

PUBLIC REPORT

Prepared & Issued by:

Developer ANEKONA ROYAL LLC, a Hawaii limited liability company
Address 75-5801 Alii Drive Suite AU2, Kailua-Kona, Hawaii 96740

Project Name(*): The Regency on BeachWalk (formerly The Waikiki Royal)
Address: 255 Beach Walk, Honolulu, Hawaii 96815

Registration No. 1237 (conversion)

Effective date: January 13, 2006
Expiration date: February 13, 2007

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

XX THIRD SUPPLEMENTARY: (pink) This report updates information contained in the:
[X] Preliminary Public Report dated: February 22, 1980
[X] Final Public Report dated: March 31, 1980
[X] Supplementary Public Reports dated: March 10, and July 8, 1983
And [X] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

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

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

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 since the last public report was issued on July 8, 1983 are as follows: Anekona Royal LLC is the new developer and the project's name has been changed to "The Regency on BeachWalk". Commercial Apartments C-11 and C-13 have been sold and conveyed to third parties and are not covered by this report. Two resort apartments were sold and conveyed to third party individuals but were later purchased by the same owner as the remainder of the resort apartments. The new developer has purchased all of the apartments except for Commercial Apartments C-11 and C-13. The new developer has entered into new Escrow, Broker's and Managing Agent agreements and has submitted revised specimen deeds and sales contracts. Changes have been made to provisions in the Declaration pertaining to the Limited Common Elements, Easements and Uses, as well as Insurance. For the convenience of apartment owners and prospective purchasers the Board of Directors of the Project has adopted an Amended and Restated Declaration of Condominium Property Regime which updates the provisions of the document to reflect changes in the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes and incorporates all prior amendments. Prospective Buyers are encouraged to read the Amended and Restated Declaration and Bylaws for further information. The zoning has changed but the Project remains a lawful nonconforming structure used for hotel purposes. This summary does not reflect all changes. Prospective purchasers are urged to carefully review this public report and all referenced documents.

SPECIAL ATTENTION

THE DEVELOPER HAS DISCLOSED THAT WHILE THE DEVELOPER IS MAKING CERTAIN RENOVATIONS, THE APARTMENTS IN THE PROJECT WILL BE OFFERED AND SOLD **WITHOUT WARRANTIES** FROM THE DEVELOPER AS TO THE HABITABILITY, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR USE OR PURPOSE, WORKMANSHIP, MATERIALS, OR DEFECTS OF ANY KIND AND WITHOUT ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH REGARD TO THE APARTMENT AND ANY FURNISHINGS, FIXTURES OR APPLIANCES IN AN APARTMENT, THE PROJECT OR ANY OF THE COMMON ELEMENTS OR LIMITED COMMON ELEMENTS. EACH APARTMENT SHALL BE SOLD BY THE DEVELOPER AND ACCEPTED BY THE PURCHASER STRICTLY IN "**AS IS**" CONDITION AS OF THE DATE OF CLOSING. NO REPRESENTATIONS OF ANY KIND ARE MADE ABOUT INCOME POTENTIAL OR FINANCIAL BENEFITS FROM OWNERSHIP.

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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: ANEKONA ROYAL LLC, a Hawaii limited liability company Phone: (800) 326-1540
 Name* (Business)
75-5801 Alii Drive Suite AU2
 Business Address
Kailua-Kona, Hawaii 96740

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):

Managers: Brian A. Anderson

Real Estate Brokers*: ONeill Group LLC, a Hawaii limited liability company Phone: (808) 223-5566
 Name (Business)
255 Beach Walk
 Business Address
Honolulu, Hawaii 96815

Escrow* Old Republic Title & Escrow of Hawaii, Ltd Phone: (808) 566-0100
 Name (Business)
733 Bishop Street Suite 2700
 Business Address
Honolulu, Hawaii 96813

General Contractor Not Applicable (conversion) Phone (Business)
 Name
 Business Address
 (Construction completed 1970)

Condominium Managing Agent Outrigger Hotels Hawaii dba Phone (808) 921-6620
Outrigger Hotels & Resorts (Business)
 Name
2375 Kuhio Avenue
 Business Address
Honolulu Hawaii 96815

Attorney for Developer Cades Schutte Phone (808) 521-9200
 A Limited Liability Law Partnership LLP (Business)
 Attn: Bernice Littman or Scott T. Miyasato
Suite 1200, 1000 Bishop Street
Honolulu, Hawaii 96813
 Business Address

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

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No.
Book: 14566 Page: 720
 Filed - Land Court: Document No:

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

Amendment to Declaration of Horizontal Property Regime of The Waikiki Royal recorded on January 30, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Book 15316, Page 127.

Second Amendment to Declaration of Horizontal Property Regime of The Waikiki Royal recorded on February 22, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-023911.

Third Amendment to Declaration of Horizontal Property Regime of The Waikiki Royal recorded on February 22, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-023912.

Amendment to Declaration of Condominium Property Regime of The Regency at BeachWalk (formerly The Waikiki Royal) recorded on October 6, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-203140. Note the correct name as reflected in the body of the Amendment is The Regency on BeachWalk.

