-machine units.
- Supply air diffuser grills in most guest rooms, kitchens, and back-of-house areas were noted as dirty with suspect microbial growth.
- Exhaust fans for the parking garage were not operational.
- Carpeting within the guest rooms was observed in fair to poor condition.
- Porous furnishings, undersides of chairs and armoires, and drapes were visibly free of suspect microbial growth.

Clayton did not observe sources of chemical contaminants in the building that would be considered atypical of a comparable (hotel) environment.

3.2 HEATING, VENTILATING AND AIR-CONDITIONING SYSTEM

The heating, ventilation and air-conditioning system (HVAC) is the primary means of providing filtered and tempered outdoor air to interior portions of the building. ASHRAE Standard 62-2001, *Ventilation for Acceptable Indoor Air Quality*, guidelines recommend that a continuous airflow of at least 30 cubic feet per minute (cfm) of outdoor (fresh) air be delivered to hotel bedrooms and living room during all occupied periods. Without sufficient outdoor air ventilation, contaminants generated indoors (such as tobacco smoke, volatile organic compounds [VOCs] and human bioeffluents) may not be diluted enough to prevent annoyance and discomfort complaints among occupants.

3.2.1 Description – Guest Rooms

The majority of the 1,152 guest rooms within both towers are equipped with a floor-mounted chilled water fan coil unit. All floor-mounted units were readily accessible, positioned against the perimeter wall. Floor-mounted units have the filter element close to the floor, with air drawn up, pushed past the coil and then diffused through the top of the unit. Three guest rooms, located at the end of each floor of the Waikiki Tower, are equipped with above-ceiling units. The access hatch to these units is located in the ceilings of the entry foyer. The above-ceiling units are designed for the air to cross a filter element mounted in the foyer ceiling, drawn into the above ceiling plenum, across the cooling coil and out into the room space through a vertically-mounted wall diffuser just below ceiling height. Fresh air makeup to all guest room units is provided by AHUs that service the guest corridors, coupled with air provided indirectly via open sliding glass doors.

Clayton noted that each guest room includes a bathroom exhaust fan that operates continuously (24 hours per day), creating a strong negative pressure environment relative to the outside air when the sliding-glass door is open. Adequately conditioned make-up air should be provided to the room to prevent the space from being under negative pressure. This condition reduces unfiltered/unconditioned air (and moisture) from entering into the building.

3.2.2 Observations – Guest Rooms

Clayton conducted a visual inspection of the air-handlers within 48 guest rooms. Clayton noted that most filters in the rooms inspected were dirty and clogged with debris. Filter elements appeared to fit well within mounting frames. Supply fans were uniformly and heavily encrusted with dirt and debris. Clayton could not inspect the upside coil surfaces due to the position of the supply fans. Observable coil surfaces had light to heavy debris deposition. Condensate pans were inspected and noted as corroded and filled with water containing bioslime and debris. Condensate water was observed overflowing in many of the units. Interior linings of the AHUs were noted with debris and suspect visible fungal growth. Algae and microbial growth was observed on chilled water pipe insulation and exposed pipefittings that are connected to the AHUs. The conditions in the rooms need to be addressed to prevent future damage to building materials and mechanical systems.

Interior portions of the above-ceiling fan coil units were not accessible. Condensation leakage was observed from units whose return grills were accessed from the corridor. According to maintenance personnel, condensate leakages from guest AHUs are common. Clayton also noted visible microbial growth on many of the return grills inspected.

3.2.3 Description – Back of House

Clayton conducted an inspection of back of house areas including mechanical rooms and 28 AHUs that service lobbies, conference rooms, corridors, and back-of-house operational areas.

Large AHUs are located on the roofs of the towers within mechanical rooms. These mechanical rooms were designed to serve as mixing chambers for fresh and recycled air. After mixing, the air is passed through a filter bank and is blown through cooling coils. This processed cool air is then returned back into the corridors of the building. Although these rooms were free of stored supplies and furnishings, microbial growth was observed on most of the exposed chilled water pipe jacketing and on vibration joint cloth at duct seams in these mechanical rooms.

According to maintenance personnel, the large AHUs that provide conditioned, fresh air to room corridors have not operated properly for over five years. Based on information provided to Clayton, service corridors in the Waikiki Tower are the only regions receiving adequate conditioned, fresh make-up air. Clayton noted that the unit supplying conditioned make-up air to the Kona Tower has approximately 30% of its coil capacity functioning.

