

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer The Pinnacle Honolulu, LLC
Address 1188 Bishop Street, Suite 3500-A, Honolulu, Hawaii 96813

Project Name (*): The Pinnacle, Honolulu
Address: 1199 Bishop Street, Honolulu, Hawaii 96813

Registration No. 4112

Effective date: January 26, 2007
Expiration date: February 26, 2008

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.

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

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

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

(*) Exactly as named in the Declaration

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

FORM: RECO-30 286/986/189/1190/892/0197/1093/0800/0203/0104

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 are as follows:

The maintenance fee budget attached hereto as part of Exhibit "E" has been revised by Developer and Managing Agent.

The Office of the Tax Assessor has indicated that the Tax Map Key for the property of the Project will become (1) 2-1-010-049 from the 2007-2008 fiscal year forward.

Apartment 24 of the Project was corrected to be listed as an Apartment Type D.

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- EXHIBIT A: Boundaries of Apartments and Permitted Alterations to the Apartment
- EXHIBIT B: Common Interests, Parking Stall and Storage Locker Assignments
- EXHIBIT C: Common Elements and Limited Common Elements
- EXHIBIT D: Encumbrances Against Title
- EXHIBIT E: Disclosure Abstract
- EXHIBIT F: Summary of Sales Contract and Escrow Agreement
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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: The Pinnacle Honolulu, LLC Phone: (808) 523-3477
 Name* 1188 Bishop Street, Suite 3500-A
(Business)
 Business Address Honolulu, Hawaii 96813

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):

Michael F. Harrah (Manager and Member)
Aloha Enterprises, L.P. (Member)

Real Estate Broker* : Sleeping Giant Realty, Inc. Phone: (808) 245-8831
 ** Name 4480 Ahukini Road
(Business)
 Business Address Lihue, Hawaii 96766

Escrow Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
 Name 235 Queen Street, 1st Floor
(Business)
 Business Address Honolulu, Hawaii 96813

General Contractor*: Ledcor - U.S. Pacific Construction LLC Phone: (808) 524-6803
 Name 1001 Bishop Street, Pauahi 1250
(Business)
 Business Address Honolulu, Hawaii 96813

Condominium Managing Agent*: Hawaii First, Inc. Phone: (808) 531-5566
 Name 800 Bethel Street, Suite 501
(Business)
 Business Address Honolulu, Hawaii 96813

Attorney for Developer: Law Offices of Wesley Y. S. Chang Phone: (808) 534-4803
 Name 55 Merchant Street, Suite 2800
(Business)
 Business Address Honolulu, Hawaii 96813
 Attn: Brad Y. C. Wong, Esq.

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

** See also page 5a.

Real Estate

Broker: Mary Worrall Associates, Inc.
4211 Waialae Avenue, Suite 100
Honolulu, Hawaii 96816

Phone: (808) 735-2411

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed			Document No.	2006-070129
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:		Document No.	3416543

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

Amendment to The Pinnacle, Honolulu Declaration of Condominium Property Regime
dated January 3, 2007, and recorded as Doc. No. 2007-002410 and filed as Doc. No. 3537078

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed				
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances	Condo Map No.	1789	
<input checked="" type="checkbox"/>	Filed -	Land Court	Condo Map No.	4213	

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

Amendment to The Pinnacle, Honolulu Declaration of Condominium Property Regime
dated January 3, 2007, and recorded as Doc. No. 2007-002410 and filed as Doc. No. 3537078

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

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			Document No.	2006-070130
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:		Document No.	3416544

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

At any time prior to the first recording of a conveyance or transfer (other than for security) of an Apartment and its appurtenances to a party not a signatory to the Declaration, the Developer may amend the Declaration (including all exhibits), the Bylaws and the Condominium Map in any manner, without the consent or joinder of any Apartment purchaser or any other party. Notwithstanding the lease, sale or conveyance of any of the Apartments, the Developer may amend the Declaration (and when applicable, any exhibits to the Declaration) and the Condominium Map to file the "as-built" verified statement required by Section 514A-12 of the Act. For so long as the Developer retains any interest in an Apartment in the Project, the Developer shall have the right (but not the obligation) to amend the Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lienholder or any other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments, or (v) 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 an Apartment or substantially change the design, location or size of any Apartment shall be made without the consent of all persons having an interest in such Apartment. Prior to the election of the first Board of Directors, the Developer may amend the Rules and Regulations in any manner with the joinder, consent or approval of any other party.

** See page 20b, paragraph 3.

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: 1199 Bishop Street Tax Map Key (TMK): (1) 2-1-010-026
Honolulu, Hawaii 96813

Address TMK is expected to change because of subdivision; per Tax Assessor
TMK shall be (1) 2-1-010-049 from fiscal year 2007-2008

Land Area: approx. 13,468 square feet acre(s) Zoning: BMX-4

Fee Owner: The Pinnacle Honolulu, LLC
Name
1188 Bishop Street, Suite 3500A
Address
Honolulu, Hawaii 96813

Lessor: n/a
Name
Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 1 Floors Per Building: 36

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Steel, aluminum, concrete, glass and allied building materials

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>38</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input 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 type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

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: Maximum of two small pets per apartment (see Section J of the Rules and Regulations)
- Number of Occupants: Not more than two persons per bedroom (see paragraph 10 of the Declaration for exceptions)
- Other: No timesharing, bed and breakfast or rooming house uses (see paragraph 10 of the Declaration and other restrictions in the proposed Rules and Regulations on file with the Developer and the Real Estate Commission)
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 3 Stairways: 3 Trash Chutes: 2

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>22</u>	<u>2/3</u>	<u>1,423</u>	<u>104</u>	<u>Lanai</u>
<u>B</u>	<u>2</u>	<u>1/3</u>	<u>1,423</u>	<u>104</u>	<u>Lanai</u>
<u>C</u>	<u>4</u>	<u>3/4</u>	<u>2,857</u>	<u>208</u>	<u>Lanai</u>
<u>D</u>	<u>8</u>	<u>3/4</u>	<u>2,857</u>	<u>208</u>	<u>Lanai</u>
<u>E</u>	<u>2</u>	<u>2/3</u>	<u>1,982</u>	<u>481</u>	<u>Lanai</u>

Total Number of Apartments: 38

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

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

Boundaries of Each Apartment:

See Exhibit "A"

Permitted Alterations to Apartments:

See Exhibit "A"

Apartments Designated for Owner-Occupants Only:

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

7. Parking Stalls:

Total Parking Stalls:	<u>104</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u> <u>Open</u>	<u>Covered</u> <u>Open</u>	<u>Covered</u> <u>Open</u>	<u>TOTAL</u>
Assigned (for each unit)	<u>50</u>	<u>50</u>		<u>100</u>
Guest	<u>2</u>	<u>2</u>		<u>4</u>
Unassigned				
Extra for Purchase				
Other: _____				
Total Covered & Open:	<u>52</u>	<u>52</u>		<u>104</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

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

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: Spa, common kitchen, restrooms and other rooms on Floor R-9

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):

n/a

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.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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 "C" .
 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 "C".

as follows:

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

described in Exhibit "B".

