

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on
THE ROYAL IOLANI
581 and 583 Kamoku Street
Honolulu, Hawaii 96826

REGISTRATION NO. 851

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued : May 6, 1977
Expires: June 6, 1978

SPECIAL ATTENTION

A comprehensive reading of this report by prospective purchasers is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser and prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MARCH 23, 1976, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF MAY 2, 1977. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES, AS AMENDED.

1. THE ROYAL IOLANI is a proposed leasehold condominium project consisting of three separate buildings containing a total of 296 condominium apartments and, as presently planned, there is parking provided for 392 cars in 369 parking stalls, of which 269 are regular stalls, 77 are compact stalls, 16 are regular tandem stalls and 7 are compact tandem stalls.

2. Since the issuance of the Commission's Preliminary Public Report of April 13, 1976, the Developer reports that changes have been made in the plan or setup of the project. The changes subsequently made have been determined to be material revisions to the information disclosed earlier.

THIS FINAL PUBLIC REPORT SUPERSEDES IN ITS ENTIRETY THE ROYAL IOLANI PRELIMINARY PUBLIC REPORT, BECOMING A PART OF THIS REGISTRATION. The Developer is responsible for placing a true copy of this Final Public Report (white paper stock) in the hands of all purchasers and prospective purchasers, along with a copy of the Preliminary Public Report (yellow paper stock). Each purchaser shall sign the required receipts signifying that he has had an opportunity to read both reports.

3. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and the issuance of this Final Public Report.
4. The basic documents (Declaration of Horizontal Property Regime of The Royal Iolani, Bylaws of Association of Apartment Owners of The Royal Iolani, and a copy of the floor plans) have been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

The Declaration of Horizontal Property Regime of The Royal Iolani, with Bylaws of the Association of Apartment Owners of The Royal Iolani, dated March 22, 1977 were filed in said Office as Document No. 812473 and noted on Transfer Certificate of Title No. 25,758.

The Assistant Registrar has designated Condominium Map No. 304 to the project.

5. No advertising and promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, and the Condominium Rules and Regulations which relate to horizontal property regimes.
7. This Final Public Report automatically expires thirteen (13) months after the date of issuance, May 6, 1977, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of this report.

The information in the topical headings of this Final Public Report supersedes all of the information contained in the Preliminary Public Report of April 13, 1976. The purchaser is advised that, even though he must sign a receipt acknowledging that he has had an opportunity to read the Preliminary Public Report and has received a copy thereof, only the information in this Final Public Report is correct.

NAME OF PROJECT: THE ROYAL IOLANI

LOCATION: The project site is located at 581 and 583 Kamoku Street, Honolulu, Hawaii 96826, and consists of Lot E, area 119,000 square feet, as shown on Map 3 of Land Court Application No. 11.

TAX KEY: 2-7-20-9

ZONING: A-4 (High Density Apartment)

DEVELOPER: The developer is The Kamoku Development, a Hawaii joint venture, whose business and post office address is Suite 413, 1860 Ala Moana, Honolulu, Hawaii 96815 (Phone: 946-1144). The joint venturers are Kaiolu, Inc., 235 Queen Street, Honolulu, Hawaii 96813; Sheridan Ing-Iolani Corporation, Suite 1908, 130 Merchant Street, Honolulu, Hawaii 96813; and Stark Development-Iolani, Ltd., 1860 Ala Moana, Honolulu, Hawaii 96815.

ATTORNEY REPRESENTING DEVELOPER: Ashford & Wriston (Galen C. K. Leong), 235 Queen Street, Honolulu, Hawaii 96813 (Phone: 524-4787).

DESCRIPTION:

1. The Project. The Declaration of Horizontal Property Regime reflects that the project will consist of three separate buildings containing 296 condominium apartments. There are two towers, each containing 39 floors: one called the Diamond Head Tower, which contains 147 residential apartments and one unit set aside as a common element for the resident manager of the project; the other called the Ewa Tower, which contains 148 residential apartments, making a total of 295 residential apartments. The third building contains six floors, the second and third of which constitute an apartment which shall belong to Iolani School and which is called the School Apartment, consisting of offices and classrooms for the use of the school. The next two floors above the School Apartment are for parking for the residential apartments and the top floor is for recreational use for the residential apartment owners. The first floor (partially below ground level) below each tower and the third building is for parking for the residential apartments. The buildings are constructed principally of reinforced concrete, concrete slabs, steel, gypsum board, aluminum, metal and glass.