A roof-mounted chiller plant (approximately 5 years old) chills coolant water to 43 degrees Fahrenheit (°F); pumps the cooled water through the chilled water piping system throughout the hotel. The water is returned to have excess heat dissipated through a roof-mounted cooling tower, and then pumped back to the chiller plant. Clayton inspected the cooling tower and found the unit as clean and the water as clear.

3.2.4 Observations – Back of House

Clayton's inspection of back-of-house AHUs and ducting revealed that many of the fresh air intake vents were clogged with dirt and debris (bird and insect parts). Many of the vents were boarded up to conserve energy and to keep birds out.

Inspection of the interior AHU mixing chambers revealed dirt with suspect microbial growth on intake damper fins. Several filter mount racks were deteriorated. In some instances, AHUs had rolled filter elements placed in front of intakes as additional filtration. Coils were noted in fair condition. However, debris and microbial growth was evident on several coils inspected. Internal insulation was observed as damaged with microbial growth in many of the AHUs inspected. According to the maintenance escort, condensate pans in the back-of-house areas routinely leak. Leakage from these corroded AHUs pans has impacted areas of ceiling located below the unit. Bioslime and dirt was observed in many of the condensate pans inspected in the back-of-house.

During Clayton's assessment it was noted that Crescent Heights had begun repair and remediation of three AHUs located at the back of house.

The following table summarizes AHUs inspected by Clayton, which includes locations observations and comments:

Air Handling Unit Summary Table

| AHU No. Inspected | Location | Observations and Comments |
|-------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2201 | First Floor Areas | This unit is scheduled for replacement |
| 2301 | First Floor Areas | This unit is scheduled for replacement |
| 2401 | First Floor Areas | This unit is scheduled for replacement |
| 2501 | First Floor Areas | This unit is scheduled for replacement |
| 2601 | First Floor Areas | This unit is scheduled for replacement |
| 2701 | Rumors Nightclub | Coil completely clogged with debris. Cabinet leaks. Entire system needs complete cleaning. Cleaning of these items is in progress. |
| 2801 | Plantation Cafe | Condensate pan leaks. Debris and slime in interior. Insulating lining deteriorated. Has new coil. Entire system needs complete cleaning. Cleaning of these items is in progress. |
| 2901 | Hawaiian Hut | Condensate pan leaks. Heavy debris in unit interior. Coil in good condition. Heavily corroded cabinet panel needs to be replaced. Entire system needs complete cleaning. Cleaning of these items is in progress. |
| 3401 | Plantation Café Kitchen | No filtration. Coil destroyed. Cabinet completely corroded. Ducting to unit heavily damaged. Duct system needs complete cleaning. This unit is scheduled for replacement |

| A/E/C No. Inspected | Location | Observations and Comments |
|------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1602 | Old Personnel Office/Employee Locker Rooms | Duct system needs complete cleaning. This unit is scheduled for replacement |
| 1702 | Ilima Room | Duct system needs complete cleaning. This unit is scheduled for replacement. |
| 1802 | Azabu Office Suite | Duct system needs complete cleaning. This unit is scheduled for replacement |
| 1902 | Conference Rooms | Entire chassis heavily corroded. Heavy interior debris deposition. Coil installed 3 years previous. Duct system(s) need complete cleaning. This unit is scheduled for replacement |
| 2002 | 2 nd Floor Lobby | Entire chassis heavily corroded. Condensate does not drain properly-sanitary line problems. Duct system needs complete cleaning. This unit is scheduled for replacement |
| 2102 | Executive Offices | Entire chassis heavily corroded. Fan condition marginal. Condensate does not drain properly-sanitary line problems. Duct system needs complete cleaning. This unit is scheduled for replacement |
| 3002 | Cantina | Coil deteriorated. Chassis in fair condition. Dampers not functioning. Needs new cabinet panel. Entire system needs complete cleaning. Cleaning of these items is in progress. |
| 3102 | PBX/Battery Room | Has new coil. Chassis completely corroded. Condensate pan leaks heavily. Duct system needs complete cleaning. This unit is scheduled for replacement |
| 3202 | Main Kitchen | Needs new coil. Dampers not functioning. Needs new cabinet panel. Drain line issued. Entire system needs complete cleaning. |
| 3302 | Dishwashing Room/Main Kitchen | Needs new coil. Dampers not functioning. Needs new insulating lining. Entire system needs complete cleaning. |