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 "D" describes the encumbrances against the title contained in the title report dated November 20, 2006 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

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

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:

The Developer intends to require the general contractor to provide a one-year warranty, commencing upon the "Date of Completion" (as defined in section 507-43 of the Hawaii Revised Statutes, as amended), that (a) the materials and equipment furnished for construction of the project will be of good quality and new, unless the construction contract requires or permits that the materials and equipment be otherwise; and (b) the construction and services required by the construction contract (including all labor, materials and equipment to be provided by the general contractor) will be free from defects, except for defects inherent in the quality of the construction and services required or permitted by the construction contract. Without incurring any legal liability, the developer will agree to cooperate with the buyer to try to have the general contractor perform all of the general contractor's warranties. (See section E.14 of the Sales Contract.)

2. Appliances:

Appliance warranty information is not yet available because appliances have not yet been purchased. However, the Developer intends to transfer to the buyer any manufacturer's or dealer's warranties that are transferable and cover appliances sold with the apartments.

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

Estimated date of completion is August of 2007.

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):

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 "F" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated September 13, 2004
Exhibit "F" 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 moneys paid, less any escrow cancellation fee up to \$250.00.

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; AND
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, 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 a part of Registration No. 4112 filed with the Real Estate Commission on January 27, 1999.

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C. Additional Information Not Covered Above

The Warranty Apartment Deed contains the following covenants:

AND the Grantee acknowledges and agrees that to ensure and maintain the quality of the design and construction the Project, the Grantor shall have the right to review and approve of any construction or alterations in or additions, alterations, repairs or improvements to the Apartment; provided, however, that the Grantor shall not unreasonably withhold or delay its approval. The Grantee further acknowledges and agrees that any approval by the Grantor shall not constitute approval by nor guaranty the granting of any approval by the Board of Directors of the Association of Apartment Owners for the Project (the "Board") required by the Declaration. The foregoing right of the Grantor shall expire on the second anniversary of the date of recordation hereof.

AND the Grantee acknowledges and agrees that the maximum capacity of persons utilizing the recreation deck existing on Floor R-9 of the Project shall be limited to no more than two hundred (200) persons. The Grantee further acknowledges and agrees that if the Grantee desires to utilize said recreation deck for an event consisting of more than one hundred (100) persons (but no more than 200 persons), the Grantee shall first obtain the prior written consent of the Board for such event.

ACT 119, CHAPTER 672E, HAWAII REVISED STATUTES, PASSED BY THE STATE OF HAWAII LEGISLATURE AND EFFECTIVE JULY 1, 2004, CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED YOUR HOME OR FACILITY. NINETY DAYS BEFORE YOU FILE YOUR LAWSUIT OR OTHER ACTION, YOU MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT YOUR ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

Purchasers are advised that Developer has applied or may apply for a variance to the roof of the building to allow for a slightly enhanced architectural feature which will exceed current applicable height restrictions. Such enhanced architectural feature will not result in a material change in the Project which directly, substantially, and adversely affects the use or value of any unit of the project. If such variance is applied for and received by Developer, upon completion of the project, Developer's "as-built" Condominium Map will accurately depict such enhanced architectural feature.

Purchasers of apartments in the Project should note that Chapter 514A of the Hawaii Revised Statutes has been superseded by Chapter 514B of the Hawaii Revised Statutes, which went into effect on July 1, 2006. Since the Project was created prior to July 1, 2006, Chapter 514A will continue to apply to the Project. However, pursuant to Section 514B-22, Sections 514B-4, 514B-5, 514B-46, 514B-72, Part VI of Chapter 514B of the Hawaii Revised Statutes and the definitions in Section 514B-3 to the extent necessary in applying these sections, will apply to the Project.

Section 514B-4 provides that each unit, together with its appurtenant interest in the common elements, constitutes a separate "parcel" of real estate. For a unit owner other than a developer, each unit shall be separately taxed and assessed for all types of taxes authorized by law, including, but not limited to, special assessments. No separate tax or assessment may be rendered against any common elements. The owner of a single-family dwelling shall qualify for home exemptions from state property taxes. Property taxes assessed by the State or any county shall be assessed and collected on the individual units and not on the property as a whole. If the only unit owner is a developer, the real estate comprising the condominium may be taxed and assessed in any manner provided by law.

Section 514B-5 provides that the condominium property regime shall conform to the existing underlying county zoning for the property and all applicable county permitting requirements adopted by the county in which the property is located, including any supplemental rules adopted by the county, pursuant to section 514B-6. If a property includes one or more existing structures being converted to condominium status, the condominium property regime shall comply with section 514B-32(a)(13) or 514B-84(a).

Section 514B-46 provides that two or more projects, or increments of a project, whether or not adjacent to one another, but that are part of the same incremental plan of development and in the same vicinity, may be merged together to permit the joint use of the common elements by all the owners of the units in the merged projects. A merger may be implemented with the vote or consent as required for a merger by the declaration, or upon vote of sixty-seven per cent (67%) of the common interest. The certificate of merger may provide for a single association and board for the merged projects and for a sharing of the common expenses of the projects, or for a merger of the common elements of the project so that each unit owner in the merged projects has an undivided ownership interest in the common elements of the merged projects. In the event of a conflict between declarations and bylaws upon the merger of projects or increments, unless otherwise provided in the certificate of merger, the provisions of the first declaration and bylaws recorded shall control.

Section 514B-72 provides each project or association with more than five units shall pay to the department of commerce and consumer affairs ("DCCA") a condominium education trust fund fee within one year after the recordation of the purchase of the first unit or within thirty days of the association's first meeting, and thereafter, on or before June 30 of every odd-numbered year. Each developer shall pay to the DCCA the condominium education trust fund fee for each unit in the project. The project shall not be registered and no effective date for a developer's public report shall be issued until the payment has been made. Payments shall be due on or before the registration due date and shall be nonrefundable. Failure to pay the required fee by the due date shall result in a penalty assessment of ten per cent (10%) of the amount due.