Fifth Amendment to Declaration of Condominium Property Regime of The Regency at BeachWalk (with Amended and Restated Declaration of Condominium Property Regime and Bylaws of The Regency on BeachWalk attached thereto) recorded on December 9, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-252616.

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 693
 Filed - Land Court Condo Map No.

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No.
Book: 14566 Page: 720*
 Filed - Land Court: Document No.

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

Second Amendment to Declaration of Horizontal Property Regime of The Waikiki Royal recorded on February 22, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-023911.

Amendment to Declaration of Horizontal Property Regime of The Waikiki Royal recorded on January 30, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Book 15316, Page 127

Fifth Amendment to Declaration of Condominium Property Regime of The Regency at BeachWalk (with Amended and Restated Declaration of Condominium Property Regime and Bylaws of The Regency on BeachWalk attached thereto) recorded on December 9, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-252616.

* The Bylaws are attached as Exhibit "B" to the Declaration of Condominium Property Regime stated above.

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.
 Note: Please ask to see. A copy has been submitted to the Real Estate Commission.

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	75%
House Rules	---	Board after notice to
Owners. Commercial rules require consent of Commercial Owners		

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

2. Developer:

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

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

See Exhibit A. Reservations are in the apartment deeds.

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 Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Subleaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specific 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: 255 Beach Walk Tax Map Key (TMK): (1) 2-6-003-014,
Honolulu, Hawaii 96815 CPR Nos. 002, 004 through 075

Address TMK is expected to change because _____

Land Area: 16,269 square feet acre(s) Zoning: Waikiki Special District, Resort-Mixed Use Precinct

Fee Owner: ANEKONA ROYAL LLC
 Name
75-5801 Alii Drive Suite AU2, 96740
 Address
Kailua-Kona, Hawaii 96740

Lessor: N/A
 Name

 Address

C. Building and Other Improvements: Note: Exhibit "B" contains further description of the Building.

1. New Building(s).
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 1 building Floors Per Building: 9

 Exhibit ____ contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other: Steel, Glass, Aluminum, and Allied building materials
4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential		<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>3</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>48</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 (Parking)	<u>24</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

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

*See page 20 Additional Disclosure 2 for issue of long term residential use.

5. Special Use Restrictions:

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

- Pets: None except as required by accessibility laws.
- Number of Occupants: _____
- Other: No rental pooling until Project sold.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 2 Stairways: 2 Trash Chutes: 1

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
R-1	<u> 8 </u>	<u> 2/1 </u>	<u> 693 </u>	<u> 217 </u>	<u> Lanai </u>
R-2	<u> 16 </u>	<u> 1/1 </u>	<u> 494 </u>	<u> 145 </u>	<u> Lanai </u>
R-3	<u> 16 </u>	<u> 1/1 </u>	<u> 494 </u>	<u> 145 </u>	<u> Lanai </u>
R-4	<u> 8 </u>	<u> 2/1 </u>	<u> 693 </u>	<u> 217 </u>	<u> Lanai </u>
C-11	<u> 1 </u>	<u> None </u>	<u> 1323 </u>	<u> 930 </u>	<u> Arcade and Planting </u>
C-12	<u> 1 </u>	<u> None </u>	<u> 1198 </u>	<u> 420 </u>	<u> Arcade </u>
C-13	<u> 1 </u>	<u> None </u>	<u> 3078 </u>	<u> 248 </u>	<u> Arcade and Planting </u>
Parking Unit	<u> 24 </u>	<u> None </u>	<u> 161.5 </u>	<u> 0 </u>	<u> _____ </u>

See Exhibit "C"
Total Apartments: 75

***Net Living Area is the floor area of a residential apartment measured from the interior surface of the apartment perimeter walls. The area of each parking unit is based on the units length x width.**

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 "D"

Permitted Alterations to Apartments:

See Exhibit "E"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, Hawaii Revised Statutes; or include the information here in this public report and in the announcement (see attachment 11a).

Note: Developer has not elected to provide the information in a published announcement or advertisement because this is not the Project's first public report and apartments were offered and sold after the Project's Final Public Report and first Supplementary Public Report. The Project has been used since its construction for hotel use and developer anticipates that it will continue to be used for hotel use because a change in use might cause the Project to lose its status as a nonconforming structure.

7. Parking Stalls:

Total Parking Stalls: 24

	<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)	<u>0</u>	<u>0</u>		0	0	0	<u>0</u>
Guest		<u>0</u>	0	0	0	0	<u>0</u>
Unassigned	<u>0</u>	0	0	0	0	0	
Extra for Purchase	0	<u>24</u>	0	0	0	0	<u>24</u>
Other:	0	0	0	0	0	0	
Total Covered & Open	<u>24</u>		<u>0</u>		<u>0</u>		<u>24</u>

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

* All 24 Parking Stalls are the Parking Unit Apartments designated as P-1 through P-24, inclusive, which may be leased or rented or offered for sale at the owner's election.

Commercial parking garage permitted in condominium project.

Exhibit B 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 (Building)

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

Other _____

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

There are no violations Violations will not be cured.

