



SKYLINE

AT ISLAND COLONY

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 Tel – (808) 921-7110
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General Partner: American Pacific Hotels, LLC
 President: William T. Tanaka, Jr.
 Managing Director: Kristie Maruyama
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Rental Program Summary

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| <p>The Partnership</p> | <p>Island Colony Partners is a Limited Partnership formed to represent the hotel apartment owners who contribute the use of their apartments to the Hotel Rental Program. The apartment owners in the Hotel Rental Program become Limited Partners in the Partnership. All Limited Partners have limited liability and are therefore protected from lawsuits and other liable occurrences in the operation of the Hotel Rental Program. The General Partner of Island Colony Partners is American Pacific Hotels, LLC., a corporation, which is 50% owned and controlled by William T. Tanaka, Jr. The General Partner assumes all Partnership liabilities and also has the authority to act on behalf of all the Limited Partners in any and all Partnership matters.</p> |
| <p>Hotel/Condominium Physical Make-Up</p> | <p>The Skyline at Island Colony Hotel/Island Colony Condominium consists of 740 one-bedroom, studio, and lodge apartments. Approximately 90 of these apartments are in the Hotel Rental Program, known as Island Colony Partners, a Hawaii Limited Partnership. The Hotel Rental Program is managed by Aqua Hotels & Resorts (the “Operator”).</p> |
| <p>Joining the Hotel Rental Program</p> | <ol style="list-style-type: none"> 1. A Subscription Agreement Form can be obtained by calling (808) 921-7110. 2. Must Meet Hotel Standard - The Owner’s apartment is inspected to determine if it meets hotel operating standards. Owners are responsible for initial costs, if any, to bring the apartment up to hotel operating standards. All hotel apartments must have furniture packages that have been approved by the Operator. We will be happy to assist you in fulfilling your furniture package requirements should you need any additional items to complete the apartment inventory. <p><i>*Unlike rentals managed by individual agents, the Partnership handles and pays for all apartment interior maintenance, repairs, and room renovations once you are in the Hotel Rental Program.</i></p> |
| <p>Booking Guidelines</p> | <p style="text-align: center;"><u>Regular Season:</u> Apr 1 – Jun 15 Sep 1 – Dec 21 (Blackout – Honolulu Marathon period: around 2nd Sunday in December) <i>*Dates may be adjusted annually</i></p> <p>During the regular season:</p> <ol style="list-style-type: none"> 1. Bookings are accepted in advance, there are no advance booking restrictions. 2. Bookings are subject to general availability. 3. Additional nights over fourteen (14) night nights will be offered at a special owner’s rate determined by availability and season. 4. Each resident using complimentary owner use nights will be charged a check-out fee as stated in the occupancy schedule of fees 5. Additional services are available upon request. Please see in Schedule of Fees below. <p style="text-align: center;"><u>Peak Season:</u> Jan 1 – Mar 31 Jun 16 – Aug 31 Dec 22 – Dec 31</p> <p>During the peak season:</p> <ol style="list-style-type: none"> 1. Per agreement, no complimentary owner use nights are allowed to be used. 2. Bookings will only be accepted WITHIN thirty (30) days prior to arrival. No peak season bookings accepted prior to the 30-day window. 3. Special owner’s rate is determined by availability and occupancy (not to be combined with special promotions). 4. A check-out fee will be charged as stated in the occupancy Schedule of Fees. 5. Additional services are available upon request. Please see in Schedule of Fees below. |



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| | Unit Size | Service | Fee | |
|---|---|------------------------------------|----------------------------|---------|
| Schedule of Fees | Studio/Lodging | Daily Cleaning | \$25.00 | |
| | | Towels & Trash Only | \$25.00 | |
| | | Check-Out Cleaning | \$50.00 | |
| | One-Bedroom | Daily Cleaning | \$35.00 | |
| | | Towels & Trash Only | \$25.00 | |
| | | Check-Out Cleaning | \$70.00 | |
| | | Other Services and Fees | | |
| | | Miscellaneous Cleaning | Per Hour (Minimum 1 Hr) | \$25.00 |
| | | Building Maintenance Labor | Per Hour (Minimum 1 Hr) | \$35.00 |
| Cribs | | Per Day (Based on Availability) | FREE | |
| Rollaways | | Per Day (Based on Availability) | \$25.00 | |
| <i>*The above cost of services and fees are subject to change from time to time as determined by Agent.</i> | | | | |
| Reservations | <ol style="list-style-type: none"> 1. You should directly contact Island Colony Partners to make reservation requests <ol style="list-style-type: none"> a. Direct phone call to (808) 921-7110 (M-F, 7:00am - 3:30pm) b. Email to admin@islandcolonypartners.com or kmaruyama@islandcolonypartners.com <p>ALL OWNERS MUST BE PREPARED TO PROVIDE NAME, UNIT NUMBER, PHONE NUMBER, AND EMAIL ADDRESS FOR VERIFICATION PURPOSES.</p> <ol style="list-style-type: none"> 2. Island Colony Partners will be responsible for verification of available owner use nights (per agreement at 14 room nights per calendar year) and will forward reservation requests to Skyline at Island Colony Reservations upon approval. 3. Island Colony Hotel Reservations staff will accept reservations and forward confirmations directly to Owners within 48 hours of receiving notification. Owners must be sure to provide the email address to which they would like to receive the reservation confirmation. | | | |
| Apartment Sale | <p>The Partnership must receive the following documents when an apartment is sold:</p> <ol style="list-style-type: none"> 1. Copy of Conveyance Document (including recordation date) 2. Assignment Document (completed in its entirety) 3. Registration Form (completed in its entirety) 4. \$100 Transfer Fee (payable to Island Colony Partners) | | | |