| AHU No. Inspected | Location | Observations and Comments |
|----------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1303 | HBII | Good condition. AHU cleaned 8/16/04. Duct system needs complete cleaning. |
| 1403 | HBI | Good condition. AHU cleaned 8/16/04. Duct system needs complete cleaning. |
| 1503 | Royal Garden Restaurant | Needs new interior insulation. Otherwise in good condition. AHU cleaned 8/16/04. Duct system needs complete cleaning. |
| 0415 | Kona Tower Guest Corridors | Heavy soot in fresh air plenum. Operating at 1/3 capacity. Clean remaining supply fan. Entire duct system needs complete cleaning. |
| 3535 | Aaron's Restaurant | Coil heavily corroded. Fresh air inlet blocked. Heavy interior debris deposition. Fan seems out of balance. Chassis in fair condition. Repair deficiencies. Entire duct system needs complete cleaning. |
| 3735 | Aaron's Restaurant | Completely inaccessible. Heavy microbial growth on cabinet indicates deteriorated insulating lining. Supply temperature 70°F per gauge-coil could be blocked with debris. Fan motor condition marginal. This unit is scheduled for replacement |
| 0136 | Waikiki Tower Guest Corridors/Ewa End | Not operational. Has new coil. Needs motor mount. Duct system needs complete cleaning. This unit is scheduled for repair |
| 0236 | Waikiki Tower Service Corridors | Needs filter mount frame. Needs new fan. New motor. New coil. Duct system needs complete cleaning. |

| AHU No. Inspected | Location | Observations and Comments |
|----------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 0336 | Waikiki Tower Guest Corridors/Diamond Head End | Has not operated for 5 years. Filter rack destroyed. Motor capability unknown. Entire system needs replacement. <i>NOTE: Concrete block wall forming mechanical room enclosure structurally unsound. Wall moves with hand pressure. Duct system needs complete cleaning. This unit is scheduled for replacement</i> |

3.3 DIRECT READ MEASUREMENTS

Clayton conducted direct-reading environmental measurements in accessed guest rooms and selected indoor locations, with comparison to the outdoor air. Measurements of carbon dioxide (CO₂), carbon monoxide (CO), temperature, and relative humidity were conducted using a calibrated TSI Q-TRAK™ Model 8551 monitor. Measurements were conducted from August 9 through 18, 2004, and are discussed in the sections that follow.

3.3.1 Temperature and Relative Humidity

The outdoor air temperature was 83.8°F at 7:45 hours, 89.2°F at 13:05 hours and 88.7°F at 15:50 hours on August 12, 2004. Indoor dry bulb temperature measurements ranged from 70.1°F to 78.6°F in guest rooms, and 71.4.1°F (HBI) to 76.7°F (Housekeeping Offices) in common area/back-of-house regions. These measurements met the recommended indoor temperature lower and upper limits for occupant comfort of 68.5°F to 79°F (ASHRAE Standard 55-1992). This range covers the limits set for both heating and cooling seasons, which is appropriate for Hawaii's mild outdoor air temperature.

Indoor relative humidity levels ranged from 44.6% to 76.9%. The outdoor relative humidity level was 73.0% at 7:45 hours, and 69.7% at 15:50 hours.

Clayton considers the broad range of relative humidity from 30% to 60% as most acceptable for occupant comfort in indoor environments. Relative humidity levels above 60% can promote microbial growth. Humidities below 20% are may be uncomfortable because of the effect of dry air on both the mucous membranes and the skin.

Relative humidity levels recorded in the building were above recommended ranges. Upon completion of the scheduled repair, cleaning and replacement of the HVAC units within the building, relative humidity levels are likely to decrease below 60%.

3.3.2 Carbon Dioxide

The results of air measurements indicated that:

- Indoor CO₂ levels were recorded ranging from 370 parts per million (ppm) in vacant guest rooms (several found with sliding doors open), to 589 ppm measured in the Catering Offices with six hotel personnel present.
- Outdoor CO₂ average concentrations were measured at 340 ppm.

According to ASHRAE Standard 62-2001, CO₂ concentrations below 1,180 ppm (700 ppm plus the average outdoor concentration) in occupant breathing zones generally indicate that adequate outdoor ventilation air is distributed to the occupied indoor spaces in sufficient volumes to dilute this product of human respiration. Indoor measurements indicated CO₂ levels were within the ASHRAE-recommended limits.