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

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

Not applicable. The Project is operating as a hotel located in the Waikiki Special District, Resort-Mixed Use Precinct.

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:

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.

Conforming Non-Conforming Illegal

Uses x

Structures x

Lot x

*See page 21 for additional information.

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 "F"

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit "F"*

as follows:

*Note: Land areas referenced herein are not legally subdivided lots.

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 "C"

as follows:

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

Exhibit "G" describes the encumbrances against the title contained in the title report dated December 5, 2005 issued by Title Guaranty of Hawaii Incorporated.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Developer's interest in the Project is subject to a mortgage in the principal sum of \$14,000,000. If the Developer defaults under the mortgage then the lender may foreclose on the property and the lender may not be willing to honor the sales contracts for the Apartments. In that case the apartment buyers deposits will be returned by escrow less escrow's cancellation fee. Developer has made arrangements with the lender for partial releases of the mortgage to facilitate closing of the sale of apartments provided that Developer is not in default and is able to meet the conditions for partial release.

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:

Construction of the project was completed approximately 44 years ago by a prior unrelated owner and renovated by another prior unrelated owner. The current developer has begun to make certain repairs and renovations to the buildings but makes no representations, warranties or other promises about those repairs and renovations except as noted in Exhibit H. The project is being sold strictly in its "as is" condition as of the date of closing. The Developer makes no representations, warranties or other promises whatsoever, express or implied, as to the condition of the apartments, common elements or any improvements comprising part of the project, as to the habitability or merchantability of any apartment or the project, or as to the fitness of the apartments, the common elements and the project for any particular use or purpose. The Developer will assign to purchasers at closing any assignable warranty (if any) with respect to purchaser's apartment that is given by any repairing/renovation contractor .

2. Appliances:

The Developer makes no 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 of the project. If any new furniture, fixtures or appliances are installed by Developer the Developer will assign warranties given by the manufacturer to the extent assignable but Developer makes no representations that any such warranties will be assignable.

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

The project was completed in or about 1961.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

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

- C. **Utility Charges for Apartments:**

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

None* Electricity (Common Elements only Common Elements & Apartments

Gas (Common Elements only Common Elements & Apartments)

Water Sewer Television Cable

Other Refuse, hot water

Note: Commercial Apartments are separately metered for utilities. See notes to Association budget in separate Disclosure Abstract

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 December 19, 2005

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

Other __

B. Buyer's Right to Cancel Sales Contract:

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

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all monies 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 monies the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other __

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. 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 part of Registration No. 1237 filed with the Real Estate Commission on January 30, 1980.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above:

ADDITIONAL DISCLOSURES CONCERNING THE PROJECT

1. Since the Project was completed in or about 1961, the Project has operated as a hotel under the zoning code, however, due to many changes in the zoning code the Project is currently operating as a hotel in a nonconforming structure. If the Project suffered a major casualty, 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. LUO Section 21-9.80-4 (e) has exceptions to the limitations on rebuilding after casualty but they might not be applicable to the specific situation. Nonconformity can affect the ability to obtain new building permits, particularly if the City considers that the permit seeks to increase the nonconformity. If the Project were rebuilt as a hotel, for example, it would be required to have at least 50% lodging units without kitchens, while if the Project were rebuilt for multifamily apartment use it would be required to have additional parking.

2. The parking for the project is sufficient for hotel use but would not be sufficient for residential use. If apartments were used for long term occupancy that would be a change from the historical use for transient occupancy which would increase the nonconformity of the structure and might not be permitted by the Department of Planning and Permitting. Therefore the developer gives no assurance that the "Residential" apartments can be used for long term occupancy.

3. The property condition reports obtained by Developer note the presence of asbestos and lead paint in the Project. Summaries of the property condition reports are attached to the separate Disclosure Abstract and complete copies are available at the sales office and at the website www.regencyonbeachwalk.com which will be available for viewing upon issuance of an effective date for this public report. Prospective purchasers may also request a CD of the property condition reports.

4. While the Developer plans to undertake certain repairs it does not make any representations as to the adequacy or completeness of the repairs or that they will address all deficiencies noted in the property reports or fully address deficiencies. Prospective purchaser should take into account that the Project is more than forty years old and even after renovations will not be a new building.

5. Some barriers for persons with disabilities were identified by the barrier removal study. The developer has adopted a barrier removal plan that the Developer will implement while it holds apartments in the Project and operates them as a public accommodation. The Association may be responsible for the removal of architectural barriers in the common areas, to the extent readily achievable or if triggered by renovations.

Purchasers who plan to use their apartments as rentals or public accommodations should consult their own advisers about their obligations under disabilities laws.