Part VI of Chapter 514B contains provisions on the management of condominiums including provisions on the organization and membership of the association; registration of the association; powers and limitations on powers of the association; powers and duties of the board; limitations of the board; the bylaws the restatement of declaration and bylaws, amendment of bylaws, and judicial power to excuse compliance with the requirements of the declaration or bylaws; mutual obligations of the condominium community; elections and meetings of the association, meetings and minutes of the meetings of the board; operation of the property and its managing agents; association employees; management and contracts for the developer, managing agent and association; termination of contracts and leases of developer; transfer of developer rights; upkeep of condominium; additions to and alterations of condominium; tort and contract liability; insurance; association fiscal matters; association records; association as trustee; pets; attorneys' fees, delinquent assessments, and expenses of enforcement; mediation and arbitration; and trial and appeal.

Notwithstanding section 10.2(a) of the Bylaws, which only requires the vote or written consent of sixty-five percent (65%) of all unit owners to amend the Bylaws, HRS section 514B-108(e) will require the vote or written consent of at least sixty-seven percent (67%) of all unit owners rather than 65% of all unit owners for an amendment of the Bylaws.

Purchasers are advised that Developer has retained the following reservations in the Declaration of Condominium Property Regime for the Project:

1. The Developer hereby reserves the right to designate, grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across, or through the common elements for any reasonable purpose, which may include, but shall not be limited to, 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 or for any public purpose. This right shall continue for a period of thirty-six (36) months following the date of recordation of the first apartment deed transferring title to an Apartment to any person or entity other than the Developer, a party related to the Developer or the Developer's successor in interest (the "Apartment Deed").

2. If the Project is found not to be in compliance with any federal, state or local law in effect at the time of completion of the Project, the Developer shall have the right, at its election, at any time thereafter to enter the Project and make such modifications to the common elements as are necessary, in the Developer's judgment, to bring the Project into compliance with the applicable laws. This right shall include, but shall not be limited to, the right to cause noise, dust and other disturbances and nuisances incidental to modifying the common elements as required; provided, however, that the Developer or any party performing such work on behalf of the Developer shall make reasonable efforts to minimize such disturbances and nuisances.

3. Any other provision of the Declaration notwithstanding, for so long as the Developer retains any interest in an Apartment in the Project, the Developer shall have the right (but not the obligation) to amend this Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lienholder or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments, or (v) 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 an Apartment or substantially change the design, location or size of an Apartment shall be made without the consent of all persons having an interest in such Apartment. Each and every party acquiring an interest in the Project, by such acquisition, consents to the amendments described in this subparagraph 18.2 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 Developer and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such 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.

4. Nothing in Section 23 shall limit any right of the Developer, to the extent reserved in the Apartment Deed from the Developer to an Apartment Owner, to review and approve of any plan of alteration and/or addition to an Apartment. Any approval given by either the Developer or the Board shall be independent of approval by the other and shall not constitute approval by nor imply that approval will be given by the other. Further, any approval given by the Developer or the Board shall not in any way imply that the Developer or the Board has made or will make any representations or warranties with respect to the soundness or safety of such alteration and/or addition.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

The Pinnacle Honolulu, LLC

Printed Name of Developer

By:  _____
Duly Authorized Signatory*

1.23.07
Date

Michael F. Harrah, Manager

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____
City and County of Honolulu

Planning Department, _____
City and County of Honolulu

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

**BOUNDARIES OF APARTMENTS
AND
PERMITTED ALTERATIONS TO THE APARTMENTS**

A. Boundaries of Apartments.

Paragraph 3.4 of the Declaration provides that each Apartment shall be deemed to include: (i) all the walls and partitions which are not load-bearing within its perimeter walls, (ii) the interior decorated or finished surfaces of all walls, floors and ceilings, including floor coverings, (iii) any doors and door frames, windows or panels along the perimeters, window frames, (iv) all fixtures originally installed therein, (v) the decorated or finished surface of the floor, walls and ceiling of the lanai(s) appurtenant to the Apartment, the railing of such lanai(s) and the lanai air space, and (vi) the private elevator lobby serving the Apartment, excluding, however, the elevator doors and door frames opening onto or appurtenant to the Apartment's elevator lobby.

The respective Apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, or the party walls, (b) the undecorated or unfinished surfaces of the floors and ceilings surrounding each Apartment, and (c) any pipes, shafts, wires, conduits or other utility or services lines running through such Apartment which are utilized for or serve more than one Apartment, the same being deemed common elements as provided in the Declaration.

B. Permitted Alterations to the Apartments.

To ensure and maintain the quality of the design and construction of the Project, the Developer reserves the right to review and approve of any construction or alterations in or additions, alterations, repairs or improvements to the Apartment; provided, however, that the Developer shall not unreasonably withhold or delay its approval. Approval by the Developer shall not constitute approval by nor guaranty the granting of any approval by the Board of Directors of the Association of Apartment Owners for the Project required by the Declaration. The foregoing right of the Developer shall expire on the second anniversary of the date of recordation of the Apartment Owner's Warranty Apartment Deed.

Subject to the provisions of the Declaration and Chapter 514A of the Hawaii Revised Statutes, as amended (the "Act"), and except as otherwise provided in the Bylaws, no Owner of an Apartment shall, without the prior written approval of the Board of Directors of the Association (the "Board"), make any structural alterations in or additions to his Apartment or make any alterations in (including painting, awnings, jalousies and screens) or additions to the exterior of his Apartment or to the common elements.

Any alterations or additions which are undertaken by an Apartment Owner shall: (i) be at such Apartment Owner's sole cost and expense; and (ii) strictly comply with all applicable laws, ordinances, codes and regulations. In addition, such Apartment Owner shall furnish to

the Association a true copy of the building permit for such construction or alteration, if any, and, if the Association requests the same within ten (10) days of the Association's receipt of such permit, a contract performance and labor and material bond or bonds with corporate surety satisfactory to the Association in the penal sum equal to one hundred percent (100%) of the cost of construction, guaranteeing the completion thereof free from any mechanics' or materialmen's lien, prior to the commencement of such work.

No Owner of an Apartment shall, without the prior written approval of the Board, make any structural alterations in or additions to his Apartment or to the common elements.

No Owner of an Apartment shall, without the prior written approval of the Board: (i) alter or modify any plumbing (except for fixtures such as faucets and shower heads), or any part of the Project's or the Apartment's fire detection and sprinkler system(s), (ii) alter the configuration of the water pipes and other limited common elements appurtenant to the Apartment and contained in the air space above the Apartment's ceiling, or (iii) alter the ceiling to accommodate such reconfigurations.

Subject to the prior written approval of the Board and the Owner of the Apartment immediately below (if any), an Owner may relocate plumbing or waste disposal pipes which extend through the floor of the Owner's Apartment and into the air space (if any) beneath his Apartment, and make such alterations to the floor of the Apartment as are necessary for such relocation; provided, however, that the Owner of the Apartment immediately below, to which the air space is an appurtenant limited common element, may withhold approval if such relocation requires entry into his Apartment or alteration of his ceiling and would, in his reasonable judgment, significantly disrupt his use and enjoyment of his Apartment. All costs and expenses for restoring the Apartment below and its limited common elements to the condition they were in prior to any work performed pursuant to Section 23.1 of the Declaration shall be paid by the Owner of the Apartment above, including, but not limited to, all costs and expenses for repair, restoration and clean-up of all or any part of the Apartment below and its appurtenant limited common elements.