2. The Residential Apartments. Two hundred ninety-five (295) estates are designated as residential apartments in the spaces within the perimeter walls, concrete floors and

ceilings of each of the 295 residential apartments contained in the two apartment towers.

There are ten types of residential apartments and the following schedule indicates additional information about said apartments.

Apartment Type	No. of Bedrooms	Number of Apartments		Total	Approximate Square Footage of Apartment Type
		in Diamond Head Tower	in Ewa Tower		
Type "A"	2	35	35	70	1,465
"B"	1	34	35	69	1,085
"C"	3	34	34	68	1,414
"D"	2	35	35	70	1,413
"E"	2	2	2	4	1,227
"F"	1	2	2	4	915
"G"	2	2	2	4	1,159
"G-1"	2	1	1	2	1,220
"H"	2	2	2	4	1,310
		147	148	295	

The residential apartments are designated on said Condominium Map and are further described as follows:

(a) In each apartment tower the parking level is considered to be on the first floor. On the second floor of each apartment tower are located an apartment tower lobby, the mailroom for the apartments in the apartment tower and other common facilities. The residential apartments are located on the third through fortieth floors of each apartment tower. The floors are numbered in ascending sequence from 3 to 12, then 14 to 39 and the fortieth floor is designated as the penthouse floor. Designation of a thirteenth floor has been omitted.

In each apartment tower, there are four apartments on each floor, except that in the Diamond Head Tower the unit designated as 503 is the resident manager's unit, which is a common element.

The apartments in the Diamond Head Tower are numbered with odd numbers. On each floor from the third through the twenty-third and from the twenty-seventh through the thirty-ninth there is one apartment each of Type "A", "B", "C" and "D", which is numbered 01, 03, 05 and 07, respectively, preceded by the number of the floor on which the apartment is located. On the twenty-fourth floor there is one apartment each of Type "A", "B", "G-1" and "D" numbered 2401, 2403, 2405 and 2407, respectively. On each of the twenty-fifth and

twenty-sixth floors there is one apartment of each of Type "E", "F", "G" and "H", numbered 01, 03, 05 and 07, respectively, preceded by the number of the floor on which the apartment is located. On the penthouse floor there is one apartment each of Type "A", "B", "C" and "D" designated as PH-1, PH-3, PH-5 and PH-7, respectively.

The apartments in the Ewa Tower are numbered with even numbers. On each floor from the third through the twenty-third and from the twenty-seventh through the thirty-ninth there is one apartment each of Type "A", "B", "C" and "D", which is numbered 02, 04, 06 and 08, respectively, preceded by the number of the floor on which the apartment is located. On the twenty-fourth floor there is one apartment each of Type "A", "B", "G-1" and "D" numbered 2402, 2404, 2406 and 2408, respectively. On each of the twenty-fifth and twenty-sixth floors there is one apartment each of Type "E", "F", "G" and "H" numbered 02, 04, 06 and 08, respectively, preceded by the number of the floor on which the apartment is located. On the penthouse floor there is one apartment each of Type "A", "B", "C" and "D" designated as PH-2, PH-4, PH-6 and PH-8, respectively.

(b) Each residential apartment contains the number of rooms and approximate gross floor area according to its respective plan, which plans are designated by types described below.

Type "A". Each apartment of this plan contains 6 rooms (a master bedroom, a second bedroom, 2 bathrooms, a living-dining room and a kitchen) and two lanais, with an approximate total floor area, including the two lanais, of 1465 square feet.

Type "B". Each apartment of this plan contains 4 rooms (a bedroom, a bathroom, a living-dining room and a kitchen) and a lanai, with an approximate total floor area, including the lanai, of 1085 square feet.

Type "C". Each apartment of this plan contains 7 rooms (a master bedroom, two other bedrooms, 2 bathrooms, a living-dining room and a kitchen) and a lanai, with an approximate total floor area, including the lanai, of 1414 square feet.

Type "C-1". Each apartment of this plan contains 6 rooms (a master bedroom, a second bedroom, 2 bathrooms, a living-dining room and a kitchen) and a lanai, with an approximate total floor area, including the lanai, of 1414 square feet. This plan is an alternate plan to a Type "C" apartment

and may be located wherever a Type "C" apartment has been designated.

Type "D". Each apartment of this plan contains 6 rooms (a master bedroom, a second bedroom, 2 bathrooms, a living-dining room and a kitchen) and a lanai, with an approximate total floor area, including the lanai, of 1413 square feet.