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Owners' Share in Profits

Each owner in the Hotel Rental Program (Limited Partner) shares in the profits of the hotel operation regardless of the occupancy their specific apartment(s) receives in any given month. The hotel operation pays all hotel operating expenses including: liability insurance, fire insurance on the contents of each apartment, management fees, State 4.712% General Excise Tax, and 13.25% Transient Accommodations Tax from the total hotel revenues. Funds equal to approximately 6% of Room Revenues are deposited in a Furniture, Fixtures and Equipment Reserve Fund and are used to replace furniture and to renovate your apartment as necessary. The Partnership then pays the Partnership administrative expenses and distributes the remaining balance in the ratio of 1% to the General Partner and 99% to the Limited Partners – Apartment Owners.

However, each owner is still responsible for their normal costs of ownership such as loan payments (if any), real property taxes, lease rent (land), and common area maintenance fees (electric, water, sewage). Hawaiiana Management Company, Ltd., is the Manager for Island Colony Association of Apartment Owners. Hawaiiana Management will continue to bill you monthly for Lease Rent and Common Area Maintenance fees. Any questions regarding Lease Rent and Common Area Maintenance fees should be directed to the Association Administrator at (808) 922-2442.

Monthly Distribution (Payment)

| Island Colony Partners | | Hotel Rental Program vs Private Management Co. | 3rd Party Management | |
|------------------------|-----------|--|----------------------|-----------|
| Studio | 1 Bedroom | | Studio | 1 Bedroom |
| \$1,625 | \$2,165 | Average Monthly Rent (2018) | \$1,700 | \$2,300 |
| Covered | Covered | (0%) - Management Fees - (10%) | (\$170) | (\$230) |
| (\$292) | (\$389) | (17.97%) - GE and Tax - (17.97%) | (\$306) | (\$413) |
| (\$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) |
| \$1,236 | \$1,646 | Net Monthly Rent | \$890 | \$1,205 |

As you can see in the graph above, even if your studio unit rents for \$1,700 or your 1-bedroom unit is renting for \$2,300, you would receive a lower net revenue than you would if in 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.

For distribution purposes, all studio, lodge and one-bedroom apartments in the Hotel Rental Program are pooled together where studio and lodge apartments are given a value of 1 and one-bedroom apartments a value of 1 + 33% more (e.g. studio/lodge nets \$1258, 1-bedroom nets \$1678). Note that an adjustment was made relative to Common Area Maintenance fees and the ratio is closer to 1.4–1. **Distributions are paid at the end of every month, one month in arrears** (e.g. Distributions for January will be



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| <p>Partnership Tax Returns Prepared Each Year</p> | <p>Each year a Certified Public Accounting firm reviews the Partnership and the hotel operations books and prepares the U.S. Federal Tax Returns for the Partnership. The CPA firm also prepares an individual Schedule K-1 for each Limited Partner (hotel apartment owner). The schedule K-1s are emailed & mailed to each apartment owner by March 31st following the calendar tax year and should be filed with their individual U.S. tax returns.</p> |
| <p>Hotel Rental Program Termination</p> | <p>The Partnership would like to ensure that all apartments are returned to the Owner(s) in good condition. Therefore, the Operator will do the following renovations once notice of withdrawal is received:</p> <ol style="list-style-type: none"> 1. Shampoo Carpet 2. Touch up wall and furniture paint (as needed) 3. Remove the hotel telephone and cancel the phone service for the apartment. 4. Change doorlocks <p>This process takes approximately 2 weeks. During this period, you are not eligible to receive a distribution. You may take possession of your apartment 2 weeks after the withdrawal date.</p> <p>In order to withdraw your apartment from the hotel rental program, owner must submit written notice via one of the following methods not later than the end of the quarter four calendar quarters (1 year) prior to the date of withdrawal. Any such withdrawal shall be on the last day of a calendar quarter:</p> <ol style="list-style-type: none"> 1. Mail via United States Postal Service to our office 2. Hand Delivery 3. Fax to (808)922-3809 4. Email admin@islandcolonypartners.com <p style="color: red;"> First Quarter – January to March Second Quarter – April to June Third Quarter – July to September Fourth Quarter – October to December </p> <p>As noted in section 19(b) of the partnership agreement written notice of withdrawal received not later than the end of the quarter four calendar quarters prior to the date of withdrawal. Any such withdrawal shall be on the last day of a calendar quarter. “For Example: Written notice received between January 1, 2011 to March 31, 2011, owner will be able to take possession of unit on March 31, 2012.</p> |