An Owner may, at the Owner's sole cost and expense, install, maintain, remove, and rearrange non-structural partitions and other non-structural improvements from time to time solely within his Apartment, or solely within a limited common element appurtenant to and for the exclusive use of his Apartment, and may paint, paper, panel, plaster, tile, finish, and do such other work on the interior surfaces of the ceilings, floors and walls within any such Apartment and may finish, alter or substitute any plumbing, electrical or other fixtures attached to said ceilings, floors and walls as shall be appropriate for the utilization of such Apartment; provided, that: (i) prior written approval of the Board of Directors is obtained for any alteration and/or addition which causes such Apartment to vary from the Condominium Map, and (ii) if necessary under the Act, the Board shall execute and record, without the further consent or approval of any other Apartment Owner, an amendment to the Declaration and/or Condominium Map; provided, however, that all costs and expenses of drafting and recording such amendment shall be borne by the Owner of the altered Apartment or limited common element; provided, further, that any such alteration and/or addition shall not: (v) adversely affect the structural integrity of the Building or the plumbing and electrical systems contained

therein, (w) interfere with the use and enjoyment of the common elements by the other Apartment Owners, (x) affect any other Apartment or other common elements, (y) change the exterior or appearance of the Project, or (z) adversely affect the Project's insurance rating or premiums.

It is intended that the exterior of the Project present a uniform appearance. To effect that end, all interior window coverings (including curtains, drapes and screens of any kind) visible from outside of the Apartment shall include a backing of a type, color and appearance approved by the Board. In addition, Owners may not, without the prior written approval of the Board, make any alterations or additions in or additions to the exterior of an apartment, apply any substance, material or process to the exterior or interior surfaces of the Apartment's windows which may alter the exterior color, appearance or reflectivity of the windows.

No Apartment Owner shall, without the prior written approval of the Board, install any wiring for electrical or telephone installations, television antenna, machines or air-conditioning units, or other equipment, fixtures, appliances or appurtenances whatsoever on the exterior of the Building or protruding through the walls, windows or roofs thereof. The foregoing shall not apply to the extent that such consent is prohibited for a device covered by 47 C.F.R. Section 1.4000 (Over-the-Air Reception Device Rule) as the same may be amended from time to time ("Covered Device") or to the extent such approval is otherwise prohibited by law.

If maintenance of the Project requires temporary removal of a Covered Device, the Board shall provide the Owner or occupant of the Apartment with ten (10) days' written notice. The Owner of the Apartment shall be responsible for removing or relocating the Covered Device before maintenance begins and replacing such afterward. If the Covered Device is not removed in the required time, the Board may do so at the Apartment Owner's expense. The Board is not liable for any damage to the Covered Device caused by Board removal and the Board is not responsible for reinstalling the removed Covered Device.

If such Covered Device poses an immediate threat to any Apartment Owner or Association personnel or their property, then the Board has the right to remove the Covered Device. The Board is not liable for any damage to the Covered Device caused by this removal.

No Apartment Owner shall, without the prior written approval of the Board, make any structural modifications, changes, additions or alterations to the Apartment's lanai or add any awnings, sunscreens, louvers, exhaust vents, wind baffles, drain, door, window, panel or otherwise partially or wholly enclose the lanai. The Board may withhold its approval based upon the effect such proposed modifications, changes, additions or alterations may have on the appearance of the lanai and the Building, and based upon considerations of applicable zoning restrictions and the terms of any permits or authorizations pursuant to which the Project has been designed and constructed and any declarations of covenants or restrictions now or hereafter recorded against the Project in accordance with the requirements of such permits or authorizations.

No window air conditioning units shall be installed in any Apartment.

In the event an Owner wishes to alter or replace any of the hard-surface floor coverings provided with the Apartment or replace carpeting with hard-surface floor coverings, the Owner shall ensure either that the original acoustical underlayment provided with the Apartment remains undamaged and intact, or, if the original underlayment is damaged or removed or the floor was originally carpeted, the Owner shall install an acoustical underlayment providing protection against sound and vibration transmission equal or superior to the protection provided by the acoustical underlayment originally installed beneath the Apartment's hard-surface floors.

Subject to Sections 23.1 through 23.4 of the Declaration, the Owner of both Apartments on the same floor of the Building may alter or remove all or portions of a common element wall if the structural integrity of the Building is not thereby affected and if the finish of the remaining common element(s) is restored to a condition substantially comparable to that of the common element prior to such alterations. Any such alteration shall require the written approval of the Board. Prior to the termination of the common ownership of any such adjacent Apartments, the Owner of such Apartments shall be obligated to restore the intervening common element wall between the Apartments to substantially the same condition in which the wall existed prior to its alteration or removal.

If an Apartment is a Type C or Type D Apartment as described in Exhibit B of the Declaration (a "Full Floor Apartment"), the Owner of such Full Floor Apartment shall have the right, at such Owner's sole cost and expense, to subdivide the Full Floor Apartment into separate A and B numbered Apartments. Any plan for the subdivision of a Full Floor Apartment shall allocate approximately one-half (1/2) of the total living area of the Full Floor Apartment to each of such A and B Apartments and must obtain the written approval of the Board. Said plan shall divide the floor along the centerline demising wall such that the centerline shall be in the middle of grid lines G and H as shown on the Condominium Map. Any alteration or addition necessary to effect such subdivision, including, without limitation, the addition of fixtures and partitions for kitchens, bedrooms and/or bathrooms for each A and B Apartment, shall comply with Sections 23.1 through 23.4 of the Declaration and all applicable laws, ordinances, codes and regulations, including, without limitation, recordation of an amendment to the Declaration and Condominium Map without the further consent or approval of any other Apartment Owner. Additionally, any common element wall altered or added to effect such subdivision shall additionally conform to the following specifications:

- (a) Centerline of stud to be 4'-10 1/2" from either grid line G or H.
- (b) Metal stud size to be 6" in width.
- (c) STC sound rating shall be a minimum of 54 (STC rating of 54).
- (d) Insulation, acoustical caulk application and proper number of gypsum wall board thicknesses are required to make the STC 54 rating.

(e) Proper fire safing application is also required where the new wall abuts up against the exterior window wall system.