3.3.3 Carbon Monoxide

Measured CO concentrations within selected office areas and in the outdoor air were 0 to 2 ppm. The accuracy of the direct-reading instrument is ± 3 ppm. According to the building escort, complaints regarding exhaust fume have been made by personnel working in the Azabu office. An investigation of the complaints revealed that four busses routinely idle in the parking lot near the fresh air inlet for the AHU servicing the Azabu office and Ilima Room.

CO is a colorless, odorless, toxic gas produced by the incomplete combustion of solid, liquid and gaseous fuels. In the absence of indoor sources, indoor CO levels are usually equal to outdoor concentrations. ASHRAE Standard 62-1999 recommends an upper limit for CO of 9 ppm as an 8-hour average, and 35 ppm as a 1-hour average.

3.3.4 Particle Counting

Clayton performed direct-read measurements for particles at selected indoor locations and in the outdoor air throughout the assessment. Clayton measured airborne respirable particulate concentrations using a *Climet* direct-reading dust/aerosol monitor. The *Climet* unit measures airborne particulate matter in two particle size ranges: (1) particles greater (>) than 0.5 microns (μm) per cubic foot (p/cft), and (2) particles greater than 5.0 microns p/cft.

Outdoor particle count measurements taken during the course of the assessment ranged from 1,395 to 2,368 p/cft at >5.0 microns. Concentrations of particles >0.5 microns ranged from 93,217 to 111,666 p/cft.

Indoor particle count measurements of particles >5.0 microns ranged from 384 to 9,410 p/cft (Room 2728).

Indoor particle count measurements of particles >0.5 ranged from 27,948 to 788,626 p/cft. Values above ambient particle concentrations suggest indoor contamination. These levels are likely to be reduced upon renovation of the building's ventilations system.

3.3.5 Moisture Content Survey

Clayton used a Testo 606 moisture meter to measure the moisture content of gypsum board partition walls at representative locations within each guest room.

The Testo moisture meter scales are calibrated for wood, plaster, and concrete. Because the meter does not present a scale calibrated for gypsum board, Clayton recorded measurements as shown on the plaster/concrete scale, which ranges from 0 to 2%. Clayton's measurements are not to be interpreted as the actual moisture content of the gypsum board, but as a relative moisture reading with 0 percent indicating a dry condition.

Direct reading measurements of 1.6% to 2.0% were common in the gypsum wallboard adjacent to the guest room AHUs; and at cove base of the partition wall next to the shower ceramic tile enclosure. Measurements of 1.2% to 1.6% were common on the partition walls at the head of the beds and on walls enclosing chilled water piping.

The measurements from these areas indicate that these building materials have elevated moisture content, which can promote fungal growth. Fungal growth was observed in several locations where moisture readings were collected.

4.0 FUNGAL SAMPLING AND ANALYTICAL RESULTS

Clayton collected a total of 25 samples for fungal analysis, to include direct microscopic analysis for total fungal structures, and cultured analysis for viable propagules. Sampling methods included bulk sampling and swab sampling. Clayton submitted the samples collected to PK-Jarvis Microbiology, LLC (PK-Jarvis) located in Novi, Michigan, for analysis. PK-Jarvis is an American Industrial Hygiene Association (AIHA) EMLAP-accredited laboratory.

4.1 BULK (SOURCE) SAMPLING

From August 11 through August 18, 2004, Clayton collected 25 bulk material samples of interior finishes and internal air handler components. These samples were collected from areas that either (1) exhibited suspect or visible fungal growth, or (2) appeared to be water stained. The bulk sample numbers, type, location and components are described in the table on the following page.