Type "E". Each apartment of this plan contains 6 rooms (a master bedroom, a second bedroom, 2 bathrooms, a living-dining room and a kitchen) with an approximate total floor area of 1227 square feet.

Type "F". Each apartment of this plan contains 4 rooms (one bedroom, one bathroom, a living-dining room and a kitchen), with an approximate total floor area of 915 square feet.

Type "G". Each apartment of this plan contains 6 rooms (a master bedroom, a second bedroom, 2 bathrooms, a living-dining room and a kitchen) with an approximate total floor area of 1159 square feet.

Type "G-1". Each apartment of this plan contains 6 rooms (a master bedroom, a second bedroom, two bathrooms, a living-dining room and a kitchen) and a lanai, with an approximate total floor area, including the lanai, of 1220 square feet.

Type "H". Each apartment of this plan contains 6 rooms (a master bedroom, a second bedroom, two bathrooms, a living-dining room and a kitchen) and a lanai, with an approximate total floor area, including the lanai, of 1310 square feet.

As described above, the plan of each apartment type is the same wherever it may be located within the apartment towers, except that each apartment on the twenty-fourth floor of each apartment tower has a furred ceiling that differs from the typical ceiling found in the respective apartment type.

The resident manager's unit is a Type "B" unit and contains an approximate total floor area of 1,085 square feet, including the lanai. The unit contains 4 rooms (a bedroom, a bathroom, a living-dining room and a kitchen).

The approximate gross floor areas stated herein

are based on measurements taken to the exterior of all perimeter walls, and to the outside edge of the concrete floor of the lanai, except that, where a perimeter wall separates two apartments, the measurement has been taken to the middle of such perimeter wall, and all air-conditioning duct spaces and other duct spaces have been excluded. All floor areas given are not exact but are approximations based on the floor plans.

(c) Each residential apartment has immediate access to the corridors, lobby, elevators and stairways located on or servicing its floor and permitting ingress and egress to and from said floor to the lobby of its respective apartment tower and the walkways and driveways connecting the apartment tower to the adjacent public streets.

(d) Except as specifically otherwise provided, a residential apartment shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the unfinished surfaces of the concrete floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, all furred ceilings, the inner decorated or finished surfaces of all walls, floors and ceilings, the adjoining lanai or lanais and all fixtures and appliances originally installed therein for its exclusive use, including range and range hood, oven, refrigerator/freezer, dishwasher, garbage disposal, carpeting and air-conditioning fan coil units. All windows and glass walls at the perimeter of an apartment and the glass railings of the lanais shall be deemed common elements.

NOTE: In the Declaration, the Developer has reserved the right prior to the issuance of the first residential apartment lease to combine two or more adjacent residential apartments and to redesign such apartments so as to convert such apartments into one or more apartments with configurations different from the basic apartment types described in this report and the Developer shall reallocate the common interests appurtenant to the affected apartments among the newly created apartments, which right shall be exercised by the filing of an appropriate amendment to the Declaration, together with such amended floor plans as shall be necessary to

show the new layout, location, apartment numbers and dimensions of such apartments, all of which shall be subject to the prior written approval of the Fee Owner, Iolani School.

3. School Apartment. The second and third floors of the building designated on the Condominium Map as the "Music and Administration Building" contain the spaces to be known as the "School Apartment". The School Apartment has an approximate gross floor area of 32,742 square feet.

The School Apartment shall be deemed to include said second and third floors of said building in their entirety except for any load-bearing walls, columns, piles or other such elements which are necessary for the support of the parking decks and recreation deck located above said apartment and except for any pipes, wires, conduits or other utility or service lines or facilities running through said apartment which are utilized for or serve more than one apartment in the Project, the same being deemed common elements.

The School Apartment shall have access to the nearest public street over and across the adjoining property owned by Iolani School.

NOTE: If Iolani School is subsequently moved from its present location, the Owner of the School Apartment shall have the right with the prior written consent of the Board, to change the use of the School Apartment to any other use then permitted by law and, in connection therewith, to alter said apartment (including the limited common elements and those portions of the School Apartment structure or located within the School Apartment, which are common elements of the project) in a manner to permit or facilitate such new use. Upon such conversion, the School Apartment and its appurtenant limited common elements shall not be merged with the existing residential apartments and their appurtenant limited common elements, except with the prior consent of the Board.