Notwithstanding anything to the contrary contained in the Declaration, the Bylaws, or the Rules and Regulations, Owners with disabilities shall: (a) be permitted to make, at such Owner's sole cost and expense, reasonable modifications to their Apartment, the limited common elements appurtenant thereto, and/or the common elements, at their own expense (including without limitation the cost of obtaining any bonds required by this Declaration, the Bylaws or the Act), if such modifications are necessary to enable them to use and enjoy their apartment, the limited common elements, and/or the common elements, as the case may be; and (b) be allowed reasonable exemptions from this Declaration, the Bylaws and the Rules and Regulations, when necessary to enable them to use and enjoy their apartment, the limited common elements appurtenant thereto, and/or the common elements, provided that any Owner with a disability desiring to make such modifications or desiring such an exemption shall make such request, in writing, to the Board of Directors. That request shall set forth, with specificity and in detail, the nature of the request and the reason that the requesting party needs to make such modification or to be granted such an exemption. The Board of Directors shall not unreasonably withhold or delay its consent to such request, and any such request shall be deemed to be granted if not denied in writing, within forty-five (45) days of the Board of Directors' receipt thereof or of any additional information reasonably required by the Board of Directors in order to consider such a request, whichever shall last occur.

Sections 23 and 24 of the Declaration contain additional information regarding alterations to the Project, the Apartments, the common elements and the limited common elements.

**COMMON INTERESTS, PARKING STALL
AND STORAGE LOCKER ASSIGNMENTS**

Apartment Number	Common Interest	Parking Stalls	Storage Locker(s)
PH A	3.1434%	PH1S, PH1C	PHA
PH B	3.1434%	PH2S, PH2C	PHB
34	3.9119%	34AS, 34AC, 34BS, 34BC	34A, 34B
33	3.9119%	33AS, 33AC, 33BS, 33BC	33A, 33B
32	3.9119%	32AS, 32AC, 32BS, 32BC	32A, 32B
31	3.9119%	31AS, 31AC, 31BS, 31BC	31A, 31B
30	3.9119%	30AS, 30AC, 30BS, 30BC	30A, 30B
29	3.9119%	29AS, 29AC, 29BS, 29BC	29A, 29B
28	3.9119%	28AS, 28AC, 28BS, 28BC	28A, 28B
27A	1.9488%	27AS, 27AC	27A
27B	1.9488%	27BS, 27BC	27B
26	3.9119%	26AS, 26AC, 26BS, 26BC	26A, 26B
25A	1.9488%	25AS, 25AC	25A
25B	1.9488%	25BS, 25BC	25B
24	3.9117%	24AS, 24AC, 24BS, 24BC	24A, 24B
23A	1.9488%	23AS, 23AC	23A
23B	1.9488%	23BS, 23BC	23B
22	3.9117%	22AS, 22AC, 22BS, 22BC	22A, 22B
21A	1.9488%	21AS, 21AC	21A
21B	1.9488%	21BS, 21BC	21B
20A	1.9488%	20AS, 20AC	20A
20B	1.9488%	20BS, 20BC	20B
19A	1.9488%	19AS, 19AC	19A
19B	1.9488%	19BS, 19BC	19B
18A	1.9488%	18AS, 18AC	18A
18B	1.9488%	18BS, 18BC	18B

Apartment Number	Common Interest	Parking Stalls	Storage Locker
17A	1.9488%	17AS, 17AC	17A
17B	1.9488%	17BS, 17BC	17B
16A	1.9488%	16AS, 16AC	16A
16B	1.9488%	16BS, 16BC	16B
15A	1.9488%	15AS, 15AC	15A
15B	1.9488%	15BS, 15BC	15B
14A	1.9488%	14AS, 14AC	14A
14B	1.9488%	14BS, 14BC	14B
12A	1.9488%	12AS, 12AC	12A
12B	1.9488%	12BS, 12BC	12B
11	3.9117%	11AS, 11AC, 11BS, 11BC	11A, 11B
10	3.9117%	10AS, 10AC, 10BS, 10BC	10A, 10B

*All parking stalls are covered. The letter "S" indicates a standard sized stall, and the letter "C" indicates a compact sized stall.

Parking stalls Guest-1, Guest-2, Guest-3 and Guest-4 are common elements not assigned to any Apartment, and are reserved for guest parking.

Apartment Owners may transfer assigned parking stalls pursuant to this Declaration, provided that each Apartment shall always have at least one (1) parking stall as an appurtenant limited common element.

Apartment Owners may also transfer assigned storage lockers pursuant to this Declaration, provided that each Apartment shall always have at least one (1) storage locker as an appurtenant limited common element.

The common interests listed above were computed by dividing each Apartment's combined net living area and lanai area by the aggregate net living area and lanai area for all Apartments in the Project.

**COMMON ELEMENTS
AND
LIMITED COMMON ELEMENTS**

A. Common Elements.

Paragraph 4 of the Declaration provides that the common elements include:

- (a) The Land, in fee simple;
- (b) The limited common elements described in paragraph 5 below;
- (c) All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs, stairs and stairways, elevator cars, shafts, doors and related equipment, pumps, ducts, pipes, wires, conduits, or other utility or service lines which are located outside the Apartments and which are utilized for or serve more than one Apartment, and generally all equipment, apparatus, installations and personal property existing for common use in the Building or located on the Land;
- (d) All pipes, wires, ducts, conduits or other utility or service lines running through an Apartment which are utilized by or serve more than one Apartment;
- (e) All recreational facilities and other amenities of the Project, including, but not limited to, the amenity areas on Floor R-9 of the Building with a pool and spa, a kitchen, restrooms and four additional rooms, a street level office and owner mail room, a public lobby and porte-cochere;
- (f) All driveways and other common ways, all parking spaces and areas, all storage areas not located within an Apartment, landscaping, yard areas, fences, gates, retaining walls, mailboxes, trash areas, and accessory equipment areas, including electrical and mechanical rooms located on the Land or within the Building;
- (g) All air conditioning and related climate control equipment and facilities;
and
- (h) All other improvements on the Land which are not part of any Apartment.

B. Limited Common Elements.

Paragraph 5 of the Declaration describes the limited common elements as follows:

1. Each Apartment shall have appurtenant thereto, as limited common elements, the parking stalls assigned to such Apartment as shown on Exhibit "C" attached the

Declaration. Parking stalls may be transferred from Apartment to Apartment as provided in the Declaration, provided, however, that each Apartment shall at all times have appurtenant thereto at least one (1) parking stall.

2. The mailbox bearing the same number as an Apartment shall be appurtenant to such Apartment as a limited common element. Each Apartment shall at all times have appurtenant thereto as least one mailbox.

3. Each Apartment shall have appurtenant thereto as a limited common element one or more storage lockers, as shown on Exhibit "C" attached to the Declaration. The storage lockers are located in the basement level of the Building. Storage lockers may be transferred from Apartment to Apartment as provided in the Declaration; provided, however, that each Apartment shall at all times have appurtenant thereto at least one (1) storage locker.