◆

- 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-A-1.6]. (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

ANEKONA ROYAL LLC, a Hawaii limited liability company
 Printed Name of Developer

By:  _____ December 20, 2005
 Duly Authorized Signatory* Date

Brian A. Anderson, Its Manager
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____ County of Honolulu

Planning Department, _____ 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

Developer as grantor under apartment deeds of apartments in the Project has reserved the following rights. Grantor refers to Developer and Grantee refers to the purchaser of the apartment conveyed by the apartment deed:

1. The Grantee hereby acknowledges and agrees for the benefit of the Grantor that the Grantor shall have the right, has the right under the Declaration for so long as the Grantor retains any interest in an apartment in the Project, including, but not limited to, the interest of a mortgagee or holder of any security interest in an apartment, the right (but not the obligation) to vote to amend the Declaration and the Bylaws [Bernice, since this is an ongoing condo, can we have this clause in? Brian isn't able to do what he desires as this seems to imply] (and the Condominium Map, if appropriate) without the consent or joinder of the in the name of Grantee or any lienholder or other person or entity, for various purposes including without limitation for the following purposes:

(i) the purpose of meeting any requirement imposed by (1) any applicable law, (2) the Real Estate Commission of the State of Hawaii, (3) any title insurance company issuing a title insurance policy on the Project or any of the apartments, (4) any institutional lender lending funds on the security of the Project or any of the apartments, or (5) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to the Apartment or materially change the design, location or size of the Apartment shall be made without the consent of the Grantee and any mortgagee of the Apartment; and

(ii) to grant easements, alter or consent to the alteration of common elements, limited common elements and apartments, other than the Apartment and limited common elements granted by this instrument; and for other purposes set out in the Declaration.

(iii) to alter the layout of any apartment owned by Grantor or with the consent of the owner and any mortgagee of any apartment not owned by Grantor.

Grantee and each and every person acquiring an interest in the Apartment, by such acquisition, consents to the exercise of such rights described in this paragraph 2 and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints the Grantor and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such proxies, ballots, documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

(Section 2, (d) and final paragraph of the specimen Apartment Deed)

2 Reservation of Easements by Grantor. Grantor reserves the following easements over the Project and Grantee agrees to Grantor's reservation of the easements and Grantor's exercise of the easements:

(a) Grantor's Easement for Sales Activities. The Grantor, its agents, employees, contractors, and licensees shall have the right to conduct extensive sales activities in the Project, including the common elements, including the use of model apartments, sales and management offices, and extensive sales displays and activities, including sales events, and placing of signs in elevators, lobbies, entrances and driveways, until the Project Sell-Out Date.

(b) Grantor's Easement for Repair and Renovation. Until twenty-four (24) months after the Project Sell-Out Date, Grantor its agents, employees, contractors and licensees shall have an easement over, under and upon the Project or any portion of the Project as may be necessary or useful in the opinion of the Grantor for the completion of repairs and renovations to the Project.

(c) Easement to Create Noise etc. Grantor, its agents, employees, contractors and licensees shall have an easement over, under and upon the Project or any portion of the Project, to create and cause noise, vibration, dust and other nuisances created by or resulting from any work connected with or incidental to the renovation, repair or sale of any Apartment or other improvements in the Project, and each Apartment owner, lessee, Mortgagee, lien holder or other person with an interest in the Project waives any right, claim or action which such person may have or acquire against Grantor, its agents, employees, contractors, licensees, successors and assigns as a result of such activity or activities.

(d) Grantor's Rights to Grant Easements. The Grantor reserves the right to designate, grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across, or through the common elements (including any limited common elements appurtenant to the apartments other than the commercial apartments) for any purpose the Grantor considers necessary or appropriate in the Grantor's sole discretion, which may include, but shall not be limited to, those purposes which are necessary to the operation, care, upkeep, maintenance or repair of any apartment or the common elements or any easements for utilities benefiting the Project or any adjacent property or for any public purpose, including the grant of designated easements over, under, across and through the land for the pipeline transmission of water and other utilities; and other designated easements; provided, however, that in

exercising its rights under this paragraph (d), the Grantor shall not do anything or permit anything to be done which shall unreasonably interfere with the use of the affected common or limited common element for its originally intended purpose, unless such action is required to ensure the public health, safety or welfare or to comply with any governmental rule, regulation, law or ordinance. The rights set out in this paragraph (d) shall continue for a period of twenty-four (24) months following the Project Sell-Out Date. Grantor, by a recorded instrument, may transfer some or all of the rights under this paragraph (d) to the Association of Apartment Owners of The Regency on BeachWalk, to be exercised as determined by the Board of Directors.

(Section 3 of the specimen Apartment Deed)

EXHIBIT B: DESCRIPTION OF BUILDING

The Project is described in the Condominium Map and consists of one tower ("the building") with nine (9) stories extending in a mauka-makai direction (the levels of the building are numbered consecutively from 1 to 9, having forty-eight (48) residential units ("Residential Units"), and three (3) Commercial Units ("Commercial Units"). The first floor is comprised of three Commercial Units, the Parking Units which are entirely outdoors, two stairwells, a machine room and elevator shafts, a meter room and a trash room. The second through ninth floors each contain six (6) Residential Units of which two contain two-bedrooms each and four contain one-bedroom each, the lanais appurtenant to each Residential Unit, two stairwells, elevator shafts, a trash/laundry room and a storage room which is part of Commercial Unit C-12. The building has two (2) elevators and a trash chute, which run vertically from floor one to floor nine. The building has no basement.. The 24 Parking Units are all located on the ground level and are entirely outdoor.