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| Benefits | <p>As a Limited Partner in the Island Colony Hotel Rental Program you are eligible for the following benefits:</p> <ol style="list-style-type: none"> 1. The Hotel Rental Program pays the following expenses for you: <ul style="list-style-type: none"> • Any and all repairs and maintenance of your apartment and appliances (A/C, Refrigerator, TV, etc.) • Insurance on the personal property within your apartment • Liability Insurance • Advertising • Management Fees • Legal Fees, if any • Furniture, Fixtures and Equipment Reserve (See #2 Below) • 4.712% General Excise Taxes • 13.25% Transient Accommodations Taxes <p style="text-align: center;"><i>Remember that the monthly check you receive is NET of all of the above expenses.</i></p> 2. The Island Colony Partnership set up a Reserve for Furniture, Fixtures, and Equipment (6% of total Room Revenue each month). This is used to replace and fix items within your apartment and to renovate your apartment as necessary at no additional cost to you. 3. Island Colony Partners supervises a professional, efficient, full-service resort operation with no trouble or interruption to you. This means you will never have to worry about bounced checks, evicting undesirable tenants, late rental payments or erroneous repair and maintenance costs. 4. Owners who have been in the Hotel Rental Program may enjoy the benefit of the Owners' Use Program without an interruption to their monthly distribution check. The Owner's Use Program offers you and/or your immediate family a maximum 14-day complimentary stay each calendar year at the Island Colony in the apartment type you own. This program is available throughout the year except during the Peak Seasons: winter season -from December 22 through March 31 and summer season – from June 16 through August 31. If you should use all of your complimentary time, a special owner's rate will be determined based on availability and season. | |
| | Rental Program | |
| | <p>Rental Program</p> <p>Dedicated Management focused on Rental:</p> <ul style="list-style-type: none"> • Can rent less than 30 days • General Manager • Front Desk • On-site guest service agents • Professional housekeeping staff <p>Multi-faceted, professional marketing:</p> <ul style="list-style-type: none"> • Professional revenue management team updating rates throughout the day • Property website delivering web-direct business • On-site capability to accept last-minute bookings and check guests in • Track record of achieving 95%+ occupancy on an annual basis • Able to accommodate one-night bookings | <p>Committed to Rental:</p> <ul style="list-style-type: none"> • We own a unit and one of our partners sits on the homeowners' association board. |



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| Distributions | Apr-23 | \$1,350.00 | \$1,800.00 | | | | | | |
| | May-23 | \$1,575.00 | \$2,100.00 | | | | | | |
| | Jun-23 | \$1,700.00 | \$2,267.00 | | | | | | |
| | Jul-23 | \$1,850.00 | \$2,467.00 | | | | | | |
| | Aug-23 | \$1,400.00 | \$1,867.00 | | | | | | |
| | Sep-23 | \$1,350.00 | \$1,800.00 | | | | | | |
| | Oct-23 | \$1,200.00 | \$1,600.00 | | | | | | |
| | Nov-23 | \$1,050.00 | \$1,400.00 | | | | | | |
| | Dec-23 | \$1,400.00 | \$1,867.00 | | | | | | |
| | Jan-24 | \$1,000.00 | \$1,333.00 | | | | | | |
| | Feb-24 | \$1,400.00 | \$1,867.00 | | | | | | |
| | Mar-24 | \$1,250.00 | \$1,667.00 | | | | | | |
| | Total last 12 months | | \$16,575.00 | \$22,035.00 | | | | | |
| | <table border="1"> <tr> <td colspan="2">Running 12 months April 2023 to March 2024</td> </tr> <tr> <td>Studio/Lodge</td> <td>1 Bdrm</td> </tr> <tr> <td>\$1,377.08</td> <td>\$1,836.25</td> </tr> </table> | | | | Running 12 months April 2023 to March 2024 | | Studio/Lodge | 1 Bdrm | \$1,377.08 |
| Running 12 months April 2023 to March 2024 | | | | | | | | | |
| Studio/Lodge | 1 Bdrm | | | | | | | | |
| \$1,377.08 | \$1,836.25 | | | | | | | | |

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Studio Unit

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



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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