Bulk Sample Locations

| Sample No. | Sample Type | Sample Location | Component |
|---------------|-------------|-----------------|---------------------------|
| AMH-2201-S-01 | Swab | AHU 2201 | Supply Duct-Dust Plume |
| AMH-2102-B-02 | Bulk | AHU 2102 | Supply Chamber Lining |
| AMH-3302-B-03 | Bulk | AHU 3302 | Chilled Water Pipe Jacket |
| AMH-3530-B-04 | Bulk | Guest Room 3530 | AHU Lining |
| AMH-3530-S-05 | Swab | Guest Room 3530 | Condensate Pan |
| AMH-3317-S-06 | Swab | Guest Room 3317 | Gypsum Wallboard Soffit |
| AMH-2832-B-07 | Bulk | Guest Room 2832 | AHU Lining |
| AMH-2728-B-08 | Bulk | Guest Room 2728 | Supply Diffuser |
| AMH-2401-S-09 | Swab | Guest Room 2401 | AHU Coil |
| AMH-1821-S-10 | Swab | Guest Room 1821 | Gypsum Wallboard-Bathroom |
| AMH-602-B-11 | Bulk | Guest Room 602 | AHU Lining |
| AMH-3535-S-12 | Swab | AHU 3535 | Condensate Pan |
| AMH-3535-B-13 | Bulk | AHU-3535 | Supply Chamber Lining |
| AMH-3535-S-14 | Swab | AHU 3535 | Cabinet Exterior |
| AMH-0236-B-15 | Bulk | AHU 0236 | Filter Element |
| AMH-0236-B-16 | Bulk | AHU 0236 | Chilled Water Pipe Jacket |

| Sample No. | Sample Type | Sample Location | Component |
|----------------|-------------|--------------------------------------------|-----------------------------------|
| AMH-0236-S-17 | Swab | AHU 0236 | Supply Duct-Dust Plume |
| AMH-437-B-18 | Bulk | Hospitality Suite - 4 th Floor | Gypsum Wallboard Pipe Enclosure |
| AMH-437-S19 | Swab | Hospitality Suite -- 4 th Floor | Carpet Stain |
| AMH-2701-B-20 | Bulk | AHU 2701 (Rumour's) | Mixing Chamber Lining |
| AMH-2701-S-21 | Swab | AHU 2701 (Rumour's) | Upstream Coil |
| AMH-610-S-22 | Swab | Guest Room 610 | Sheet Vinyl Stain Bathroom |
| AMH-Batt-S-23 | Swab | Battery Room | Supply Diffuser |
| AMH-Lanai-S-24 | Swab | Lanai Conference Room | Supply Diffuser |
| AMH-FSR-B-25 | Bulk | Food Storage Room | Ceiling Tile-Damaged Ceiling Area |

4.2 BULK SAMPLE ANALYTICAL RESULTS

Clayton collected 12 bulk samples, and 13 swab samples for a total of 25 samples. All were subject to direct microscopic analysis and culture analysis for viable fungal propagules.

The samples were being analyzed at the laboratory at the time of this draft report. Results will be included in Clayton's final report.

5.0 AJR HANDLING UNIT REMEDIAL OVERSIGHT

On August 16, 2004, Clayton conducted oversight and final visual clearance of air handling unit remediation activity. Cleaning activities were conducted on AHU 1303 (servicing Hawaii Ballroom II (HBI)), AHU 1403 servicing Hawaii Ballroom I (HBI), and AHU 1503 servicing the Royal Garden Restaurant. Following remediation, Clayton conducted a visual inspection of each area. In addition to the visual inspection, validation sampling was conducted using a laser particle counter.

Validation sampling in conjunction with a visual inspection is an acceptable clearance tool to document that proper engineering controls were implemented during remedial activities. Concentrations of indoor particles are compared with outdoor concentrations prior to area re-occupancy.

Measurements in the work area were obtained during AHU interior vacuuming operations to represent a "worse case scenario" exposure. Interior control and outdoor particle concentrations were then measured for comparison. All work area (indoor) particle concentrations were recorded well below outdoor particle concentrations following remediation in these areas.

6.0 CONCLUSIONS AND RECOMMENDATIONS

Clayton conducted an inspection of 48 guest units, guest corridors, 4th Floor Human Resources suite of offices, Hospitality Suite, and back-of-house air handling systems and interior finishes. Fungal growth was identified in many of the areas inspected. Most of the AHU system components throughout the property are original. Affected materials and components observed during the inspection included:

- Many of the AHUs inspected showed conditions that warrant replacement. These conditions include dirt and corroded internal components, standing water with bioslime in condensate pans, deteriorated internal lining and visible microbial growth.
- Fresh air intake vents in many of the units inspected were clogged with dirt or have been scaled.
- Water staining with fungal growth was observed on vinyl wallpaper and underlying wallboard in many guest rooms and corridors inspected by Clayton.
- Moisture testing within most rooms inspected revealed moisture in gypsum wallboard in the vicinity of the AHUs. Elevated moisture readings were measured in wallboard located next to the ceramic bathtub enclosure in guest bathrooms. Visible microbial growth was observed in many of these areas inspected.
- Water-damaged spray-applied acoustical ceiling plaster containing asbestos were observed in many rooms inspected by Clayton.
- Clayton observed water leaking from the kitchens and mechanical rooms into the lower floors. Clayton also noted areas of water damage on the gypsum ceilings of the guest corridors. Areas with notable damage were located at the end of the return diffusers within the Waikiki Tower, and above many ice-machine units.