COMMON ELEMENTS: The Declaration of Horizontal Property Regime provides that the common elements of the project will include the following:

- (a) The land.
- (b) All foundations, piles, columns, girders, beams, supports, roofs and load-bearing walls not exclusively serving a particular apartment.
- (c) The yards and grounds, fences, walkways, loading areas, parking stalls marked for guest parking, driveways and pavement.
- (d) The manager's office on the second floor

of the Ewa Tower and resident manager's unit on the fifth floor of the Diamond Head Tower designated as Apartment No. 503.

(e) The recreational facilities including the swimming pool, and, on the second floor of the Diamond Head Tower, workout room, sauna, shower and toilet facilities.

(f) Central facilities and appurtenant installations for utility and other common services such as power, light, gas and water.

(g) Elevators, tanks, pumps, motors, fans, compressors, ducts and, in general, all other apparatus and installations existing for common use.

(h) All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS AND EXPENSES: The Declaration provides that certain parts of the common elements, designated as the "limited common elements", are designated and set aside for the use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements and shall be charged with the expenses relating thereto as set forth below.

1. All of the second floor, herein called the "residential apartment site", the perimeter of which is delineated on said Condominium Map and within which said two apartment towers are located, all common elements situated on or within said residential apartment site, all of the first floor area as shown on said Condominium Map and the fourth, fifth and sixth floors of the music and administration building and the ramps leading thereto are designated as limited common elements appurtenant to and for the exclusive use of all of the residential apartments, except to the extent that the use of said limited common elements may be further limited to certain residential apartments by other provisions of the Declaration.

All expenses which are incurred in connection with said limited common elements reserved for the exclusive use of the residential apartments shall be borne by each residential apartment according to the percentage assigned to its respective apartment type, as follows:

Type "A"	.36989%
"B"	.26216%
"C" or "C-1"	.37393%
"D"	.35128%
"E"	.36534%
"F"	.27253%
"G"	.34510%
"G-1"	.35055%
"H"	.34221%

2. All of the exterior area immediately adjacent to the second floor of the music and administration building, the outside perimeter of which is delineated on said Condominium Map, including the exterior terrace adjacent to the front entrance of said building and the stairway leading to the adjoining property owned by Iolani School, is designated a limited common element appurtenant to and for the exclusive use of the School Apartment, subject, however, to an easement in favor of the owners of the residential apartments over and across said limited common element for ingress and egress by foot to and from the parking decks and recreation deck above said apartment via the stairs located at the southern corner of said building.

All expenses which are incurred in connection with said area shall be borne exclusively by the School Apartment, as more particularly set forth in the Bylaws attached to the Declaration. Iolani School shall not, however, be liable for repaving the pavement which is part of the limited common elements for the School Apartment.

Damage to the School Apartment or its limited common elements which is not caused solely by the use of the School Apartment by Iolani School or which arises out of or is due to the existence of common or limited common elements which are appurtenant to the residential apartments and which comprise portions of the separate building in which the School Apartment is located, including but not limited to, damage caused by construction defects in or by the use of the floors above the School Apartment as parking decks, recreational facilities or otherwise, shall be repaired by the Association of Owners at the Association's expense and at no cost to Iolani School.

The owner of the School Apartment shall be solely responsible for the painting and maintenance (but excluding the repair or replacement of structural elements and the repaving or resurfacing of the terrace areas surrounding the School Apartment) of the exterior portions of the School Apartment and the limited common elements appurtenant thereto.

3. Each residential apartment shall have appurtenant thereto an exclusive right to use the parking stall or stalls assigned to such apartment and made appurtenant to such apartment in the initial conveyance of such apartment. Each residential apartment shall always have at least one parking stall appurtenant to it but otherwise any parking stall may be conveyed and made appurtenant to another apartment by a written instrument expressly identifying the apartment to which the parking stall is appurtenant as well as the apartment to which the parking stall will become appurtenant, which written instrument shall be denominated as an amendment of the Declaration and of the apartment lease of each apartment affected, shall be executed by the owner of each apartment affected and shall contain the consent

of the Fee Owner, which consent may not be unreasonably withheld but for which a processing fee of \$25.00 shall be charged, and also the consent of the mortgagee of each apartment affected; provided, however, that there shall be at all times at least one parking stall appurtenant to each apartment. The conveyance, Amendment of Declaration and amendment of the respective apartment lease shall be effective upon filing of the same in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. A copy of said instrument, together with the recording data, shall be given to both the Fee Owner and the Association by the affected apartment owners within 15 days of the filing thereof.