4. Each Apartment shall have appurtenant thereto as a limited common element the exterior decorated or finished surface of the elevator doors opening onto the Apartment's private elevator lobby, and the decorated or finished surface of such parts of the frames of such doors as are visible from within the Apartment's elevator lobby.

5. Each Apartment shall have appurtenant thereto as limited common elements all air conditioning and related climate control equipment and components located within such Apartment or serving only such Apartment.

6. Each Apartment shall have appurtenant thereto as limited common elements the ceiling of such Apartment (excluding the decorated or finished interior surface of such ceiling, which is a part of the Apartment), the air space above such ceiling, and all pipes, conduits and electrical wiring located within or running through such air space and serving only the Apartment; excluding, however, any part of a fire sprinkler or detection/warning system contained in such air space or affixed to the ceiling, all parts of any such sprinkler or detection/warning system being common elements.

7. Each Apartment that has air space beneath its floor shall have appurtenant thereto as a limited common element the floor of the Apartment (excluding the decorated or finished surface of the floor, which is part of the Apartment), and all pipes and plumbing running through the floor and into the Apartment, and serving only that Apartment.

8. Any other common element of the Project which is rationally related to only one (1) Apartment shall be deemed a limited common element appurtenant to and for the exclusive use of such Apartment.

ENCUMBRANCES AGAINST TITLE

That certain Status Report dated as of November 20, 2006, issued by Title Guaranty of Hawaii, Inc., discloses the following encumbrances against title to the land of the Project, as described in the Declaration:

1. Any and all Real Property Taxes that may be due and owing.

Tax Key: (1) 2-1-010-026 Area Assessed: 13,637 sq. ft.

2. -AS TO ITEM II:-

Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. SPECIAL WARRANTY DEED

DATED : October 26, 1995
FILED : Land Court Document No. 2270338
RECORDED : Document No. 95-142511

4. Encroachments or any other matters as shown on survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated November 4, 2005.
5. Encroachments or any other matters which a survey prepared after November 4, 2005 would disclose.

6. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : THE PINNACLE HONOLULU, LLC, a Delaware limited liability company

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : as of April 7, 2006
FILED : Land Court Document No. 3413735
RECORDED : Document No. 2006-065547
AMOUNT : \$29,000,000.00 - covers the land described herein, besides other land

7. FINANCING STATEMENT

DEBTOR : THE PINNACLE HONOLULU, LLC, a Delaware limited liability company

SECURED
PARTY : FIRST HAWAIIAN BANK

RECORDED : Document No. 2006-065548
RECORDED ON: April 7, 2006

8. DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "THE
PINNACLE, HONOLULU" CONDOMINIUM PROJECT

DATED : April 7, 2006
FILED : Land Court Document No. 3416543
RECORDED : Document No. 2006-070129
MAPS : 1789 filed in the Office of the Assistant Registrar of the Land
Court, and 4213 recorded in the Bureau of Conveyances, and any
amendments thereto

Consent given by FIRST HAWAIIAN BANK, by instrument dated April 7, 2006, filed
as Land Court Document No. 3416545, recorded as Document No. 2006-070131.

9. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : April 7, 2006
FILED : Land Court Document No. 3416544
RECORDED : Document No. 2006-070130

Consent given by FIRST HAWAIIAN BANK, by instrument dated April 7, 2006, filed
as Land Court Document No. 3416545, recorded as Document No. 2006-070131.

10. Any unrecorded leases and matters arising from or affecting the same.
11. Any lien (or claim of lien) for services, labor or material arising from an improvement
or work related to the land described in Schedule C herein.

DISCLOSURE ABSTRACT

THE PINNACLE, HONOLULU

REGISTRATION NO. 4112
DISCLOSURE ABSTRACT AS OF DECEMBER 11, 2006

1. Name and Address of Project (the "Project"):

THE PINNACLE, HONOLULU
1199 Bishop Street
Honolulu, Hawaii 96813

2. Name and Address of Developer (the "Developer"):

The Pinnacle Honolulu, LLC
1188 Bishop Street, Suite 3500A
Honolulu, Hawaii 96813
(808) 523-3477

3. Name and Address of Managing Agent of Project (the "Managing Agent"):

Hawaii First, Inc.
800 Bethel Street, Suite 501
Honolulu, Hawaii 96813
(808) 531-5566

4. Name and Address of Brokers:

Sleeping Giant Realty, Inc.
dba Sleeping Giant Sotheby's International Realty
4480 Ahukini Road
Lihue, Hawaii 96766
(808) 245-8831

Mary Worrall Associates, Inc.
dba Mary Worrall Associates Sotheby's International Realty
4211 Waialae Avenue, Suite 100
Honolulu, Hawaii 96816
(808) 735-2411

5. Maintenance Fees:

The Managing Agent has certified that Exhibit A, Estimate of Initial Maintenance Fees and Estimate of Fee Disbursement, has been prepared based on generally

accepted accounting principles. In addition, the Developer advises all purchasers that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project. Even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees are based on the latest information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each buyer should carefully review the attached exhibit.

6. Warranties. The general contractor of the Project will warrant, in writing, that: (a) the materials and equipment furnished under the construction contract between an owner and the general contractor for construction of the Project will be of good quality and new, unless the construction contract requires or permits that the materials and equipment be otherwise; and (b) the construction and services required by the construction contract (including all labor, materials, and equipment to be provided by the general contractor) will be free from defects, except for defects inherent in the quality of the construction and services required or permitted by the construction contract. The general contractor's written warranties will be effective for one (1) year from the "Date of Substantial Completion" (as defined in the construction contract) for the Project. The general contractor, however, will not warrant against any damage or defects to an apartment or the Project caused by abuse, modifications not made by the general contractor, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. Developer does not promise that the general contractor will honor the general contractor's warranties. Developer also will transfer to the apartment owner any manufacturer's or dealer's warranties that are transferable covering appliances in the apartment. Developer agrees, without incurring any legal liability, to cooperate with the apartment owner to try to have all the warranties performed by the general contractor for which the general contractor is responsible. This promise to cooperate by Developer is referred to as a "Limited Warranty" and will continue after the title transfer. THE LIMITED WARRANTY IS GIVEN TO APARTMENT OWNERS INSTEAD OF ANY WARRANTY OF ANY KIND FROM DEVELOPER, EXPRESS OR IMPLIED, WITH RESPECT TO AN APARTMENT AND THE COMMON ELEMENTS. DEVELOPER IS NOT THE MANUFACTURER OR MANUFACTURER'S AGENTS FOR ANY OF THE FURNISHINGS OR APPLIANCES IN AN APARTMENT OR THE PROJECT AND DEVELOPER DISCLAIMS (DOES NOT MAKE) ANY EXPRESS OR IMPLIED WARRANTY. DEVELOPER HAS NOT MADE AND WILL NOT BE LEGALLY OBLIGATED FOR, ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO AN APARTMENT, THE COMMON ELEMENTS, OR ANYTHING INSTALLED IN EITHER.