EXHIBIT C: APARTMENT TYPES, AREAS, AND COMMON INTERESTS

APARTMENTS TYPES, AREAS AND COMMON INTERESTS

Types of Apartments: The Apartment Types, the Net Living Area and Common Interest of each Type and the description of the layout of each Type is listed below and in **Sections 4 and 7** of the Amended Declaration.

Drawing No	Type (Number of Apartments)	Net Living Area square feet	Description	Common Interest %	Aggregate %
A-3	R-1 (8)	693	Two bedroom unit consisting of a living/dining room, two bedrooms, a storage area, one bathroom, and a kitchen.	2.2674	18.1392
A-3	R-2 (16)	494	One bedroom unit consisting of a living/dining room, one bedroom, a storage area, one bathroom, and a kitchen.	1.6163	25.8608
A-3	R-3 (16)	494	One bedroom unit consisting of a living/dining room, one bedroom, a storage area, one bathroom, and a kitchen.	1.6163	25.8608
A-3	R-4 (8)	693	Two bedroom unit consisting of a living/dining room, two bedrooms, a storage area, one bathroom, and a kitchen.	2.2674	18.1392
A-2	C-11 (1)	1323	A Commercial Apartment consisting of an area of the first floor partially within the building and with an outdoor arcade.	3.4435	3.4435
A-2	C-12 (1)	1198	A Commercial Apartment consisting of an area on the first floor partially within the building which contains one office, one toilet room, eight storage rooms, and a roof arcade.	2.4730	2.4730
A-2	C-13 (1)	3078	A Commercial Apartment consisting of an area of the first floor partially within the building and an enclosed area adjacent to the building, and outdoor planting area.	5.0835	5.0835
A-1	Parking Unit (24)	161.5	On the first floor and consists of the surface of each paved parking space and the airspace above the parking space.	0.0416, except for P-24 which is 0.0432	1.0
Total for Apts					100.00

EXHIBIT C: APARTMENT TYPES, AREAS AND COMMON INTERESTS

Apartment List: The Apartment number, Apartment Type and the area of its Limited Common Element is listed below and in **Sections 4 and 7** of the Declaration

Drawing No.	Apartment No.	Apartment Type	Limited Common Element Sq. Ft.
A-3	21	R-1	217
A-3	31	R-1	217
A-3	41	R-1	217
A-3	51	R-1	217
A-3	61	R-1	217
A-3	71	R-1	217
A-3	81	R-1	217
A-3	91	R-1	217
A-3	22	R-2	145
A-3	32	R-2	145
A-3	42	R-2	145
A-3	52	R-2	145
A-3	62	R-2	145
A-3	72	R-2	145
A-3	82	R-2	145
A-3	92	R-2	145
A-3	23	R-2	145
A-3	33	R-2	145
A-3	43	R-2	145
A-3	53	R-2	145
A-3	63	R-2	145
A-3	73	R-2	145
A-3	83	R-2	145
A-3	93	R-2	145
A-3	24	R-3	145
A-3	34	R-3	145
A-3	44	R-3	145
A-3	54	R-3	145
A-3	64	R-3	145
A-3	74	R-3	145
A-3	84	R-3	145

Drawing No.	Apartment No.	Apartment Type	Limited Common Element Sq. Ft.
A-3	94	R-3	145
A-3	25	R-3	145
A-3	35	R-3	145
A-3	45	R-3	145
A-3	55	R-3	145
A-3	65	R-3	145
A-3	75	R-3	145
A-3	85	R-3	145
A-3	95	R-3	145
A-3	26	R-4	217
A-3	36	R-4	217
A-3	46	R-4	217
A-3	56	R-4	217
A-3	66	R-4	217
A-3	76	R-4	217
A-3	86	R-4	217
A-3	96	R-4	217
A-2	C-11	C-11	930
A-2	C-12	C-12	420
A-2	C-13	C-13	248
A-1	P-1	P-1	0 *P-1 though P-24
A-1	P-2	P-2	0
A-1	P-3	P-3	0
A-1	P-4	P-4	0
A-1	P-5	P-5	0
A-1	P-6	P-6	0
A-1	P-7	P-7	0
A-1	P-8	P-8	0
A-1	P-9	P-9	0
A-1	P-10	P-10	0
A-1	P-11	P-11	0

*See last paragraph of Exhibit F re: Limited Common Elements of Parking Units

A-1	P-12	P-12	0
A-1	P-13	P-13	0
A-1	P-14	P-14	0
A-1	P-15	P-15	0
A-1	P-16	P-16	0
A-1	P-17	P-17	0
A-1	P-18	P-18	0
A-1	P-19	P-19	0
A-1	P-20	P-20	0
A-1	P-21	P-21	0
A-1	P-22	P-22	0
A-1	P-23	P-23	0
A-1	P-24	P-24	0

EXHIBIT D: BOUNDARIES OF APARTMENTS

1. Limits of Residential Units. Each Residential Unit shall be deemed to include (i) any adjacent lanai to which such Residential Unit has direct, exclusive access; (ii) all the walls and partitions which are not load-bearing within its perimeter walls; (iii) the inner decorated or finished surfaces of all walls, floors and ceilings; (iv) any doors, vestibules, windows or panels along the perimeters; and (v) all fixtures originally installed therein. No Residential Unit shall include any of the following:

- a. The undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, or the party walls; the undecorated or unfinished floors and ceilings surrounding each Residential Unit;
- b. The foundation, the exterior walls, roof, beams and columns of the building of the Project; and
- c. All pipes, wires, conduits, and other utility or service lines which are utilized for or serve another or more than one Apartment (the same being deemed common elements as hereinafter provided). (Section 4.8 of the Amended Declaration.)

