DEVELOPER'S ANNUAL REPORT

Condominium Project Name: Ke Kailani Phase III

Project Address: 68-1045, 68-1047, 68-1049, 68-1051 Ke Kailani Drive, Kohala Coast, Hawaii 96743 589 00617177 13-10/27/08 50.00

Registration Number: 6139 Date: _____

HRS §514B-58 requires the Developer to annually file a report to update the material contained in the latest Developer's Public Report and any amendments thereto ("Report") at least thirty days prior to the anniversary date of the Report's effective date. If there is no change to the Report, the Developer shall so state. *Submit a non-refundable filing fee of fifty dollars ($50) with this report to Real Estate Commission, 335 Merchant Street, Room 333, Honolulu, HI 96813 . Make check payable to Commerce and Consumer Affairs.*

The filing of the Annual Report does **not** relieve the Developer, its successor, or assign of the obligation to file amendments to the latest Report, pursuant to HRS §514B-56, or to report any material or pertinent changes regarding the information contained in or omitted from the latest Report.

Developer states that: (check one box only)

☐ Initial sales of all units have been completed. Developer is not required to file any subsequent annual report; **or**

☐ There are no changes to the latest Report, **or**

☒ There are updates to the latest Report and any amendments thereto. The updates are listed below. Also, if the update is a pertinent or a material change, the Developer has included or will include the update in an amended Report or in an amendment to the Report, and has submitted or will be submitting to the Commission a draft of an amended Report or an amendment to the Report in accordance with all applicable laws.

Updates to the latest Developer's Public Report: List the updates to the latest Report and any amendments thereto (include the update's title and description, and refer to the page or exhibit in the Report where the update can be found).

ALL UPDATES ARE DESCRIBED IN THE SUMMARY OF CHANGES FROM EARLIER DEVELOPER'S PUBLIC REPORT ON PAGES 3 AND 4 OF AMENDMENT 1 TO DEVELOPER'S PUBLIC REPORT FOR A CONDOMINIUM.

See attached separate sheet for list of updates.

REC - DCCA
SEP 19 2008
Over the Counter

☒ If additional space is needed, check this box and continue list on back of this page or attach separate sheets.

The Developer declares, subject to the penalties set forth in HRS §514B-69, that this Project continues to conform to all zoning, building ordinances, codes, and permitting requirements for the county in which the Project is located, pursuant to HRS §§514B-5 and 32(a)(13).

The Developer certifies that all the information contained in this Annual Report and the latest Developer's Public Report, and all documents furnished by the Developer to Project purchasers and prospective purchasers have been reviewed by the Developer and are correct and complete to the best of the Developer's knowledge, information, and belief.

Ke Kailani Development LLC
Printed Name of Developer

By: William L. Beaton
Duly Authorized Signatory*

9/15/08
Date

William L. Beaton, Chief Executive Officer
Printed Name & Title of Person Signing Above

***Must be by an officer signed for a corporation; by a general partner for a partnership or limited liability partnership; by the manager or an authorized member for a limited liability company; and by the individual for the individual.**

This form is available to individuals with special needs by calling the Senior Condominium Specialist at (808) 586-2643.

Revised 07/10/2008

589 ($50)

UPDATES TO THE LATEST DEVELOPERS PUBLIC REPORT (continued)

1. New Project Address as set forth on page 1.

2. Update to title report as set forth in Section 1.12, page 5.

3. Update to members of Ke Kailani Development LLC as set forth in 2.1, page 9.

4. Update to Condominium Managing Agent in Section as set forth in 2.5, page 9.

5. Update to Attorney for Developer as set forth in Section 2.6, page 9.

6. Supplement to Declaration of Condominium Property Regime of Ke Kailani as set forth in Section 3.1, page 10.

7. Second Amendment to Bylaws of the Association of Villa Owners as set forth in Section 3.2, page 10.

8. The Board of Directors of the Association of Villa Owners have adopted Amendments to the Community Rules of Ke Kailani Condominium as set forth in Section 3.4, page 11.

9. Utility Charges to be Included in Maintenance Fees as set forth in Section 4.3, page 12.

10. Utility Charges to be Billed Separately to each Unit Owner as set forth in Section 4.4, page 12.

11. Update to Status of Construction and Construction Deadline as set forth in Section 5.5, page 14.

12. Exhibit F, Section (i), page 30.

13. Amendment to Mortgage, Security Agreement and Financing Statement made by Ke Kailani Development LLC dated July 31, 2006 and recorded in the Bureau as Document No. 2006-144291 as set forth in in Exhibit H, Part B, page 33.

14. Initial Maintenance Fees and Maintenance Fee Disbursements have been updated as set forth in Exhibit I, pages 34-35.