7. Use of Apartments. Each Apartment shall be occupied and used primarily for residential purposes. The maximum occupancy of each Apartment shall be limited to not more than two (2) persons per bedroom in any Apartment; provided, however, that not more than four (4) additional persons may occupy an Apartment as guests of the Owner of such Apartment for a period of not more than thirty (30) days; provided further, that the Board of Directors may, in its sole discretion, grant exemptions to the foregoing restriction on occupancy. A portion of an Apartment may also be used for limited office purposes, provided

that the portion of the Apartment so used shall be physically separated by walls from the residential portion of the Apartment and shall not exceed one-third (1/3) of the Apartment's total net living area. In no event shall an Apartment or any part thereof be used for retail, wholesale, industrial, manufacturing, commercial, medical, laboratory or research purposes. An Owner who uses a portion of his Apartment as an office may invite business clients or associates to the Apartment, but not more than five (5) business visitors per day. It is the Developer's intent that the Project be primarily residential in use and character, and in no event shall any nonresidential uses be permitted if such uses adversely affect the residential use and character of the Project. An Apartment Owner may rent his Apartment to any third party for a period of not less than thirty (30) days, provided that the rental agreement is in writing. The Owner shall provide each rental tenant with a copy of the Rules and Regulations and shall make a copy of the Bylaws, as amended, available for the tenant's review. An Owner who rents his Apartment shall at all times remain primarily and severally liable to all other Apartment Owners and to the Association for any failure on the part of such Owner's tenant(s) to observe and comply with all provisions of this Declaration, the Bylaws, the Rules and Regulations and all other applicable laws. In no event shall any Apartment or any interest therein be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license," "travel club membership" or "time interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an Apartment or Apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, cotenancy agreement, partnership or otherwise, and whether or not registered under Chapter 514E, Hawaii Revised Statutes, as amended. No Apartment may be used as a rooming house or for bed and breakfast purposes. Other than the foregoing restrictions, the Owners of the respective Apartments shall have the absolute right to lease the same, provided that such lease is in writing and is expressly made subject to the covenants and restrictions contained in this Declaration, the Bylaws and the Rules and Regulations.

8. Extent of Commercial or Nonresidential Development. Except for the limited office use allowed for each apartment in the Project as stated in Paragraph 7 above, there will be no commercial or nonresidential development in the Project.

END OF DISCLOSURE ABSTRACT

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
FOR
THE PINNACLE**

EXHIBIT A

Estimate of Initial Maintenance Fees:

Apartment Type	PCI %	Monthly Fee	X 12 Months	= Yearly Total
A	1.9488	\$ 569.73		\$ 6,836.76
B	1.9488	\$ 569.73		\$ 6,836.76
C	3.9117	\$ 1,143.59		\$ 13,723.08
D	3.9119	\$ 1,143.64		\$ 13,723.68
E	3.1434	\$ 918.97		\$ 11,027.64

Apartment owners shall not be obligated for the payment of their respective shares of the common expenses until such time as the Developer files with the Real Estate Commission an amended abstract providing that, commencing upon a date certain stated in the amended abstract, each apartment owner shall become obligated to pay his respective share of the common expenses.

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Apartment Type	Apartments
A	12A, 12B, 14A, 14B, 15A, 15B, 16A, 16B, 17A, 17B, 18A, 18B, 19A, 19B, 20A, 20B, 21A, 21B, 23A, 23B, 25A, 25B
B	27A, 27B
C	10, 11, 22, 24
D	26, 28, 29, 30, 31, 32, 33, 34
E	PHA, PHB

Estimate of Maintenance Fee Disbursements: For maintenance and service of the Common Elements only.

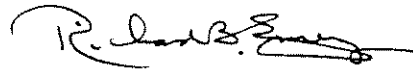
	Monthly Fee	X 12 Months	= Yearly Total
Utilities and Services			
Electricity	\$ 4,000.00		\$ 48,400.00
Refuse	\$ 650.00		\$ 7,800.00
Water/Sewer	\$ 1,650.00		\$ 19,800.00
TV Cable	\$ 1,000.00		\$ 12,000.00
Telephone	\$ 250.00		\$ 3,000.00
Salaries			
Manager	\$ 2,800.00		\$ 33,600.00
Medical Insurance	\$ 350.00		\$ 4,200.00
Other Employee Benefits & Payroll Taxes	\$ 560.00		\$ 6,720.00
Site Management Contract	\$ 1,800.00		\$ 21,600.00
Maintenance, Repairs and Supplies			
Building/Supplies/Repairs	\$ 400.00		\$ 4,800.00
Grounds Contract	\$ 500.00		\$ 6,000.00
Tree Trimming Contract	\$ 165.00		\$ 1,980.00
Janitorial Contract	\$ 2,500.00		\$ 30,000.00
Pool Maintenance & Supplies	\$ 400.00		\$ 4,800.00
Elevator Contract & Maintenance	\$ 1,200.00		\$ 14,400.00
A/C Contract & Maintenance	\$ 1,200.00		\$ 14,400.00
Fire Systems	\$ 50.00		\$ 600.00
Security Contract	\$ 1,000.00		\$ 12,000.00
Supplies/Equipment	\$ 500.00		\$ 6,000.00
Pest Control Contract	\$ 150.00		\$ 1,800.00
Window Washing	\$ 400.00		\$ 4,800.00
Management			
Audit/Tax Fees	\$ 100.00		\$ 1,200.00
Legal Fees	\$ 100.00		\$ 1,200.00
Management Fee	\$ 1,300.00		\$ 15,600.00
Admin. Services/Supplies	\$ 150.00		\$ 1,800.00
Payroll Preparation	\$ 140.00		\$ 1,680.00
GET	\$ 10.00		\$ 120.00
Insurance			
Property/Fire and Hurricane & Liability*	\$ 2,400.00		\$ 28,800.00
Umbrella	\$ 275.00		\$ 3,300.00
Directors & Officers Liability	\$ 200.00		\$ 2,400.00
Bond	\$ 35.00		\$ 420.00
Other			
Reserve Contributions	\$ 3,000.00		\$ 36,000.00
TOTAL	\$ 29,235.00		\$ 350,820.00

* Insurance package includes property, general liability, and boiler and machinery coverage.