INTEREST TO BE CONVEYED TO PURCHASERS: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the Project (herein called the "common interest") and the same proportionate share in the common expenses of the Project, except for expenses related to the limited common elements as set forth in the Declaration and the Bylaws attached thereto, and for all other purposes, including voting on issues of common concern, in accordance with its respective apartment plan, as follows:

Type "A"	.3369%
"B"	.2387%
"C" or "C-1"	.3405%
"D"	.3199%
"E"	.3328%
"F"	.2482%
"G"	.3143%
"G-1"	.3193%
"H"	.3117%
School Apartment	8.9331%

RESTRICTIONS AS TO USE: The apartments shall be occupied and used only as follows:

1. The residential apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose.

2. The School Apartment shall be occupied and used for any lawful purposes connected with the activities of Iolani School.

The owner of the respective apartments shall have the absolute right to lease such apartments subject to the above expressed restrictions and to all provisions of the Declaration.

The House Rules further state, in part: (1) Cooking over an open flame with charcoal grills and hibachis is not permissible within the apartment or on lanais or on common areas, unless designated or designed for such activities;

- (2) Waterbeds are not allowed to be used within the apartments;
- (3) Any type of soliciting is not allowed on the premises.

OWNERSHIP OF TITLE: The information submitted to the Commission shows that the fee simple title to the land is owned by Iolani School, a Hawaii eleemosynary corporation.

ENCUMBRANCES AGAINST TITLE: A preliminary title report dated April 15, 1977, issued by Title Guaranty of Hawaii Incorporated reflects that the land is subject to the following encumbrances:

1. The riparian rights in favor of the State of Hawaii through and along ditches delineated on Maps 1 and 3 of Consolidation No. 11.

2. (a) A right of way in the nature of an easement in favor of the State of Hawaii over roads running to land belonging to the State of Hawaii as delineated on said Maps 1 and 3 of said Consolidation No. 11.

(b) Any riparian rights of the State of Hawaii in the flow of water through ditches delineated on said Maps 1 and 3 of said Consolidation No. 11.

3. The riparian rights of the State of Hawaii in and to the flow of water through and along the ditches delineated on said Maps 1 and 3 of said Consolidation No. 11.

4. An easement in favor of the State of Hawaii, consisting of the right to flow water over, through and across the ditches as delineated on said Maps 1 and 3 of said Consolidation No. 11.

5. That certain Grant in favor of Hawaiian Electric Company, Inc. and Hawaiian Telephone Company, dated July 3, 1953, filed as Land Court Document No. 150970.

6. Terms, agreements, reservations, covenants, conditions and provisions contained in Master Lease from Iolani School, as Lessor, to the Kamoku Development, as Lessee, dated March 2, 1976, effective as of January 1, 1975, filed as Land Court Document No. 756565.

7. Mortgage and Security Agreement dated March 24, 1977 by and between Crocker National Bank, as Mortgagee, and The Kamoku Development, as Mortgagor, filed as Document No. 810144.

8. Real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, First Division.

9. Declaration of Horizontal Property Regime, dated March 22, 1977, together with Bylaws attached thereto, filed as Land Court Document No. 812473. (Project covered by Condominium Map No. 304.)

10. Second Mortgage and Security Agreement dated March 24, 1977 by and between The Kamoku Development and Swinerton & Walberg Co., as mortgagee, filed as Land Court Document No. 810145. Consent given by Crocker National Bank and filed as Land Court Document No. 810146 and by Iolani School, filed as Document No. 810147. Both documents dated March 24, 1977.

PURCHASE MONEY HANDLING: An executed Escrow Agreement dated January 23, 1976, identified Honolulu Mortgage Co., Ltd. as the Escrow Agent. By Assignment of Escrow Agreement dated April 21, 1977, effective as of May 16, 1977, the duties of the Escrow Agent have been assumed by Title Guaranty Escrow Services, Inc., 235 Queen Street, Honolulu, Hawaii. Upon examination of the Escrow Agreement, it is found to be in compliance with Chapter 514, Hawaii Revised Statutes, and particularly Section 514-35 through Section 514-40.

Among other provisions, the executed Escrow Agreement states that a purchaser under contract of sale, upon written request, shall be entitled to a refund of all monies deposited with escrow without interest if any, if the following events shall have occurred.