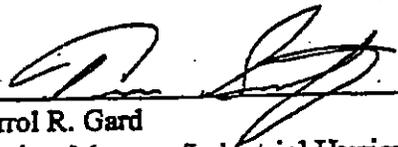
- Supply air diffuser grills in most guest rooms, kitchens, and back-of-house areas were noted as dirty with suspect microbial growth.
- Indoor relative humidity levels ranged from 44.6% to 76.9%. Clayton considers the broad range of relative humidity from 30% to 60% as most acceptable for occupant comfort in indoor environments. Relative humidity levels above 60% can promote microbial growth. Relative humidity levels recorded in the building were above recommended ranges.
- Carpeting within the guest rooms was observed in fair to poor condition.

Clayton presents the following recommendations to Crescent Heights for their consideration and to assist them in their efforts to improve overall indoor air quality at the resort:

- Continue to implement the replacement of AHUs located throughout the property that were installed when the building was constructed in 1969. Replace all AHUs components as deemed appropriate. Thoroughly clean the coils, fans and condensate pans of remaining units. Replace insulating liners where required. Clean all duct systems.
- Provide at least 30 cubic feet per minute of outdoor air to each area of the hotel.
- Remediate visible fungal growth on vinyl wall coverings and underlying wallboard located near the AHUs and bathroom demising walls in the guest rooms of the building.
- Remove vinyl wall covering and replace with a breathable material or cover with latex paint to prevent conditions suitable for fungal growth.
- Remedial work should require protocols to minimize aerosolization and dissemination of dirt/debris. Workers performing this work should be equipped with minimum personal protective equipment (PPE) for skin, mucous membrane, and respiratory protection.
- Remove rust and debris from the condensate drain pans. Clean the drain pans and coils at regular intervals on an as-needed basis. The units should be turned off during cleaning, and any detergents used should be thoroughly rinsed from the pans before reactivating the units.
- Implement a routine maintenance program for the AHUs to include periodic filter changes and visual inspection of other components for buildup of dust/debris. Periodically clean AHUs to prevent the buildup of dirt/debris that may become reservoirs or amplifiers of microbial growth.

- Clean or replace affected sections of chilled water pipe insulation with visible fungal growth.
- Clean dust, dirt and debris from return and supply diffusers and ceiling areas throughout the space.
- Remove and replace the stained, discolored and fungally contaminated wall and ceiling materials.
- Once the AHUs have been replaced, duct systems cleaned, contaminated building materials removed and replaced, and the building mechanical systems are re-commissioned, it is recommended that the services of a qualified test-and-balance firm be used to measure bathroom exhaust fan effect upon the current negative pressure envelope.

This report prepared by:


Errol R. Gard
Project Manager/Industrial Hygienist
Honolulu Regional Office

This report reviewed by:


Raymond Benzing, M.P.H.
Manager, Occupational Health and Safety
Honolulu Regional Office

September 1, 2004

EXHIBIT M

**LETTER FROM CITY'S DEPARTMENT OF PLANNING AND PERMITTING
DATED OCTOBER 15, 2004**

See attached.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96823
PHONE: (808) 523-4414 • FAX: (808) 527-8743
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov



ERIC G. CRISPIN, AIA
DIRECTOR

BARBARA KIM STANTON
DEPUTY DIRECTOR

2004/ELOG-2259 (JP)

October 15, 2004

Ms. Nancy J. Youngren
Case Bigelow & Lombardi
Pacific Guardian Center, Mauka Tower
737 Bishop Street, Suite 2600
Honolulu, Hawaii 96813-3283

Dear Ms. Youngren:

410 Atkinson Drive ("Ala Moana Hotel") - Kewalo
Tax Map Key 2-3-38: 2

This responds to your request, dated October 6, 2004, for zoning confirmation concerning the above property, which is in the BMX-3 Community Business Mixed Use District.

