



## Skyline at Island Colony Hotel Rental Program

445 Seaside Avenue Honolulu, Hawaii 96815

Revised May 2017

### Highlights of Rental Program

- **Distribution checks** are mailed reliably at the end of every month. The distribution amounts increased 10% from 2014 to 2015.
- **Average monthly net distributions for 2016 (Jan – Dec)**
  - **\$ 1,300 (studio/lodge)**
  - **\$ 1,733 (1 bedroom)**

**NET of General Excise and Transient Accommodation taxes**
- Distributions are calculated regardless of occupancy in your particular unit.
- **Advertising costs are included.** Your unit will be marketed on various channels including the hotel and corporate websites, OTAs (Expedia, Travelocity, Kayak.com, etc.), Global Distribution Systems and all other channels utilized by Aqua's professional marketing team.
- The program provides liability insurance, which protects owner from lawsuits.
- Many other major expenses including maintenance and repair costs to insurance and management fees are also included in the rental program.
- **24/7 on-site security** and supervision provided by trained and experienced hotel staff.
- There are no upfront renovation costs when entering the hotel pool, as long as your unit was already renovated to the current approved standard. For units that have not been renovated, full renovation package is approximately \$22K for studio units and \$35K for 1 bedroom units. Financing options are available and **our staff will coordinate the renovation on your behalf.**
- Island Colony Partnership has set up a Reserve for Replacement of Furniture, Fixtures and Equipment (**FF&E**), which sets aside money each month to fund future replacements and renovations of your unit. Each month, 6% of Room Revenue is contributed to the FF&E fund.

This fund will be used to replace items and renovate your unit (as necessary) at no additional cost to you.

- Owners are encouraged to take advantage of the Owner’s Use Program, which entitles you and/or your immediate family **14** complimentary nights every year (during non-peak seasons) once you have been in the hotel pool for 12 months.

## Historical Performance

In 2015, the Island Colony Rental Program increased monthly distributions 10% from 2014. The Rental Program’s average monthly distributions\* for 2015 vs. 2016 are below:

2015 Jan - Dec		2016 Jan - Dec	
Studio/Lodge	1 Bdrm	Studio/Lodge	1 Bdrm
\$1,288	\$1,717	\$1,300	\$1,733

\*Gross average per month less GET + TAT taxes

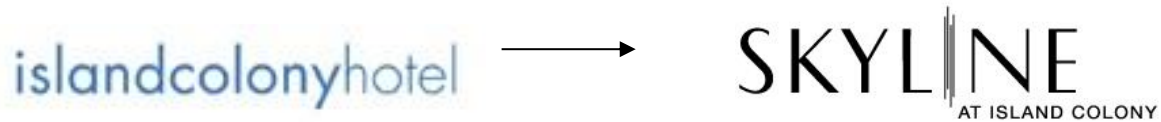
In recent years, the Island Colony Rental Program’s overall performance in net monthly revenues has exceeded the net revenues generated through a private management company.

As you can see on the graph below, even if your studio unit rents for \$1,700 or your 1 bedroom unit is renting for \$2,300, you would still receive slightly lower net revenue than the Hotel Rental Program. Most homeowners are unaware of all the advantages of the hotel rental program and are especially unaware of the additional expenses you incur when renting your unit through a private management company.

<u>Island Colony Partners</u>		<u>Hotel Rental Program vs Private Management Co.</u>	<u>3rd Party Management</u>	
Studio	1 Bedroom		Studio	1 Bedroom
\$1,625	\$2,165	Average Monthly Rent (2016)	\$1,700	\$2,300
Covered	Covered	(0%) - Management Fees - (10%)	(\$170)	(\$230)
(\$228)	(\$302)	(13.962%) - GE and TA Tax - (13.962%)	(\$237)	(\$321)
(\$97)	(\$130)	(6%) - Reserve (Repairs/ maintenance/advertising) - (3%)	(\$51)	(\$69)
N/A	N/A	(N/A) - Average cost of vacancies - (2 mo./year or 16.67%)	(\$283)	(\$383)
\$1,300	\$1,733	<b>Net Monthly Rent</b>	<b>\$998</b>	<b>\$1,363</b>

## Repositioning Completed

Island Colony Hotel rental has repositioned from the Island Colony, an economy hotel, to a mid-priced hotel which is now named Skyline at Island Colony.



In order to maintain the new image of the hotel and continue to increase the value of the rental program, each room will need to be assessed and brought up to the hotel's standards before joining the hotel pool. This is a great opportunity to renovate and increase the value of your investment.

The complete renovation package is approximately **\$22K for studios** and **\$37K for 1 bedroom** units. Partial packages may be available depending on the condition of your unit and it would be our genuine pleasure to assist you through the entire renovation process.

Please see enclosed pictures of the newly renovated rooms.

For more information, please contact Kristie Maruyama, Managing Director at:

**Kristie Maruyama**  
**Managing Director**  
Office: 808-921-7110  
E-mail: [kmaruyama@islandcolonypartners.com](mailto:kmaruyama@islandcolonypartners.com)

### Studio Unit

- King bed with twin sofa sleeper or two queen beds
- Kitchenette w/ 2 stove-top burners
- Entertainment center and desk
- Mini Refrigerator



### 1 Bedroom Suite

- King bed or queen w/ sofa bed
- Kitchenette w/ 2 stove-top burners
- Entertainment center and desk
  - Dining table w/ 2 chairs
  - Coffee table
  - Full refrigerator