1. Escrow receives a written request from Developer to return to Purchaser the funds of such Purchaser then held hereunder by Escrow; or

2. If a Purchaser's funds were obtained prior to the issuance of a final public report and if there is any change in the condominium building plans, subsequent to the execution of Purchaser's Sales Contract, requiring the approval of a county officer having jurisdiction over the issuance of permits for construction of buildings, unless the Purchaser has given written approval or acceptance of the specific change; or

3. If the final public report differs in any material respect from the preliminary public report, unless the Purchaser has given written approval or acceptance of the difference; or

4. If the final public report is not issued within one year from the date of issuance of the preliminary public report.

The executed Escrow Agreement also provides that the purchaser's funds may be used to pay for construction costs of the building and other improvements and fixtures and to other persons for other architectural, engineering, finance, advertising, legal fees and other incidental expenses of the project following the issuance of a Final Report on the project from the Real Estate Commission. No purchaser's funds obtained prior to the issuance of a Final Public Report of the Real Estate Commission shall be disbursed from the escrow fund until the Final Public Report has been issued.

It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement before executing the Sales Contract since the Escrow Agreement prescribes the procedure for receiving and disbursing purchaser's funds and the Sales Contract specifically provides that the purchaser approves said Escrow Agreement and assumes the benefits and obligations therein provided.

The Sales Contract also provides, among other things, that the Buyer subordinates any and all interest he may have under the Sales Contract to the building loan mortgage that Seller has given to the Construction Lender, Crocker National Bank.

MANAGEMENT OF PROJECT: The Bylaws which are incorporated in the Declaration provide that the operation of the project shall be conducted for the Association under the direction of its Board of Directors by a responsible corporate managing agent. The initial managing agent will be Royal International Properties, Limited, doing business as Hawaiiana Management Company, whose principal place of business and post office address is Suite 410, 1860 Ala Moana, Honolulu, Hawaii. The Developer has submitted the executed Property Management and Agency Agreement dated February 21, 1977 to the Commission. The date of commencement of the agreement will be the date that occupancy of the project is authorized by the Developer or after a Notice of Completion is pursuant to Chapter 507, Part II, Hawaii Revised Statutes, whichever first occurs. The agreement may be terminated by either party one year after the date of commencement.

The Developer discloses that of the outstanding stock of Royal International Properties, Limited, 30% is owned by Bruce C. Stark and 20% is owned by Sheridan C. F. Ing.

The specimen Sales Contract authorizes the Developer, from time to time prior to closing, to enter into such contracts and arrangements on behalf of the apartment purchasers as are necessary or desirable for the management, operation or maintenance of the project.

APARTMENT LEASES: Individual apartment leases will be issued by the Fee Owner, Iolani School, to purchasers. Each lease will have a fixed rental period of at least 30 years and will terminate on December 31, 2042. Among other provisions the Apartment Lease contains the following provisions of which the purchaser should take note:

1. Lessor declares and Lessee understands: (a) that the project is in close proximity to the grounds of the Iolani School; and (b) that a portion of the school facilities of Iolani School, described in the Declaration as the "School Apartment" together with its appurtenant limited common elements, lies within the land on which the project is built and is a part of The Royal Iolani condominium; and Lessee hereby waives any right which he may have to injunctive relief

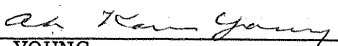
or similar remedies on the ground of nuisance or otherwise, and/or to recover costs, expenses, and/or damages against Lessor arising out of, connected with, or resulting from noise, disturbance, damage, or injury from any use of Lessor's school premises, including the School Apartment and its limited common elements, by Lessor's faculty, students, guests, invitees, permittees, and all other persons upon said school premises by invitation or sufferance of Lessor, such uses to include, but not be limited to, classroom activities, athletic contests or events, dances, fairs, bazaars, auctions, parties, musical events and concerts, alumni reunions, renovation and reconstruction of Iolani School Facilities, and the use, in connection therewith of equipment, including, but not limited to, sound amplification equipment and outdoor lighting equipment.

2. Lessor further declares and Lessee understands that Lessee's rights as an apartment owner extend only to the common elements and limited common elements of the project, as described in paragraphs D.3 and E, respectively, of the Declaration, and that Lessee shall have no right by way of easement, prescription, license or otherwise, to use the School Apartment and/or the limited common elements appurtenant to it (except as otherwise provided in paragraph E.2 of the Declaration) nor to use any part of the grounds of Iolani School which is not part of the common or limited common elements of the project.

S. STATUS OF THE PROJECT: The Developer reports that construction of the project has commenced and that the estimated date of completion, based on information available as of March 14, 1977, is December, 1978.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted March 23, 1976, and information subsequently filed as of May 2, 1977.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 851, filed with the Commission on March 23, 1976. This report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles shall be white in color.


AH KAU YOUNG
CHAIRMAN, REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, CITY AND COUNTY OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

Registration No. 851
May 6, 1977