2. Limits of Commercial Units. Each Commercial Unit shall be deemed to include:

- a. All of the areas and places bounded by their respective walls and the exterior boundary of the project site that is included in the boundaries for those respective units, as shown by the Condominium Map;
- b. All the vaults and partitions which are not load-bearing within its perimeter walls;
- c. The inner decorated or finished surfaces of all walls, floors and ceilings;
- d. Any doors, vestibules, windows or panels along the perimeters; and
- e. All fixtures originally installed therein. Where any cement floor or cement ceiling of the building is included within the units, the boundary of the unit is the inner surface of the floor and ceiling; where the vertical boundaries of a Commercial Unit are not a part of the building as in the case of any ceiling or roof area that is not affixed to the floor of an Apartment above it, the Commercial Unit shall include the surface of the ground level, the roof that is not part of the building, and the airspace between the surface of the floor and that roof.

Each Commercial Unit shall also include all ducts, electrical equipment, wiring, machinery and air conditioning serving only that unit, and Commercial Unit C-11 and C-13 shall have their own electric and gas meter.

No Commercial Unit shall include any of the following:

- a. The undecorated or unfinished surfaces of the perimeter walls, or the party walls; the undecorated or unfinished floors and ceilings surrounding each Commercial Unit;
- b. The foundation, the exterior walls, roof, beams and columns of the building of the Project; and
- c. All pipes, wires, conduits, and other utility or service lines which are utilized for or serve another or more than one Apartment (the same being deemed common elements as hereinafter provided). (Section 4.9 of the Amended Declaration)

3. Limits of Parking Units. The Parking Units shall include the surface of all the paved parking spaces bounded in part by the exterior boundary of the land that is part of the Project and in part by the exterior walls of the building, and in part by the lines marked on the surface as shown on the Condominium Map, along with all airspace above that surface. The Parking Units shall not include the land, the exterior walls or foundation, nor any pipes, wires, conduits, and other utility or service lines which are utilized for or serve another or more than one Apartment (the same being deemed common elements as hereinafter provided). (Section 4.10 of the Amended Declaration)

EXHIBIT E: PERMITTED ALTERATIONS

1. The Declaration allows the following Alterations in the Project:

(a) Restoration or replacement of the Project or of the building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any Apartment owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of all the Apartment owners and accompanied by the written consent of the holders of all liens (if the lien holders require such consent and approval) affecting any of the Apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement or construction, 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 notwithstanding any provision in this Declaration to the contrary, any alterations or additions within an Apartment or within a limited common element appurtenant to and for the exclusive use of an Apartment, or of certain Apartments, shall require the written consent thereto and the written approval of the Apartment owner's plans therefor by only the holders of all liens affecting such Apartment (if the lien holders require such consent and approval), the Board of Directors of the Association, all other Apartment owners thereby directly affected (as determined by said Board), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered. (Section 18.1 of the Amended Declaration)

(b) Permanent or temporary structures may be erected in airspace above the surface of the Parking Units and the entire structure will be part of the Parking Unit without the necessity of approval of any other Unit owner, provided that any such construction will be subject to obtaining a building permit and complying with any zoning requirements existing at that time. In the event such structure is erected, the Parking Unit containing the structure may be used for commercial uses of any lawful type. (Section 10.2 of the Amended Declaration).

See also Exhibit A Developer's reserved rights under the Apartment Deed item 1. (iii)

EXHIBIT F: COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. The Declaration lists the following as Common Elements:

The common elements shall include the limited common elements described in Section 6 of the Declaration and all other portions of the Property, excluding those items defined as part of any Apartment in Section 4 of the Declaration, but including both the building and the land on which the Project is located, and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, and which are not included as part of an Apartment, and all elements mentioned in the Condominium Property Act which are actually constructed on the land and specifically shall include but not be limited to:

a. The land in fee simple;

b. All foundations, floor slabs, columns, girders, beams, support or bearing walls, and roof;

c. All ducts, electrical equipment and wiring and other central and appurtenant installations for service including power, lights, cold and hot water, refuse, telephone, and electrical room areas, except as otherwise provided in Section 4 of the Declaration;

d. All other devices or installations upon the land and building existing for or rationally of common use to all of the owners of Apartments;

e. The transformer vault on the first floor;

f. The roof of the building; and

g. The meter rooms and the trash room on the first floor of the building.