We did not check the actual site, current site plans or the complete building permit history for the site, which may reveal unique circumstances and conditions associated with the property. Existing use information available to us indicates that the property contains a hotel, a variety of eating and drinking establishments, a banquet room (meeting facility), an unknown amount of retailing, and a nightclub. The hotel use, which is the main use on the property, is not a permitted principal use in the BMX-3 District.

1. Use: A building permit (No. 55328) was issued on June 6, 1968 for a 1,201-unit hotel on the subject property. (Note: The hotel may be "converted" to a "condominium-hotel." This is an ownership rather than a land use issue, which is not regulated by the zoning.) As a lawfully established hotel, it is a nonconforming use in the BMX-3 District. A nonconforming use is subject to Land Use Ordinance (LUO) provisions under Section 21-4.110(c). It cannot be enlarged, or rebuilt, or replaced if destroyed or discontinued for any reason. Work is limited to ordinary repairs, and such work may not exceed a cost equivalent to 10 percent per year of the current replacement cost of the structure.
2. Density: The existing building exceeds the maximum permitted density. The maximum permitted floor area ratio (FAR) for the BMX-3 District is 2.5, with a maximum 3.5 FAR possible when adequate open space bonuses are utilized. As such, the maximum possible

EXHIBIT M

October 15, 2004

floor area for the property ranges between 331,660 square feet and 464,324 square feet. On March 9, 1992, our Zoning Plans Review Branch (ZPRB) calculated the floor area on the site at 608,273 square feet. (Note: The current floor area calculation may be different due to subsequent LUO amendments to the regulatory definition of "floor area.") Therefore, we can confirm that the building is nonconforming with respect to its density. Nonconforming structures are normally subject to the provisions of LUO Section 21-4.110(b); however, since the building involves a nonconforming use, the provisions of LUO Section 21-4.110(c) will prevail.

3. Other Development Standards: Based on the information readily available to us, we were unable to determine conclusively whether the existing building conforms to all current LUO development standards. Therefore, we are not able to confirm at this time all of the possible structural nonconformities that might exist. The maximum permitted height for the site is 350 feet. An additional 18 feet is permitted for rooftop machinery, access stairwells and elevators. The minimum front yard (setback) requirement for the existing development on the site is 5 feet. There is no side/rear yard requirement. The property has a 5-foot front yard requirement along its Atkinson Drive and Kona Street frontage. Mahukona Street is not considered a "street" for LUO purposes; therefore, there is no yard (setback) requirement from that frontage. If the lawfully established height and/or horizontal location of the existing building exceed any of these development standards, then it would be considered a nonconforming structure. The lot does not adjoin any apartment or apartment mixed use zoning lots. Therefore, the site is not affected by transitional height setbacks.

4. Parking and Loading: When the building permit for the hotel was issued, the off-street parking requirement was 372 spaces. Based on 1995 and 1998 parking calculations for the site prepared by our ZPRB, there were 392 parking stalls provided for the property. Based on current parking standards, the cumulative requirement for the variety of uses on the site is more than 1,020 off-street parking spaces. [Note: The ZPRB calculations did not include the parking requirements for the property's retailing and banquet room (meeting facility), since information concerning those uses was not made available to them.] The parking is considered to be nonconforming. It may be retained as lawfully established, subject to LUO provisions under Section 21-4.110(e).

Based on information available to us at this time, we are not aware of any outstanding or unresolved zoning violations affecting the site. (Note: Your follow-up request concerning building code issues will be addressed under a separate response.)

Ms. Nancy J. Youngren

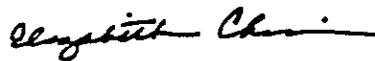
Page 3

October 15, 2004

This letter is not a disclosure statement nor is it intended to substitute for mandatory seller disclosures in real estate transactions regarding the subject parcel. The City is under no obligation to investigate, research, or participate in the preparation of disclosure statements, other than providing available public records. This letter does not create liability on the part of the City, or any officer or employee thereof, if used in or as a disclosure statement. The seller or the seller's agent, not the City, is solely responsible for the use of any public record information in the preparation of a disclosure statement.

Your receipt for the \$50 zoning confirmation fee is enclosed. Please contact Jamie Peirson of our staff at 527-5754 if you have any questions.