Exhibit "A"

Page 2

I, Richard Emery, as agent and employed by Hawaii First, Inc., the condominium managing agent for The Pinnacle, Honolulu condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Dated: December 11, 2006

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserve Fund", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXPLANATION REGARDING RESERVES

The Developer's management contract with Hawaii First, Inc., the Managing Agent, requires the agent to prepare a certified professional Reserve Study for the first full fiscal year that follows the association's first year after the annual meeting as a part of the annual budget.

SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

The Sales Contract provides for the sale of a condominium apartment (the "Residence") by the Developer to a Buyer. The Escrow Agreement provides how the funds paid by the 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. Some of the important provisions of the Sales Contract are described elsewhere in this Public Report and are not included in this summary.

The Sales Contract provides for the number, amount and timing of payments the Buyer is to make to Escrow. The Escrow Agreement provides that Escrow is to collect these payments and hold them in accounts with banks or savings institutions that are federally insured. The Sales Contract and Escrow Agreement provide who gets to keep interest that may be earned on the funds with Escrow. If the Sales Contract is signed before the Real Estate Commission has issued an effective date for a Contingent Final Public Report (or, if a Contingent Final Public Report is not issued, the Final Public Report) for the Project and before certain other things have happened (as described in the Sales Contract), the Sales Contract shall not be binding on the Buyer or the Seller, and either of them may cancel it at any time before it becomes binding. After the Sales Contract becomes binding, it may be cancelled by the Developer, among other reasons, if the Buyer is obtaining financing and fails to obtain a lender commitment within a certain time period specified in the Sales Contract, or if the Buyer is a cash buyer and fails to furnish satisfactory evidence of ability to pay within other time periods. In certain cases, the Buyer may be responsible for cancellation fees.

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 the Buyer as set forth in the Sales Contract.

If the Buyer defaults under the Sales Contract after an effective date is issued for a Contingent Final Public Report (or, if a Contingent Final Public Report is not issued, the Final Public Report) for the Project and the Contingent Final Public Report (or, if a Contingent Final Public Report is not issued, the Final Public Report) is "accepted" by the Buyer, the Buyer may lose all of the deposits with Escrow and the Developer, at its option, may pursue other legal remedies. If the Developer defaults under the Sales Contract, the Buyer shall be entitled to specific performance of the Sales Contract, or shall have the right to cancel and terminate the Sales Contract. Under the Sales Contract, the Developer promises to complete construction of the Residence within two (2) years from the effective date of the Sales Contract, provided that the two (2) year period may be extended under certain circumstances specified in Section E.15 of the Sales Contract.

If the Buyer cancels and terminates the Sales Contract because of the Developer's default, the Developer shall repay to the Buyer all sums the Buyer has paid to the Developer or to Escrow under the Sales Contract, and the Buyer may sue the Developer for damages or

pursue other legal or equitable remedies. If the Buyer has signed an "owner-occupant" affidavit, the Sales Contract explains that the Buyer will be in default under the Sales Contract if the Buyer does not reaffirm at a specified time the Buyer's intention to be an owner-occupant of the Residence. If that happens, the Sales Contract permits the Developer to cancel the Sales Contract and to pursue all the remedies available to the Developer under the Sales Contract, including keeping all the money the Buyer has paid under the Sales Contract.

The Sales Contract confirms that the Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration, Bylaws and Rules and Regulations. The Sales Contract also provides that the rights of any construction lender with a mortgage against the Project will be superior to the rights of the Buyer under the Sales Contract.

The Sales Contract limits the Buyer's right to assign the Sales Contract and provides for a consent fee for any transfer. The Sales Contract provides for "pre-closing." "Pre-closing" means that Escrow may set a time for the Buyer to sign all of the documents Escrow asks the Buyer to sign, including the Apartment Deed and other closing documents, and the Buyer will pay the Buyer's share of the closing costs, as estimated by Escrow, even though the Buyer's Residence may not be ready for occupancy. Closing costs include Escrow's fee, conveyance tax, recording fees, real property taxes and other prorations (including hazard and liability insurance), notary fees, up to four (4) months' maintenance start-up fees, title report and title insurance fees, legal fees for preparing the Buyer's Apartment Deed, and fees charged by a lender if the Buyer is financing the purchase of his Residence with a loan. Escrow then handles the closing, the transfer of title in accordance with the Escrow Agreement. The Residence must be conveyed to the Buyer free and clear of any blanket liens, such as mortgages covering more than one apartment.

By signing the Sales Contract, the Buyer acknowledges that sales and construction activity at the Project by the Developer may continue after closing of the Buyer's purchase.

The Escrow Agreement provides certain protections to Escrow in the event of a dispute between the Buyer and the Developer. These protections include the right to file 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. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.

Escrow shall make no disbursements of the Buyer's funds or proceeds from the sale of the Residence (including any payments made on loan commitments from lending institutions), except by way of refunds thereof, until Escrow has received a letter from the Seller, the Sales Contract has become binding, and the requirements of Hawaii Revised Statutes Sections 514A-40 and 514A-63 have been met. No disbursements of the Buyer's funds shall be made from the balance of the escrow fund after payment of costs until Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless in Escrow's sole discretion sufficient funds are set aside for any bona fide dispute.

Subject to such deduction as may be provided in the Sales Contract and an escrow cancellation fee, if any, the Buyer shall be entitled to a return of any funds deposited by such Buyer, and Escrow shall pay such funds to such Buyer, without interest, as provided for in the Sales Contract, if one of the following has occurred:

(a) Escrow receives a written request from the Seller to return to the Buyer the funds of the Buyer then being held hereunder by Escrow; or

(b) The Seller notifies Escrow in writing of the Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to the Seller.

Should a Sales Contract which has become binding on the Seller and the Buyer be cancelled, Escrow shall be entitled to a cancellation fee of up to an amount of \$250.00 commensurate with the amount of work performed. Notwithstanding anything in the Escrow Agreement or in the Sales Contract to the contrary, said compensation of Escrow shall be the sole expense of the individual Buyer and shall not in any way be the obligation of the Seller.

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.

Exhibit "G"

Blanket Liens

Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance:

Present liens will be released and satisfied prior to conveyance of unit to Buyer. If said liens are foreclosed prior to conveyance to Buyer, Lender may either request that escrow immediately refund all of Buyer's deposits less any escrow cancellation fees or may take the place of Seller under the sales contract.

Type of Liens:

1. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : THE PINNACLE HONOLULU, LLC, a Delaware limited liability company

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : April 7, 2006

FILED : Land Court Document No. 3413735

RECORDED : Document No. 2006-065547

AMOUNT : \$29,000,000.00

2. FINANCING STATEMENT

DEBTOR : THE PINNACLE HONOLULU, LLC

SECURED

PARTY : FIRST HAWAIIAN BANK

RECORDED : Document No. 2006-065548

RECORDED ON: April 7, 2006