Designation of additional areas to be common elements or subject to common expenses shall require the approval of ninety percent (90%) of the apartment owners.
(Section 5 of the Declaration)

2. The Declaration lists the following as Limited Common Elements:

Certain parts of the common elements which are rationally related to less than all of the Apartments are hereby set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. By way of illustration and not by way of limitation, the air conditioning condenser and compressor units (and the equipment, plumbing and electrical apparatus thereto) which shall be located on the roof of the machine room in the rear of the building shall be limited common elements appurtenant to and for the exclusive use of Commercial Unit No. C-11. As another illustration, the two (2) air conditioning units to be located on the meter room and the two (2) air conditioning units to be suspended above the doorway in the rear of the Project, shall be limited common elements appurtenant to and for the exclusive use of Commercial Unit No. C-13, who shall: (i) at its sole expense, keep, repair and maintain the units in good working order and in attractive condition, and (ii) indemnify, defend and hold harmless the Association, its officers and directors for all claims, demands, liabilities and loss of whatsoever nature in connection with such air-conditioning units.
(Section 6 of the Amended Declaration)

Limited Common Element of Parking Units. The two paved driveways and paved turnaround area bounded in part by the perimeter of the Parking Units, in part by the perimeter of the exterior boundary of the land that is part of the Project, and in part by the exterior walls of the building, is hereby set aside and reserved as a limited common element for the exclusive use of the Parking Units as shown on the Condominium Map.
(Section 6.1 of the Amended Declaration).

EXHIBIT G: ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. AS TO PARCEL THIRD ONLY:
 - a. An easement in favor of Lot 29, for pedestrian and vehicle passage over and across a portion of Lot 31, being a strip 10 feet wide, as contained in that certain instrument dated April 1, 1968, recorded in the Bureau of Conveyances of the State of Hawaii in Book 6024 at Page 289.
3. Condominium Map No. 693, recorded in the Bureau of Conveyances of the State of Hawaii.
4. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as contained in the following:

Declaration of Horizontal Property Regime of Waikiki Royal

Dated: February 20, 1980
Recorded: March 12, 1980, in the Bureau of Conveyances of the State of Hawaii, Book 14566, Page 720.

The foregoing Declaration was amended by the following:

Recorded: January 30, 1981, in the Bureau of Conveyances of the State of Hawaii, Book 15316, Page 127.

Recorded: February 22, 1991, in the Bureau of Conveyances of the State of Hawaii, Document No. 91-023911.

Recorded: February 22, 1991, in the Bureau of Conveyances of the State of Hawaii, Document No. 91-023912,

Recorded: October 6, 2005, in the Bureau of Conveyances of the State of Hawaii, Document No. 2005-203140

Recorded: December 9, 2005 in the Bureau of Conveyances of the State of Hawaii Document No. 2005- 252616.

5. Existing improvement(s) along the boundary of the subject property, disclosed by the surveyor's map and/or report dated March 24, 1997 last revised July 18, 2005, prepared by Alden S. Kajioka, Registered Professional Land Surveyor, Certificate No. 6605. are as follows:

A) Concrete Planter protrudes into the Beach Walk Right of Way by approximately 4 inches.

B) "ABC Store Sign protrudes overhead into the Beach Walk Right of Way.

C) Hawaiian Electric boxes protrudes into Lot A by approximately 2 to 3 inches.

6. A Mortgage and Fixture Filing to secure an indebtedness as shown below, and any other obligations secured thereby

Amount: \$14,000,000.00
Dated: July 27, 2005
Loan No.: None Shown
Mortgagor: Anekona Royal, LLC, a Hawaii limited liability company
Mortgagee: Fremont Investment & Loan, a California industrial bank
Recorded: July 29, 2005, in the Bureau of Conveyances of the State of Hawaii, Document No. 2005-15 1445.

7. Assignment of Rents (and Leases) of all moneys due, or to become due as rental or otherwise from said land, to secure payment of an indebtedness, shown below and upon the terms and conditions therein

Amount: \$14,000,000.00
Assigned to: Fremont Investment & Loan, a California industrial bank
By: Anekona Royal, LLC, a Hawaii limited liability company
Dated: July 27, 2005

Recorded: July 29, 2005, in the Bureau of Conveyances of the State of Hawaii, Document No. 2005-151446.

8. Financing Statement in favor of Fremont Investment & Loan recorded on August 3, 2005 as Document No. 2005-154250.
9. Real property taxes and assessments as may be due and owing. For further information check with the County Tax Assessor.

EXHIBIT H: INITIAL MAINTENANCE FEES AND RESERVE STUDY

SEE SEPARATE DISCLOSURE ABSTRACT which should be given to prospective purchasers concurrently with this public report, but which may be separately amended from time to time.

EXHIBIT I SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

The Sales Contract provides for the sale of an Apartment by the developer to a Buyer. The Escrow Agreement provides how the funds paid by Buyer under the Sales Contract to Escrow are to be held and released. Both the Sales Contract and Escrow Agreement contain many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. Both documents have been written in language intended to be easier for Buyers to read than that used in traditional legal documents. This summary is not complete and will not control in the event of any conflict with a provision in the Sales Contract or the Escrow Agreement. Prospective Buyers are cautioned and encouraged to read carefully the Sales Contract and Escrow Agreement.