Sincerely yours,



for ERIC G. CRISPIN, AIA
Director of Planning and Permitting

EGC:cs

Enclosure (Receipt No. 54562)

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EXHIBIT N

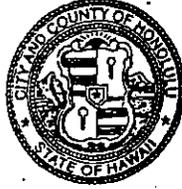
**LETTER FROM CITY'S DEPARTMENT OF PLANNING AND PERMITTING
DATED JUNE 14, 2005**

See attached.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4432 • FAX: (808) 527-6743
DEPT. INTERNET: www.honolulu.gov • INTERNET: www.honolulu.gov

MUFI HANNEMANN
MAYOR



HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUÉ
DEPUTY DIRECTOR

2004/ELOG-2484(AS)

June 14, 2005

Mr. Dennis M. Lombardi
Case Bigelow & Lombardi
A Law Corporation
Pacific Guardian Center, Mauka Tower
737 Bishop Street, Suite 2600
Honolulu, Hawaii 96813-3283

Dear Mr. Lombardi:

Subject: Condominium Conversion Project
Ala Moana Hotel
410 Atkinson Drive
Tax Map Key: 2-3-038: 002

This is in response to your letter dated October 29, 2004 requesting verification that the structure at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the 35-story hotel with 1,154 lodging units (330 rooms in the Kona Wing, 875 rooms in the Waikiki Wing), housekeeping/maintenance/security and administrative offices, accessory retail (9) and drinking/dining establishments (7) and assembly banquet rooms (9), with a total of 312 all-weather-surface off-street parking spaces (an additional 80 off-street parking spaces are provided on adjoining lots, see #1 below), met all applicable code requirements when constructed in 1968 on this 132,664-square foot BMX-3 Mixed Business zoned lot.

The hotel use and its accessory retail, drinking/dining establishments and banquet rooms are permitted on this zoning lot as nonconforming uses. The hotel structure (density) and the combined number of off-street parking spaces (312 on site and 80 on the adjoining parcels) are also considered nonconforming. Since the hotel use is nonconforming, if the nonconforming hotel is destroyed or discontinued for more than 12 consecutive months, or 18 cumulative months within a three-year period, then the nonconforming use cannot be replaced. (LUO Section 21-4.110 ©).

EXHIBIT N

Mr. Dennis M. Lombardi
Case Bigelow & Lombardi
June 14, 2005
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Investigation also revealed the following:

1. Although no joint development or Conditional Use permit was issued, the hotel property has exclusive right and easement to 80 of the above-mentioned nonconforming parking spaces located on adjoining lots 4 and 5 along with non-exclusive easement for pedestrian and vehicle ingress and egress access over, across, along, upon and under, lots 1, 3, 4, 5 and 6, as described in State of Hawaii Land Court Certificate of Title No. 234102 dated June 30, 1981.
2. Building permit 213592 was approved on September 18, 1985 for addition/alteration work including an exterior deck for the existing restaurant on the thirty-fifth floor.
3. Building permits numbers 296958 and 298385 were approved on January 17, 1991 and February 15, 1991, respectively, to convert the entire fourth floor of the Kona Wing to B-2 office space.
4. On June 27, 1996 conditional use permit number 96/CUP1-72 was approved with conditions for a type-B utility installation.
5. On October 20, 1999 zoning waiver number 99/W-69 was approved with conditions to allow ADA- required elevator to nonconforming hotel use and reconfigure parking area to comply with ADA requirements, which exceeds maximum density, reduces number of off-street parking and increases nonconformity.
6. The following building permits were recently issued and all are currently active:
 - a. 574417 on December 17, 2004 for concrete spalling repair.
 - b. 576438 on March 11, 2005 for alteration of existing lodging units to B-2 office spaces on the 17th floor.
 - c. 576795 on March 22, 2005 for air conditioning and plumbing work.
 - d. 580372 on May 18, 2005 for alteration work including HVAC and plumbing work on floors 5 thru 34 (29 lodging units per floor).
 - e. 580720 on May 26, 2005 for electrical work.

No other variances or special permits were granted to allow deviations from any applicable codes.

EXHIBIT N

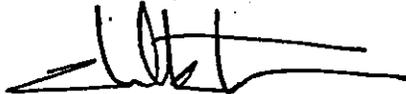
Mr. Dennis M. Lombardi
Case Bigelow & Lombardi
June 14, 2005
Page 3

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

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

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-family Enforcement Branch at 527-6341.

Sincerely yours,


for HENRY ENG, FAICP
Director of Planning and Permitting

HE:ft

Doc 375730

EXHIBIT N