SALES CONTRACT:

1. In the Sales Contract the developer is called "Seller". The Sales Contract provides for the number, amount and timing of payments Buyer is to make to Escrow. The Sales Contract provides that all interest received by Seller or Escrow on Buyer's deposits will belong to Seller.

2. The Sales Contract describes the "Property" being sold, including the Apartment and its common interest.

3. The Sales Contract confirms that Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration and Bylaws. Seller's rights to change the documents is described.

4. The Sales Contract contains provisions confirming that the developer is not the original developer of the Project and took no part in building or developing the Project. Buyer takes the Apartment and Project "as is". The "as is" provision is part of this Exhibit.

6. The Sales Contract contains the following disclaimer about income

BUYER AGREES THAT NO ONE (INCLUDING SELLER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED IN THIS CONTRACT INCLUDING THE PROHIBITION ON RENTAL POOLING. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

7. The Sales Contract contains the following prohibition on income pooling:

Buyer agrees that before the Project Sell-Out Date, Buyer will not enter into any contract or arrangement concerning the rental of the Apartment, with a rental manager or anyone else, that provides for any present or future pooling of income from the Apartment with income from any apartment or property owned by any other person. Buyer acknowledges that no representations have been made to Buyer concerning the availability of any rental pool arrangement either before or after the Project Sell-Out Date. If Buyer breaches this Contract, Seller may obtain an injunction from a court to prevent Buyer's continuing with any rental pooling arrangement and Buyer will pay Seller's costs and attorneys' fees for obtaining the injunction.

The Project Sell-out Date is the date all of the apartments in the Project have been conveyed to persons other than Seller or Seller's mortgage lender.

8. The Sales Contract contains the following "As is" provision in which Developer is referred to as Seller:

Buyer understands that the Project was completed in or about 1961. Seller did not construct or develop the Project. Any warranties from the original developer or the original contractor for the Project expired years before Seller bought the Property. The Project has experienced wear and tear. Seller has obtained property condition and environmental reports which contains recommendations for preventive actions. Seller has also obtained a report on accessibility under the Americans with Disabilities Act that contains recommendations for remedial action. The reserve study for the Project includes information concerning the state of components in the Project. A copy of the reserve study has been given to Buyer. Buyer is encouraged to read the accessibility and other property reports that Seller has made available at the sales office, but Buyer acknowledges that the reports may not include every defect in the Project. The Seller is making certain repairs and renovations to the Property but Seller is not making any promises about those repairs or renovations and does not promise that it will follow all the recommendations in the reports.

SELLER IS NOT GIVING ANY WARRANTIES TO BUYER. NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND BY SIGNING THIS AGREEMENT, BUYER AGREES THAT SELLER HAS NOT MADE, AND DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES OR PROMISES OF ANY KIND

EXHIBIT I SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, CONCERNING OR WITH RESPECT TO:

- a. THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY;
- b. THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY;
- c. ANY ARCHAEOLOGICAL SITES, REMAINS OR ARTIFACTS ON THE LAND;
- d. THE PROPERTY'S COMPLIANCE WITH LAWS, ORDINANCES OR REGULATIONS;
- e. THE QUALITY OF THE CONSTRUCTION OR MATERIALS INCORPORATED INTO THE PROPERTY OR THE REPAIRS OR RENOVATIONS;
- f. THE PRESENCE OR ABSENCE OF MOLD, STANDING WATER OR HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY;
- g. THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS OR SPECIAL PERMITS;
- h. THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR A TSUNAMI INUNDATION AREA;
- i. THE ABILITY OF THE PROJECT TO WITHSTAND EARTHQUAKE OR HURRICANE DAMAGE;
- j. THE EXISTENCE OF TERMITES OR OTHER PESTS OR TERMITE DAMAGE,
- k. THE LOCATION OF THE SHORELINE IN ACCORDANCE WITH THE LAWS OF THE STATE OF HAWAII, OR
- l. ANY OTHER MATTER CONCERNING THE PROPERTY.

If Developer's planned refurbishments to any Apartment have not been completed on the Reference Date of the Contract there will be a limited exception to the as is provision whereby Developer agrees to complete refurbishments listed in Schedule 2 to the sales contract. Personal property is listed in Schedule 1..

ESCROW AGREEMENT.

1. The Escrow Agreement provides that Escrow is to collect Buyer's payments and hold them in accounts with banks or savings institutions that are federally insured.
2. The Escrow Agreement provides for the closing or settlement of the sale. Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and Buyer as set forth in the Sales Contract.
3. Escrow handles the closing and the transfer of title in accordance with the Escrow Agreement. The Apartment must be conveyed to Buyer free and clear of any blanket liens, such as mortgages covering more than one apartment.
4. The Escrow Agreement provides certain protections to Escrow in the event of a dispute between Buyer and the Developer. These rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take.
5. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance