

READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This Property Report is prepared and issued by the developer of this subdivision. It is *not* prepared or issued by the Federal Government.

Federal law requires that you receive this Property Report prior to your signing a contract or agreement to buy or lease a lot in this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you received this Report prior to signing a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh day following the signing of the contract or agreement.

If you did not receive this Report, before you signed a contract or agreement, you may cancel the contract or agreement any time within two years from the date of signing.

Name of Subdivision: Kukui`ula (Parcel M2/M3, Premier Estate Lot and Parcel A)

Name of Developer: Kukui`ula Development Company (Hawaii), LLC

Date of this Property Report: June 6, 2017

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In this Property Report, the words "you" and "your" refer to the "buyer". The words "we", "us" and "our" refer to Kukui'ula Development Company (Hawaii), LLC, a Hawai'i limited liability company, which is the developer of the Subdivision.

RISKS OF BUYING LAND

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Any value which your Lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

Resale of your Lot may be difficult or impossible, since you may face the competition of our own sales program and local real estate brokers may not be interested in listing your Lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact, will depend on the location, size, planning and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality and noise levels may affect your use and enjoyment of your Lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

WARNINGS

THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.

GENERAL INFORMATION

This Property Report covers 39 residential lots (each a "Residential Lot" and collectively "Residential Lots") in a planned, multi-phased resort and residential community encompassing approximately 1,010 acres of land known as "Kukui'ula" located in Kōloa, Island and County of Kaua'i, State of Hawai'i, and referred to in the Property Report as the "Community." 20 of the lots covered by this Property Report are in Kukui'ula Parcel M2/M3 ("Parcel M2/M3"), an additional lot covered by this Property Report is Lot 14-A of the Kuleana Relocation, also known as the "Premier Estate Lot" and 18 lots are in Kukui'ula Parcel A Subdivision, Phase 1 ("Parcel A")(sometimes referred to as "the "Kula Makai Neighborhood"). All Residential Lots included in this offering are collectively referred to as "Subdivision." See page 74 for a listing of the Residential Lots.

It is anticipated that, upon its completion, Kukui'ula and the area in its immediate vicinity will include residential, commercial, recreational, and industrial components comprised of: (a) up to 1,500 residential units (being a mix of vacant residential lots, upon which dwellings will later be constructed, completed homes, which will likely include single-family detached dwellings (which may include guest houses), attached units, town homes, and multi-family units (including condominiums) and multi-story buildings of various heights, sizes, and densities); (b) an 18-hole, par-72 golf course (the "Kukui'ula Golf Course" or the "Golf Course") with related amenities; (c) various other recreational facilities; (d) commercial facilities (including our administrative offices and those of our contractors); (e) administrative and maintenance facilities for the Association and The Club (defined below); (f) parks, trails, and open spaces; (g) a retail shopping area called "The Shops at Kukui'ula" (described in the Shopping Facilities section below); (h) "The Lodge at Kukui'ula" and its related components (described in the Additional Disclosures and General Information section below); and (i) an existing wastewater treatment plant, which may be redeveloped. In addition, there will be access to private land outside of the Community, not owned by us, that includes a "Farm" and a "Lake" (both of which are defined in the Recreational Facilities section below). For purposes of this Property Report, the "Community" does not include The Shops at Kukui'ula, the public parks, the Farm or the Lake.

It is anticipated that development of the Community will be completed within an approximately 15- to 20-year period, but such time frame is subject to change. Development of the Community will be in various segments over many years and will be paced to accommodate the needs of the community, the size of the Community and market demand.

By purchasing a Residential Lot, you acknowledge and consent: (a) to the scope and extent of the anticipated future development of the Community; (b) that the Community includes residential, commercial, recreational and industrial components; (c) that the Community includes both private and public features; and (d) that certain of the Community's private or maintained features (e.g., the roadways) are open to the public.

We reserve the right to make changes from time to time in the proposed land uses, improvement plans, street patterns and types, architectural styles and designs, elevations, sizes of residences, numbers of lots and homes, the unit mix (including the type of unit to be constructed on any lot, which may include town homes and multi-family units, including condominiums), and other improvements currently intended to be built in the Community.

There are no assurances whatsoever that the Community will be developed as currently proposed and our plans for the Community and for the Subdivision may be altered at our sole discretion. The sizes and total number of dwelling units and lots may increase or decrease from

the current plan, depending upon market conditions or other conditions, including either the conveyance of existing property or the acquisition of additional property. Current plans for common areas surrounding residential areas may be affected by such changes. You should assume that changes are likely to be made.

Neither we nor our agents or affiliates make any oral or written representations, promises or warranties regarding how the property in the Community will be used or developed. Nevertheless, as set forth in the sales contract that you will sign if you purchase a Residential Lot, conditioned only upon (a) grounds that are legally sufficient to establish impossibility of performance in the State of Hawai'i, or (b) delays in completion resulting from conditions such as storm events or other acts of God, strikes, material shortages and/or permit delays outside of our control, we are obligated to construct the following recreational facilities: permanent Tennis Facilities and the Trails (both of which are defined and described in the Recreational Facilities section below).

We are both the "Declarant" and the Developer under the Governing Documents (defined below) and the developer of the Subdivision. Our contact information is as follows:

Kukui'ula Development Company (Hawaii), LLC
2700 Ke Ala'ula Street, Suite B
Kōloa, Hawaii 96756
Telephone: (808) 742-6304
Fax: (808) 742-6378

Answers to questions and information about the Subdivision may be obtained by telephoning us at the number listed above. Also, a Kukui'ula sales representative can be reached at the sales office at (808) 742-0234.

All references in this Property Report to dates, timeframes, construction completion percentages, square footages of amenities and facilities, extension line costs, monetary amounts, addresses, phone numbers and entities are approximate (if applicable) and are meant to be current as of the effective date of this Property Report that is shown on the cover page. Such approximate dates, timeframes, construction completion percentages, square footages of amenities and facilities, extension line costs, and monetary amounts and such addresses, phone numbers and entities are subject to change at any time.

THE DATES SET FORTH IN THIS PROPERTY REPORT MAY BE IMPACTED BY DELAYS RESULTING FROM CONDITIONS THAT INCLUDE, BUT ARE NOT LIMITED TO, STORM EVENTS OR OTHER ACTS OF GOD, STRIKES, MATERIAL SHORTAGES AND/OR PERMIT DELAYS OUTSIDE OF OUR CONTROL. WE WILL NOT BE LIABLE FOR ANY LOSSES OR DAMAGES DUE TO DELAYS OUTSIDE OF OUR CONTROL THAT OCCUR AS A RESULT OF SUCH EVENTS.

TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use, and enjoy the property. A contract to buy a lot may give you possession but does not give you legal title. You will not have legal title until you receive a valid deed. A restriction or encumbrance on your Residential Lot, or on the Subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your Residential Lot (excluding any that result from your own actions or from unanticipated factors outside of our control and not currently reasonably known to us or our agents) and some important facts about payments, recording, and title insurance.

METHOD OF SALE

Sales Contract and Delivery of Deed

In connection with your purchase of a Residential Lot in the Subdivision you will execute a sales contract ("Sales Contract"). We intend (but are not required) to sell fee simple title to all Residential Lots described in this Property Report. Not all Residential Lots in the Subdivision will necessarily be released for sale at the same time or in any particular order. Except as described under "Mauka Collection Residences" on Page 74 of this Property Report, if you buy a Residential Lot from us, it will be vacant and without a dwelling when it is sold and conveyed to you.

Subject to the provisions of the Sales Contract, the full purchase price, as provided in the Sales Contract, must be paid in cash or with third-party financing.

Subject to licensing and compliance with applicable laws, we may (but are not obligated to) offer, either directly or through an affiliated entity, limited "Seller Financing Incentives" for certain Residential Lots, as would be described in an addendum to your Sales Contract, if applicable. If we (or our affiliate) are able to and do provide financing to you for your purchase of a Residential Lot, then you will be given a deed to the Residential Lot, but you will have to secure the loan by giving to us (or our affiliate) a promissory note and a mortgage on the Residential Lot. The note and mortgage would be part of the closing documents and the mortgage would be recorded on title after the deed conveying your Residential Lot to you. In addition, you will be given other applicable disclosures in connection with the loan.

The Sales Contract will be binding on you and us in accordance with its terms, subject to any rights of rescission you or we may have by law or under the terms of the Sales Contract. The Sales Contract shall set forth the respective rights and obligations of each party, and, therefore, you should read each provision of the Sales Contract carefully. You should consult an attorney, tax advisor, or any other person(s) of your choosing to review the Sales Contract and to advise you. You should also independently verify all information to ensure yourself of its accuracy and to satisfy yourself with your purchase decision.

As more specifically set forth in your Sales Contract, we will each be responsible for our respective portions of the closing costs incurred in connection with the close of escrow. Except as may otherwise be provided in the Sales Contract, real property taxes, ad valorem special taxes (resulting from the Community Facilities District (or "CFD") described below),

assessments, dues, and maintenance fees shall be prorated between you and us as of the date of closing.

Type of Deed

A limited warranty deed with covenants and reservations ("Deed") to be recorded at the Bureau of Conveyances of the State of Hawaii, will be used to convey title to Residential Lots in the Subdivision. The Deed to your Residential Lot will be delivered to you within 180 days of the date that you sign your Sales Contract. Your Sales Contract will contain further information relating to Closing requirements and scheduled Closing dates.

The Deed will contain various reservations of rights and easements. The conveyance will be free and clear of all monetary liens and monetary encumbrances, except for real property taxes, ad valorem taxes relating to the CFD, and assessments, dues, and fees not yet due and payable. The conveyance will also be free of all other liens and encumbrances except those reflected in the Deed (including the legal description attached to the Deed), the Sales Contract, and/or the title report you will receive in connection with your Sales Contract. The standard form of Deed is available from us for your review.

Oil, Gas and Mineral Rights

The oil, gas, mineral, and metallic and underground water rights to all of the Residential Lots in the Subdivision will not belong to you or other buyers of Residential Lots. Oil, gas, water, mineral, and metallic rights are reserved in favor of the State of Hawai'i and we (and our predecessors) also reserve all underground water rights. The exercise of these rights could affect the use, enjoyment, and value of your Residential Lot. Endorsements to the Title Policy (described in the "Title Insurance" section of this Property Report) will be issued to you, at our cost, that will insure you against claims of loss from physical damage resulting from the exercise of such reservations (the "Mineral Extraction Endorsement").

ENCUMBRANCES, MORTGAGES AND LIENS

Neither the Residential Lots in the Subdivision nor the common facilities serving the Subdivision are currently subject to any blanket monetary encumbrance or mortgage. We may, however, obtain financing to pay for improvements in the Subdivision to be constructed by us, which would be secured by a mortgage on the unsold lots in the Subdivision. In such event, we will obtain a release of your Residential Lot from such mortgage prior to Closing. Such Residential Lots and facilities are and will be subject to the lien of real property taxes and the lien associated with the CFD described below. At Closing, you will receive a title insurance policy assuring that the conveyance of the Residential Lot to you is not subject to any blanket monetary encumbrances, other than those associated with real property taxes and the CFD.

RECORDING THE CONTRACT AND THE DEED

Method or Purpose of Recording

In Hawai'i, from the date of recording of a document with the Bureau of Conveyances of the State of Hawai'i (the "Bureau"), subsequent buyers, mortgagees, lien holders, and the others will be charged with notice of the document. Under Hawai'i law, recording a sales contract would place third parties on notice that the subject property is under contract for sale. However, the Sales Contract that you sign evidencing your interest in purchasing a Residential

Lot does not contain official acknowledgements, will not be in recordable form, and will not be recorded. Hawai'i law does not require that sales contracts be recorded, and, since it is not a common practice in Hawai'i, we will not record the Sales Contract. However, at Closing, the Deed will be recorded in the Bureau by the Escrow Agent (defined below). Following recordation of your Deed, you will receive the original of your Deed by mail directly from the Bureau at the address you have listed on page one of the Deed. That mailing could occur several months after recordation and the timing of your receipt of the original Deed is outside of our control.

UNLESS YOUR SALES CONTRACT OR DEED IS RECORDED, YOU MAY LOSE YOUR RESIDENTIAL LOT THROUGH THE CLAIMS OF SUBSEQUENT BUYERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.

Title Insurance

At Closing, we will see that Title Guaranty of Hawaii, Incorporated ("TG") issues you a standard owner's policy of title insurance (the "Title Policy") with the Mineral Extraction Endorsement and with a limit of liability in the amount of the purchase price that you pay for your Residential Lot. We will pay the cost of the Title Policy and the Mineral Extraction Endorsement, provided that you shall be responsible for the cost of any coverage or other endorsements in addition to what the Title Policy and the Mineral Extraction Endorsement will provide you.

You can, if you desire, alternatively obtain (solely at your cost) a title policy from a title insurer other than TG. However, no credit will be provided to you for the cost of the Title Policy that you decline to have issued by TG.

We recommend that you have an appropriate professional review and interpret the Title Policy and any other title policy issued to you for the Residential Lot.

PAYMENTS

Escrow

Your deposits, down payments, and other payments will be placed in an independent third-party escrow account. We have entered into a Kukui'ula Subdivision Escrow Agreement (the "Subdivision Escrow Agreement") with Title Guaranty Escrow Services, Inc. (the "Escrow Agent") covering the deposit, receipt, collection, and disbursement of all funds to be paid by buyers. (The contact information for TG is 235 Queen Street, Honolulu, HI 96813, Telephone: (808) 521-0211, Attention: Project Lead Escrow Officer (i.e., the individual handling your transaction, who will be identified in your Sales Contract).) We do not have any financial interest in and to, or any type of controlling interest (including any "Affiliated Business Arrangement", as defined under RESPA at 12 U.S.C. Section 2607(c)(f) and 24 CFR Section 3500.15) over or with, the Escrow Agent.

All deposits received by us or our agents under the Sales Contracts applicable to the Lots must be in the form of a check and payable to the Escrow Agent. No cash deposits will be accepted by us. All sums paid by you under the terms of the Sales Contract are to be held by the Escrow Agent in an escrow account under the terms of the Escrow Agreement. No disbursements will be made from that escrow account except in accordance with the provisions

of the Escrow Agreement, which provides that disbursements may be made to us from the escrow fund only after (i) the Lot you are buying is covered by a final order of registration under the State Subdivision Law, (ii) you have been given a copy of the Hawaii Public Offering Statement, together with a receipt and notice of right to rescind form ("receipt and notice") which complies with Section 484-7 of the State Subdivision Law, (iii) the requirements of Hawaii Revised Statutes Sections 484-8.6(b) and (c) and 484-8.7 have been met, (iv) a copy of the receipt and notice, signed by you, has been given to the Escrow Agent, (v) 7 days have elapsed since you signed the Sales Contract without you having rescinded the Sales Contract by giving notice to us and the Escrow Agent, and (vi) closing is complete for your purchase, in accordance with the Escrow Agreement.

If we fail to convey title to you or default under any obligation that would result in the loss of your money prior to Closing, you will be entitled to a refund of all of your payments made to the Escrow Agent.

A copy of the Escrow Agreement may be obtained from us for your review.

Default

If you default under your Sales Contract by failing to make any payment when required or failing to perform any other obligation required under the Sales Contract, and if you fail to cure such default within seven (7) days after we notify you of the default (or you are deemed to have been notified of the default), we may terminate the Sales Contract and all amounts, including any non-refundable deposit and earned interest, that you have paid under the Sales Contract will belong to us as liquidated damages. Except with respect to our right to recover the foregoing liquidated damages, we shall waive our right to recover from you any consequential, or other damages due to any failure of payment or performance on your part.

If we default under the Sales Contract prior to Closing (and you have complied with all of your obligations under the Sales Contract), then we shall have seven (7) days after you notify us of the default (and we have received such notice) to cure the default; provided, however, that if the required cure cannot reasonably be completed by us within said seven (7) day period, we shall have a reasonable time (not to exceed an additional thirty (30) days) within which to cure our default. If, at the expiration of such period, we have not cured our default, you, as your sole remedy, may either (a) require us to refund all money paid by you to us or to Escrow Agent under the Sales Contract, whereupon the Sales Contract shall be terminated, or (b) bring an action for specific performance of the Sales Contract. The Sales Contract requires that you shall waive your right to recover from us any consequential or other damages due to a pre-closing default by us.

If we default under the Sales Contract after Closing (and you have complied with all of your obligations under the Sales Contract), then we shall have seven (7) days after you notify us of the default to cure the default; provided, however, that if the required cure cannot reasonably be completed by us within said seven (7) day period, we shall have a reasonable time (not to exceed an additional thirty (30) days) within which to cure our default. If, at the expiration of such period, we have not cured our default (and you have complied with all of your obligations under the Sales Contract), you, as your sole remedy, may bring an action for specific performance of the Sales Contract. You shall waive any and all rights to recover from us any consequential or other damages due to a post-Closing default by us. Further, once Closing has occurred, you may not, and you shall waive any right you may have to terminate the Sales Contract, to rescind the Sales Contract and the transactions contemplated hereby. You understand and agree that from and after Closing, your sole remedy shall be a remedy for specific performance.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

Various restrictive covenants have been recorded against the land in the Subdivision, including your Residential Lot in Parcel M2/M3. Supplemental declarations subjecting Lot 14-A and Parcel A, Lots A through H, J through N and P through T to restrictive covenants have not been recorded. Until the supplemental declarations subjecting Lot 14-A and Parcel A, Lots A through H, J through N and P through T to the recorded restrictive covenants are recorded, there is no assurance that the restrictive covenants will be uniformly applied, they may be changed and may be difficult to enforce as to Lot 14-A and Parcel A, Lots A through H, J through N and P through T. The Subdivision and your Residential Lot will also be subject to various documents (discussed below) that will not be recorded against the land in the Subdivision. Certain of those documents (recorded and unrecorded) will contain items that will require you to secure permissions, approvals and take other actions prior to using your Lot (e.g., architectural control).

The Subdivision, including all Residential Lots therein, is or will be subject to the following recorded and unrecorded documents, as each has been and may be further amended and/or supplemented from time to time (collectively referred to herein as the "Governing Documents"):

The following Governing Documents have been or will be recorded in the Bureau and, thus, will affect the title to your Residential Lot (each referenced document includes amendments and/or supplements to the document that have been recorded as of the date of this Property Report):

Community Charter for Kukui`ula, dated May 8, 2006 and recorded in the Bureau as Document No. 2006-088739, as amended and supplemented by: First Amendment to the Charter, dated June 20, 2006, recorded in the Bureau as Document 2006-115382; Second Amendment to the Charter, dated March 19, 2008, recorded in the Bureau as Document No. 2008-045848; Supplemental Declaration to the Kukui`ula Charter and Declaration of Easements (Parcel M2/M3), dated March 19, 2008, recorded in the Bureau as Document No. 2008-045850 (the "M2/M3 Supplement to the Charter"); Additional Supplement to Kukui`ula Charter (Confirmation of Annexation and Terms of Supplement – Lot 12 of Parcel M2/M3 and Easements S-3 and D-1), recorded in the Bureau on April 23, 2008 as Document No. 2008-063694, which is applicable to Residential Lots 36, D and E only; Additional Supplement to Kukui`ula Charter (Notice of Intent to Combine Lots 51 and 52 of Parcel M2/M3), recorded in the Bureau on April 23, 2008 as Document No. 2008-063695, which is applicable to Residential Lots 50, 51 and 52 only, and which created Residential Lot 71 upon consolidation; Third Amendment to the Charter, dated December 24, 2010, recorded in the Bureau as Document No. 2010-202737; Amended and Restated Community Charter for Kukui`ula, dated September 4, 2012 recorded in the Bureau as Document No. A-46320954; the Second Amended and Restated Community Charter for Kukui`ula, dated August 5, 2015, recorded in the Bureau as Document No. A-56951009; the Amended and Restated Supplemental Declaration to Kukui`ula Charter and Declaration of Easements (Parcel M2/M3) (the "Restated Supplemental Declaration"), dated June 21, 2012, recorded in

the Bureau as Document No. A-45610030, as amended by instrument dated February 12, 2013, recorded as Document No. A-47991323; Supplemental Declaration to Amended and Restated Community Charter for Kukui'ula and Declaration of Easements (Premier Estate Lot) to be recorded; and Supplemental Declaration to Amended and Restated Community Charter to Kukui'ula and Declaration of Easements (Parcel A) to be recorded (collectively, as may be further amended and/or supplemented from time to time, the "Charter"); and

Covenant for The Club at Kukui`ula, dated May 8, 2006 and recorded in the Bureau as Document No. 2006-088740, as amended by: First Amendment to the Covenant, dated June 20, 2006, recorded in the Bureau as Document No. 2006-115383; Second Amendment to Covenant, dated March 19, 2008, recorded in the Bureau as Document No. 2008-045849; Supplemental Declaration to Covenant for The Club at Kukui`ula, dated January 10, 2011, recorded in the Bureau as Document No. 2011-010184; Amended and Restated Covenant for The Club at Kukui`ula, dated September 4, 2012, recorded in the Bureau as Document No. A-46320955; Second Amended and Restated Covenant for The Club at Kukui`ula, dated August 5, 2015, recorded in the Bureau as Document No. A-56951010; a Supplemental Declaration to Amended and Restated Covenant for The Club at Kukui'ula (Premier Estate Lot) to be recorded and a Supplemental Declaration to Amended and Restated Covenant for The Club at Kukui'ula (Parcel A) to be recorded (collectively, as may be further amended and/or supplemented from time to time, the "Covenant").

The following Governing Documents will not be recorded in the Bureau (each referenced document includes all amendments and/or supplements to the document):

Bylaws of Kukui`ula Community Association (the "Association Bylaws");

Articles of Incorporation of the Kukui`ula Community Association (the "Association Articles");

Kukui`ula Design Guidelines (including the Parcel M Supplement to the Design Guidelines that applies to Parcel M2/M3, the Supplement to the Kukui'ula Design Guidelines for Premier Estate Lot and the Supplement to the Kukui'ula Design Guidelines for Parcel A that has been prepared) (collectively, the "Design Guidelines");

Rules and Regulations (the "Standards");

Bylaws of The Club at Kukui`ula (the "Club Bylaws");

Articles of Incorporation of The Club at Kukui`ula (the "Club Articles");

The Club Rules (defined below);

The Club at Kukui`ula Schedule of Membership Fees; and

The Club at Kukui`ula Membership Agreement ("The Club Membership Agreement").

Most of the Governing Documents will also affect other Parcels within the Community (in addition to the Subdivision).

A complete and then-current copy of each of the Governing Documents listed above will either be provided to you before you enter into a Sales Contract or will be attached to your Sales Contract. You are strongly encouraged to carefully read each of the Governing Documents thoroughly before committing to purchase a Residential Lot in the Subdivision. Each of the Governing Documents is subject to revision even after it has been finalized.

Certain of the Governing Documents contain provisions requiring you to secure permissions, approvals or take other actions prior to using or disposing of your Residential Lot.

Charter. The Charter, which has been recorded and subsequently amended, contains covenants and restrictions that will affect the use of your Residential Lot and any dwelling or home built on that Residential Lot. Among other things, the Charter gives us various rights and easements, restricts what you can do with and on your Residential Lot and home, and provides for the organization of the Association (being the Kukui'ula Community Association). Pursuant to the Charter, the Association has the authority to make assessments against the Residential Lots to pay for the maintenance and repair of roads, open spaces, and other common area improvements and, subject to limitations, to establish a Design Review Committee ("DRC"), which must review and approve most, if not all, architectural and landscape design, new construction and modifications to Residential Lots and their improvements (including structures, landscaping, and other items). The Charter also authorizes the Association's Board of Governors (the "Association Board") to make, enforce, and amend rules and regulations (in addition to those contained in the Charter) and to impose reasonable fees for the use of certain facilities of the Association.

The Charter creates obligations that are binding upon the Association and all present and future owners of residential property in the Community that is made subject to the Charter (including the Residential Lots and homes in the Subdivision). Certain provisions of the Charter will affect non-owner tenants and guests in the Community.

In addition to other amendment rights set forth in the Charter, until termination of the "Association Declarant Control Period" (defined in the Property Owners Association section below and as "Declarant Control Period" in Section 2.1 of the Charter), we may unilaterally amend the Charter for any purpose. Thereafter, until termination of the "Development and Sale Period" (defined in Section 2.1 of the Charter and in the Property Owners Association section below), we can unilaterally amend the Charter for any purpose, provided the amendment has no material adverse effect upon the rights of more than 2% of the owners of Residential Lots and "Units" (defined in Section 3.1 of the Charter) in the Community that are encumbered by the Charter. (Pursuant to the Charter, the defined word "Unit" includes the Residential Lots and any home located on a Residential Lot. It also includes residential condominium units in a condominium project within the Community.)

After termination of the Development and Sale Period, we may unilaterally amend the Charter if such amendment is necessary: (i) to bring any provision of the Charter into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (iv) to satisfy the requirements of any local, state, or federal governmental

agency. However, any such amendment to the Charter shall not adversely affect the title to any Unit, unless the Owner of such Unit shall consent in writing to such amendment.

Supplements and Amendments to the Charter. Because it is currently estimated, based on current zoning approvals, that the entire Community may eventually contain up to a maximum of 1,500 Units, the Charter reserves to us the right to annex additional property within, and in the vicinity of, the Community to the Charter. Such annexation would occur via the recording of Supplements to the Charter. In addition to submitting additional property to the Charter, Supplemental Declarations may be used to, among other things, create easements over the property described in the Supplemental Declaration, impose additional obligations or restrictions on such property, and designate special areas, such as areas allowing Transient Vacation Rentals ("TVR's"), which are discussed in the Zoning section below. We may also decide to record further Supplemental Declarations and/or amendments to the Charter if and when needed in the future in accordance with the Charter. Among other purposes, amendments or supplements to the Charter will also be used (a) if we decide to "de-annex" (or remove) property from the effect of the Charter in accordance with its terms and/or (b) via the Restated Supplemental Declaration, to amend the M2/M3 Supplement to identify the Consolidated Lots as among the Lots in Parcel "M2/M3".

Association Bylaws. The Association Bylaws have been adopted by the Association Board and will govern the Association's internal affairs, such as voting, elections, meetings, etc. Although the Association Bylaws will NOT be recorded, they will nevertheless affect all of the Residential Lots in the Subdivision via enforcement by the Association Board, which has lien rights over the Residential Lots. The provisions contained in the Association Bylaws may change prior to and after the sale of your Residential Lot, and there is no assurance that they will be uniformly applied. The provisions may also be difficult to enforce in some instances.

Association Articles. The Association Articles, which were filed with the DCCA on August 10, 2005, sets forth certain of the purposes and powers of the Association, as well as other information relating to the Association.

Design Guidelines. The Design Guidelines (including any Supplement thereto) provide design standards and architectural and aesthetic guidelines governing the architectural and landscape design of new construction and modifications to Residential Lots and their improvements (including structures, landscaping, and other items). All landscaping and architectural improvements to any Residential Lot or home in the Community (including the Residential Lots and homes in the Subdivision) must comply with the provisions of the Design Guidelines. The Design Guidelines (including the Parcel "M" Supplement to the Design Guidelines that has been adopted and applies to Parcel M2/M3, the Supplement to the Kukui'ula Design Guidelines for Premier Estate Lot that has been adopted and applies to the Premier Estate Lot, and the Supplement to the Kukui'ula Design Guidelines for the Kula Makai Neighborhood that has been adopted and applies to the Kula Makai Neighborhood) affect such matters as landscaping, building size, style, height, colors, and construction materials. The Design Guidelines should be given to your architect during your initial design consultation.

Before constructing any improvements on your Residential Lot or making any modifications, additions, or alterations to any existing structures, you must have the plans and specifications approved. Such approval must come either from us (in our capacity as the Design Review Team ("DRT")) or, after the DRT's approval authority has been delegated to the Design Review Committee (or DRC), from the DRC. Such approval shall be in accordance with the procedures (including payment of review fees) set forth in the Design Guidelines.

The DRT, which is controlled by us via our appointment of all of its members, will have exclusive jurisdiction over all original construction and modifications, additions, and alterations to any existing structures on or within any portion of the Community until we delegate this authority to the DRC on a date that we determine at our discretion. The members of the DRC will be appointed by the Association Board even during the period of time that the Association Board is controlled by us.

Variances from the Design Guidelines may be authorized for hardships only when circumstances, such as topography, natural obstructions, or aesthetic or environmental considerations, require. However, as provided in your Sales Contract, the inability or failure to obtain or to obtain approval of any government agency, any necessary permit, or particular financing is not considered a hardship warranting a variance and neither we, the DRT nor the DRC (as applicable) shall have any responsibility or liability with respect to such inability or failure.

Although the Design Guidelines will not be recorded, they will affect all of the Residential Lots in the Subdivision via enforcement by us, the Association Board or the DRC (as applicable). The provisions contained in the Design Guidelines may change prior to and after the sale of your Residential Lot, and there is no assurance that they will be uniformly applied. The provisions may also be difficult to enforce in some instances. Chapter 5 of the Charter contains additional information on the Design Guidelines.

The Design Guidelines do not provide the exclusive basis for decisions to approve or deny an application to make improvements, and compliance with the Design Guidelines does not guarantee approval. Further, required governmental approvals and requirements must also be obtained and met. We shall have sole and full authority to revise or, in limited circumstances, not enforce certain provisions of the Design Guidelines, at least until the expiration of the Development and Sale Period. Upon termination or delegation of our right to revise the Design Guidelines, the DRC may revise the Design Guidelines with the Association Board's consent.

Standards. The "Initial Standards", which have been adopted by the Association Board, regulate certain aspects of the property use, activities, and conduct within the Community (including the Subdivision). The Initial Standards are attached to the Charter as Exhibit "C". Although future amendments to the Initial Standards (collectively, the "Standards") will not be recorded or require an amendment to the Charter, the Standards will continue to be part of the Association's Governing Documents and will continue to affect all of the Residential Lots in the Subdivision (as if they had been recorded) via enforcement by the Association Board, which has lien rights over the Residential Lots. The provisions contained in the Standards may change prior to and after the sale of your Residential Lot, and there is no assurance that they will be uniformly applied. The provisions may also be difficult to enforce in some instances. Chapter 7 of the Charter contains additional information on the Standards. The Association Board may, from time to time in the future, adopt Resolutions to establish and further amend the then-current Standards, policies and procedures for internal governance of the Association, regulation of activities within the Community, and regulation of the operation and use of property that the Association owns and/or controls. For example, on April 23, 2009, the Association Board adopted a Resolution amending the Standards on signage, which provisions are now incorporated in Exhibit C to the Charter. You should refer to a copy of any Association Resolution included in your sales documentation.

Covenant. The Covenant, which has been recorded and subsequently amended, establishes and describes the functions, powers, and membership plans of The Club at Kukui'ula ("The Club"). The Club is described in the Property Owners Association section of this Property Report. The Covenant creates obligations that are binding upon The Club and, subject to various exceptions, all owners of property in the Community, contains covenants and restrictions that will affect your use of The Club's recreational facilities and amenities, and authorizes The Club's Board of Governors (the "Club Board") to make, enforce, and amend rules and regulations affecting your use of The Club's recreational facilities and amenities (the "Club Rules"). The Covenant also authorizes the Club Board to collect dues and other fees from Residential Lot owners to pay for The Club's expenses and to impose reasonable fees for the use of certain facilities of The Club.

The covenants, conditions, restrictions, and easements contained in the Covenant may change prior to and after the sale of your Residential Lot.

During "The Club Declarant Control Period" (defined in the Property Owners Association section below and as "Declarant Control Period in Section 5.1(b) of the Covenant), we have the right to unilaterally amend the Covenant for any purpose. Further, for a period of 30 years after the Covenant was first recorded (i.e., until May 8, 2036), if we or an affiliate of ours owns any property described in Exhibit "A" or "B" to the Covenant, we may unilaterally amend the Covenant for any purpose, provided such amendment has no material adverse effect upon any right, privilege, or protection specifically granted to more than 2% of the members of The Club without the written consent of the affected members of The Club.

The Covenant allows for the annexation of additional property (such as the Subdivision) to be subject to the Covenant. Such annexation would occur via the recording of Amendments to the Covenant, which are also known as "Supplements to the Covenant". Among other purposes, amendments to the Charter may also be used if we decide to "de-annex" (or remove) property from the effect of the Covenant. Also, so long as we own any portion of the property subject to the Covenant or have an option unilaterally to submit additional property to the Covenant, any amendment to the Covenant shall also require our written consent. We have recorded an Amended and Restated Covenant to implement various policy revisions and administrative adjustments that have been implemented by the Club Board, via unanimous written consent, and to clarify the rental program for The Lodge at Kukui'ula. We may decide to record further Supplements to the Covenant and/or amendments to the Covenant if and when needed in the future in accordance with the Covenant.

Club Bylaws. The Club Bylaws have been adopted by the Club Board and will govern The Club's internal affairs, such as voting, elections, meetings, etc. Although the Club Bylaws will NOT be recorded, they will nevertheless affect all of the Residential Lots in the Subdivision via enforcement by the Club Board, which has lien rights over the Residential Lots. The provisions contained in the Club Bylaws may change prior to and after the sale of your Residential Lot, and there is no assurance that they will be uniformly applied. The provisions may also be difficult to enforce in some instances.

Club Articles. The Club Articles, which were filed with the DCCA on August 10, 2005, sets forth certain information relating to The Club.

The Club Rules. The Club Rules, which have been adopted and subsequently amended, contain rules and provisions that are in addition to those contained in the Covenant and the Standards. Although the Club Rules will not be recorded, they will affect all of the Residential Lots in the Subdivision via enforcement by the Club Board. The Club Rules may change prior to and after the sale of your Residential Lot, and there is no assurance that they

will be uniformly applied. The provisions may also be difficult to enforce in some instances. (We shall also have the right to promulgate other rules and regulations of use as we, in our discretion, deem appropriate.) The Club Board will, from time to time, adopt Resolutions to amend the Covenant, the Club Rules and/or the Club Bylaws, to establish and amend the policies and procedures for internal governance of The Club and for regulation of the operation and use of property that The Club owns and/or controls. For example, on July 1, 2008, the Club Board adopted a Resolution regarding privileges for certain unaccompanied Ohana Members (defined below). You should refer to the copy of that Club Resolution and the Club Rules included in your sales documentation.

Club Schedule of Membership Fees. The Club Schedule of Membership Fees sets forth various current and anticipated fees and charges associated with The Club and use of The Club's facilities. Fees and other charges shown in the Club Schedule of Membership Fees are estimates only, subject to applicable taxes and may be revised without notice based upon a determination of the costs of operating The Club.

Club Membership Agreement. The Club Membership Agreement is an agreement that will be entered into between us, as "The Club Operator", and every Plantation Member. It describes the Plantation Member's rights and obligations with respect to The Club, including payment of fees and assessments for the Plantation Membership. Among other things, the Club Membership Agreement describes the two types of memberships (Plantation Membership and Golf Membership), the terms of membership, and the fees (e.g., the membership initiation fees, the monthly assessments and, if applicable, the transfer fee). By signing the Club Membership Agreement, the Plantation Member acknowledges that he or she is acquiring the membership for the sole purpose of obtaining social benefits and recreational use of the Club Amenities. (The terms "Plantation Member," "Plantation Membership," "Golf Member," "Golf Membership" and "Club Amenities" are each defined in the Property Owners Association section below.) Prior to signing The Club Membership Agreement, you should carefully read all of the Club Governing Documents in order to fully understand the rights and financial or other obligations of being a Plantation Member (and acquiring optional additional golf privileges with a Golf Membership, if so elected).

Plot Plans. We shall prepare a "Plot Plan" for each Residential Lot, including your Residential Lot, which Plot Plan shall be provided to you prior to the execution of your Sales Contract. The Plot Plan may include various information specific to the Residential Lot, such as the Residential Lot's square footage, approximate location of utilities and their connection points, easements affecting the Residential Lot, building setbacks and limitations on building height. Without limiting any provision of the Charter, the Covenant or the Design Guidelines, the Residential Lot and the construction of improvements on the Residential Lot by you shall be subject to all items shown or referred to on the Plot Plan. Prior to Closing, we shall have the unilateral right and authority (but not the obligation) to revise, amend or otherwise change each Plot Plan. Following Closing, and if needed by us in connection with our completion of the Subdivision Improvements, you shall be asked to reasonably cooperate at no cost to you in any amendments to the Plot Plan that are needed.

The Plot Plan for a Residential Lot in the Kula Makai Neighborhood will also show whether the Lot is subject to a "Transition Zone". The Transition Zone is an area between the rear building setback line and the rear property line that has specific restrictions and requirements for improvements within the Transition Zone that are described in the Design Guidelines supplement for the Kula Makai Neighborhood. The intent of these restrictions and requirements are to permit specific types of privacy screening but limit certain vertical improvements along the demising property lines between Lots.

There are specific limitations and requirements for improvements within the Transition Zone that are outlined in the Design Guidelines supplement for the Kula Makai Neighborhood. No structures or improvements of any kind may be constructed or placed within a "Transition Zone" (if any) located on a Lot without the prior written approval of the Design Review Committee.

The as-built location of utility lines, utility improvements (such as, but not limited to, junction boxes, transformers, or pedestals), and sewer and water taps, may vary from locations shown on the Plot Plan for your Residential Lot. The Plot Plan is not intended to represent the current or future as-built conditions and we will not provide as-built plans to you. As such, you will be required, on your own, to verify in the field all topography, soil conditions, drainage, fill conditions, street furniture, as well as the actual as-built location of utility lines and utility improvements prior to commencement of construction.

You may request from us a copy of the Plot Plan for any Residential Lot within the Subdivision that is adjacent to your Residential Lot or generally located within or near the Subdivision. Once provided to you, we are under no obligation to inform you of any subsequent amendments to the Plot Plan for any Residential Lot other than your own. It is your responsibility to evaluate the location of the permitted and authorized building area within your Residential Lot and any adjoining Residential Lots.

SMA Permit. Part of Lot 14-A and Lots M, N and P in Parcel A are within the Special Management Area ("SMA Lots"). The "Special Management Area" (or "SMA") refers to certain coastal land in Hawai'i that extends inland from the shoreline, as designated by the State of Hawai'i on maps filed with the appropriate governmental authorities. A primary purpose of an SMA designation is to preserve, protect and, where possible, restore the natural resources within the SMA and to allow the counties to regulate development in the SMA in a manner that does not create substantial adverse environmental or ecological effects. There are special controls on development within the Special Management Area.

Use and development of the SMA Lot may be subject to the following conditions set forth in Special Management Area Use Permit SMA (U)-2005-3, dated December 16, 2004 (the "SMA Permit"), issued by the County of Kaua'i Planning Department (the "Planning Department"), which conditions shall run with the title to the SMA Lots and shall be reflected in a Supplement to the Charter, which conditions may include, without limitation, the following:

1. External colors of improvements (including homes) must be moderate to dark earth tones, compatible with the surrounding natural background.
2. A landscape plan must be prepared to ensure that the landscaping is comprised of native species or species common to the area. Further, as much of the existing vegetation as possible shall be retained.
3. The proposed color scheme and the landscape plan for each SMA Lot must be submitted to the Planning Department for review and approval prior to applying for a building permit. The approved landscape plan must be implemented prior to the Planning Department issuing a certificate of occupancy for the home on the SMA Lot.
4. To minimize adverse impacts on the "Federally Listed Threatened Species", Newell's Shearwater and other seabirds, all external lighting shall be only of the

following types: shielded lights, cut-off luminaires, or indirect lighting. Spotlights aimed upward or spotlighting of structures or the ocean are prohibited.

5. If historic/cultural remains, such as archaeological artifacts, charcoal deposits, or human burials, are found during construction, work in the immediate area shall stop and the State Historic Preservation Division and the Planning Department shall be contacted to determine appropriate action.

6. The requirements and recommendations of applicable County, State, and Federal agencies, including the County Fire and Water Departments and the State Department of Health, shall be complied with.

7. Before any building permits can be issued for the SMA Lot, any required Environmental Impact Assessment fee and Park Dedication fee must be paid or otherwise resolved with the Planning Department. If such fees are required, we will pay them.

8. Best Management Practices (BMP's) must be used in the construction of homes and the County grading ordinance and State of Hawai'i Department of Health National Pollutant Discharge Elimination System requirements must be complied with during grading and construction activities.

9. If the development is found to adversely impact the surrounding neighborhood or the scenic qualities of the area, as seen from public viewing locations, the Planning Commission of the County of Kaua'i shall have the right to revise, modify, or add conditions of approval, or revoke the SMA Permit.

10. Prior to construction on and use of an SMA Lot, additional government agency conditions may be imposed, which conditions must be resolved with the respective agencies.

Declaration of Shared Driveway Easement. Residential Lots 32, 33 and 37 in Parcel M2/M3 are subject to a recorded "Declaration of Shared Driveway Easement," as more particularly described in the "Easements" and "Roads" sections of this Property Report. This document establishes certain covenants and restrictions relating to vehicular and pedestrian access over the "Shared Driveway Area", maintenance repair, and improvement of the surface of the Shared Driveway Area, and landscaping and utilities, if any, located within the Shared Driveway Area. A complete copy of each Declaration of Shared Driveway Easement is available from us upon request. If you are purchasing Lot 32, 33, or 37 in Parcel M2/M3, then a copy of the applicable Declaration of Shared Driveway Easement shall be provided to you.

Declaration of Restrictive Covenants and Grant of View Protection and Building Setback Easements (Declaration of Restrictive Covenants). The Declaration of Restrictive Covenants, which is recorded in the Bureau as Document No. 2010-037140, contains covenants, conditions, restrictions, and easements that may affect the use of Lot S and Lot T of Parcel A (in addition to other adjacent lands that are not a part of Parcel A), including but not limited to the construction of a dwelling or home on Lot S and Lot T of Parcel A. Certain provisions of the Declaration of Restrictive Covenants require lot owners to secure permissions, approvals or take certain actions before using their lot.

Among other things, the Declaration of Restrictive Covenants grants in favor of JPMorgan Chase Bank, N.A., a national association, as Trustee of the Allerton Gardens Trust

("Allerton Trust") the following easements: (i) a perpetual, non-exclusive easement over and across portions of the "Restricted Grantor Property" for view protection, and (ii) a perpetual, non-exclusive building setback easement over and across portions of the "Building Setback" area, each as more particularly described in the Declaration of Restrictive Covenants. The Restricted Grantor Property covers portions of Lots S and T of Parcel A.

The Declaration of Restrictive Covenants contains certain other covenants, conditions, restrictions, and easements that may affect the use of Lots S and T of Parcel A, including, but not limited to, restrictions on constructing certain improvements within the "Building Setback," a right of entry in favor of the Allerton Trust to enter portions of the Restricted Grantor Property to fulfill the Allerton Trust's obligations under the Declaration of Restrictive Covenants, and covenants regarding compliance with supplemental design guidelines applicable to certain improvements constructed on the Restricted Grantor Property. The Declaration of Restrictive Covenants also contemplates DRC review of compliance of the terms and conditions of the Declaration of Restrictive Covenants as part of the design review of any proposed design plans for lots affected by the Declaration of Restrictive Covenants. Buyers should consult with their legal advisers and consultants to analyze how the Declaration of Restrictive Covenants will affect the use of their Residential Lot (if any).

The brief discussions above regarding the Governing Documents, the Plot Plans, the Declarations of Shared Driveway Easement and Declaration of Restrictive Covenants must not be a substitute for your careful study of each of these documents prior to entering into a Sales Contract. We encourage you to review the Governing Documents, the applicable Plot Plan(s), the Declaration of Shared Driveway Easement (if applicable), the Declaration of Restrictive Covenants (if applicable), and the other documents provided to you in connection with your purchase of a Residential Lot in their entirety and to consult an attorney and government officials to analyze how the provisions of those documents will affect the use and development of your Residential Lot or your use of the Club Amenities and the "Association Amenities" (described in the Property Owners Association section below).

Easements

The following easements may have an effect on your construction on or the use of your Residential Lot. That is because construction on your Residential Lot must be planned so that any structures on the Residential Lot and use of the Residential Lot do not encroach upon or interfere with the easements.

The easements and encumbrances described below (which are subject to change, may be under the control of a utility provider or may never be implemented) will or may affect certain Lots in the Subdivision:

1. The following easements may have the effect of limiting where the owner of an affected Lot may construct improvements on that Lot or how portions of the Lot may be used:

Parcel M2/M3:

- a. Relating to Residential Lots 32 and 33 only: Easement A-1 for access purposes, affecting Residential Lot 33 in favor of Residential Lot 32. Relating to this easement, Residential Lots 32 and 33 are subject to "Declaration of Shared Driveway Easement," dated March 27, 2008, recorded as Document

No. 2008-056703, as more particularly described in the "Roads" section of this Property Report.

- b. Relating to Residential Lots 37 only: Easement A-3 for access purposes, affecting Residential Lot 38 (which is not covered by this Property Report) in favor of Residential Lot 37. Relating to this easement, Residential Lots 37 and 38 are subject to "Declaration of Shared Driveway Easement," dated March 27, 2008, recorded as Document No. 2008-056704, as more particularly described in the "Roads" section of this Property Report.
- c. Affecting Residential Lot 71: Easement L-2 for landscaping, wall, and signage purposes.
- d. Affecting Residential Lot G: Easement SD-2 for sanitary sewer and drainage purposes.
- e. Affecting Residential Lots C and D: Easement SD-4 for sanitary sewer and drainage purposes. (Note: We may remove and/or cancel this easement.)
- f. Affecting Remnant Lot 61: Easement SD-5 for sanitary sewer and drainage purposes.
- g. Affecting Residential Lot C: Easement SD-6 for sanitary sewer and drainage purposes. (Note: We may relocate and remove this easement from Lot C. The easement may be renamed as part of that relocation and removal.)
- h. Affecting Residential Lots 33 and 69: Easement U-1 for utility, sanitary sewer and drainage purposes.
- i. Affecting Residential Lot 71: Easement G-2 for gasoline purposes.
- j. Affecting Remnant Lot 61: Easement G-3 for gasoline purposes.
- k. Affecting Remnant Lot 61: Easement D-1 for drainage purposes.
- l. Affecting Residential Lot 71: Easement E-1 for electrical purposes.
- m. Affecting Residential Lot 71: Easement E-2 for electrical purposes.
- n. Affecting Residential Lot 69: Easement E-4 for electrical purposes.
- o. Affecting Residential Lots 54 and 55: Easement E-5 for electrical purposes. Relating to this easement, Residential Lot 54 is subject to a Grant of Easement dated October 23, 2008, recorded in the Bureau as Document No. 2009-127217, and Residential Lot 55 is subject to a Grant of Easement dated October 23, 2008, recorded in the Bureau as Document No. 2009-127218.
- p. Affecting Residential Lot C: Easement E-8 for electrical purposes.
- q. Affecting Residential Lot D: Easement E-9 for electrical purposes.
- r. Affecting Residential Lot D: Easement E-10 for electrical purposes.

- s. Affecting Residential Lot G: Easement E-11 for electrical purposes.
- t. Affecting Residential Lot 41: Easement E-15 for electrical purposes.
- u. Affecting Residential Lots C and D and Roadway Lot 56: Easement S-1 for sanitary sewer purposes.
- v. Affecting Residential Lot A: Easement S-2 for sanitary sewer purposes.
- w. Affecting Residential Lot 36: Easement S-3 for sanitary sewer purposes.
- x. Affecting Remnant Lot 61: Restriction of Vehicular Access, as shown on subdivision map prepared by Erik S. Kaneshiro, Land Surveyor, dated June 17, 2007, last revised February 22, 2008.
- y. Affecting Roadway Lots 56 through 59: Rights of others who may have easement or access rights over these lots.
- z. Affecting Residential Lot 33: Easement E-17 for electrical purposes. Relating to this easement, Residential Lot 33 is subject to a Grant of Easement dated October 22, 2014, recorded in the Bureau as Document No. A-54241152.
- aa. Affecting Residential Lot 41: Easement E-15 for electrical purposes. Relating to this easement, Residential Lot 41 is subject to a Grant of Easement dated October 22, 2014, recorded in the Bureau as Document No. A-54230922.

Lot 14-A (Premier Estate Lot):

- bb. Affecting Lot 14-A: Kauai Island Utility Cooperative ("KIUC") transformer easement.
- cc. Affecting Lot 14-A: 10-foot wide water line easement.
- dd. Affecting Lot 14-A: Easement D-1 for drainage purposes.

Parcel A:

- ee. Affecting Residential Lot E: Easement E-4 for electrical purposes.
- ff. Affecting Residential Lot L: Easement E-5 for electrical purposes.
- gg. Affecting Residential Lot M: Easement SD-1 for sanitary sewer and drainage purposes.
- hh. Such other or additional items and easements shown or referenced on the subdivision map, the consolidation and resubdivision map, the Plot Plan, the Sales Contract, the Deed, the Covenant and/or the Charter (including any amendments or supplements thereto that specifically affect the Subdivision).

Note: After you close on the purchase of a Residential Lot, we (and, perhaps others) shall have the right to grant, transfer or convey to another entity (such as the County, the Association or a utility company), without your consent or joinder,

use and access rights over any of the above-referenced easements that encumber your Residential Lot.

2. As noted, all Lots in the Community (and the Subdivision) will be subject to the Charter and the Covenant (including all amendments and supplements thereto), which subject the Lots to easements, encumbrances, restrictions, and other rights and obligations that are intended to, among other things, facilitate the complete development of the Community (and the Subdivision). The easements and encumbrances set forth in the Charter (including Chapters 13 and 15 of the Charter) and the Covenant include (or may include), but are not limited to:
 - a. utilities and utility lines;
 - b. errant golf balls, golf tournaments, golf carts, and golf course use, operations, events, and maintenance;
 - c. historical, archaeological and biological sites;
 - d. encroachments and walls;
 - e. maintenance, emergencies, and enforcement;
 - f. lake and pond maintenance and flood waters;
 - g. storm and wastewater drainage, drainage control basins and release devices;
 - h. Residential Lot maintenance;
 - i. landscaping, agriculture;
 - j. roads, hiking trails, biking trails, and restrictions of vehicular access; and
 - k. sales, development, construction.

You should read the Charter and the Covenant to understand the particular provisions relating to such easements, restrictions, rights and obligations.

3. Additional easements and encumbrances are currently described in the legal description of the Subdivision contained in the title report you will receive in connection with your Sales Contract.

Pursuant to Section 13.6 of the Charter, we, the Association, and The Club will have perpetual, nonexclusive rights and easements of access and encroachment over those portions of those Residential Lots (but not the homes) that are adjacent to or in the vicinity of a water feature, retention ponds and drainage areas within the Community, in order to (a) temporarily flood and back water upon and maintain water over such portions of the Community, (b) alter in any manner and generally maintain the water feature, retention ponds and drainage area within the Community, and (c) maintain and landscape the slopes and banks pertaining to such areas.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

We have obtained final subdivision approval for all of the Residential Lots in Parcel M2/M3 (being Lots 27, 29, 32, 33, 36, 37, 41 through 44, inclusive, 50, 53 through 55, inclusive, 68, 69, and 71, and Lots C, D, G and J) from the County of Kaua`i. Based on that approval, plats covering the Residential Lots in Parcel M2/M3 have been recorded in the Bureau of Conveyances of the State of Hawaii. Those recorded plats include metes and bounds descriptions of the Residential Lots in Parcel M2/M3. Those metes and bounds descriptions are legally adequate for the conveyance of land on Kaua`i and in Hawai`i.

We have obtained final subdivision approval of Lot 14-A and of Kukui`ula Parcel A Subdivision, Phase 1 from the County of Kaua`i. Based on those approvals, plats covering Lot 14-A and Lots A through H, J through N and P through T in Parcel A have been recorded in the Bureau of Conveyances of the State of Hawaii. Those recorded plats include metes and bounds descriptions of Lot 14-A and Lots A through H, J through N and P through T in Parcel A. Those metes and bounds descriptions are legally adequate for the conveyance of land on Kaua`i and in Hawai`i.

The Deed conveying your Lot to you will describe the Lot by metes and bounds. However, we reserve the right to have some or all of the Residential Lots plotted on a file plan, in which case the metes and bounds descriptions for the Residential Lots will be replaced by the file plan description. Although not anticipated, minor (de minimis) corrections to the metes and bounds descriptions of the Lots may be required as part of the file plan approval process.

Zoning

The property in the Subdivision is zoned R-4 (Residential) under the zoning regulations for the County and is designated as Urban by the State of Hawai`i Land Use Commission. Under its current designation, the Residential Lots in the Subdivision may be used only for single-family houses and accessory purposes. The Subdivision also includes roadway lots and open space lots. All of these uses conform to the zoning requirements and restrictive covenants.

Kukui`ula is currently zoned as one large Visitor Destination Area ("VDA") and certain dwelling units in the Community may be used as Transient Vacation Rentals, as defined in the County zoning ordinance ("TVRs") if permitted by current Kauai County zoning ordinances and the Charter.

The Charter contains certain restrictions on leasing Units in the Community, including but not limited to, certain minimum leasing periods. As set forth in Section 7.1(g) of the Charter, certain Units in the Community that are designated for transient vacation rental use on a recorded subdivision map for Kukui`ula and/or in a supplement to the Charter may be rented for no less than seven consecutive days. As set forth in Section 7.1(b) of the Charter, if a Unit has NOT been designated as a transient vacation rental as set forth in Section 7.1(g) of the Charter, the Unit may be rented for no less than thirty (30) consecutive days.

As of the date of this Property Report, none of the Residential Lots in the Subdivision has been designated as a transient vacation rental pursuant to Section 7.1(g) of the Charter. Therefore, the Charter currently requires all of the Residential Lots to be rented for a minimum

of thirty (30) consecutive days. However, if a unit is not designated as a “transient vacation rental” under the Charter, the rental of the unit may still fall under the definition of “Transient Vacation Rental” under the then-applicable Kauai County zoning ordinance. Therefore, in addition to the applicable provisions of the Charter, the Owner of any Residential Lot must nonetheless comply with any County requirements applicable to the rental of the Owner’s Residential Lot, including without limitation, any applicable minimum rental period, completing any Transient Vacation Rental application, providing any documentation required in connection therewith, and obtaining any required tax licenses.

Pursuant to supplements to the Charter for the subdivisions known as “Parcel CC,” “Parcel FF,” and “The Club Villas,” each home in such subdivisions is allowed the transient rental of the home for a minimum of only one day. We may, pursuant to a Charter supplement, allow the one-night rental of additional Units in the Community that have been designated as a transient vacation rental pursuant to Section 7.1(g) of the Charter.

You may request copies of zoning ordinances and other zoning related documents applicable to the Community from the County’s Public Information Office (4444 Rice Street, Suite 230, Lihue, HI 96766, (808) 241-4903, Fax (808) 241-6877). You are strongly encouraged to consult with your legal counsel regarding the effects of the zoning ordinances, County requirements, and the Charter on your use of the Lot.

Existing and/or proposed uses of the property located outside of the Community (which may be adjacent to or in the vicinity of the Subdivision) are subject to change and are not within our control. All zoning is subject to change in the future. We make no representations, promises, or warranties regarding how the property adjacent to or in the vicinity of the Subdivision will be used or developed. Owners of lands adjacent to or in the vicinity of the Subdivision may seek to rezone their property, may seek zoning variances for their property, and/or may modify their site plan within existing zoning.

We reserve the right to sell portions of the property in the Community (including all or portions of various development parcels) to one or more other developers, who will have the right to request changes in the development plan affecting the transferred property and may have a right to create their own sub-association for Units within their development area. Consequently, no assurance can be given that the zoning or uses for the lands adjacent to or in the vicinity of the Subdivision will not change from that which currently exists.

Surveying

All of the Residential Lots in the Subdivision have been surveyed and temporarily marked for identification. You will not be responsible for the cost of this initial surveying and marking. However, any surveys required in accordance with submittals under the Design Guidelines are your responsibility.

Permits

You (or your designated home builder) must secure a building permit prior to commencing construction on your Residential Lot. Building permits may be obtained from the Kaua`i County Building Department, the address of which is 4444 Rice Street, Suite 473, Lihue, HI 96766 (Phone: (808) 241-6699; Fax: (808) 241-6699). You and/or your home builder are encouraged to contact the Building Department to obtain more detailed information or to schedule a pre-permit consultation.

Depending on the grade of your Residential Lot and your plans for improving the lot, you may also need a grading permit from the County before beginning construction. Grading permits may be obtained from the County Department of Public Works, the address of which is 4444 Rice Street, Suite 175, Lihue, HI 96766 (Phone: (808) 241-4883; Fax: (808) 241-6609).

Lot 14-A must utilize an individual sewage disposal system. A permit for the individual sewage disposal system must be obtained from the Department of Health, Kaua'i District Health Office, the address of which is 3040 Umi Street, Lihue, Hawaii 96766.

In addition, prior to requesting any permits or approvals from the County, you must first obtain approval for your building, landscaping and all other improvement plans either from our DRT or, after the DRT's authority has been delegated, the DRC, pursuant to the procedures set forth in the Charter and the Design Guidelines.

Environment

R. M. Towill Corporation prepared the "Kukui'ula Planned Community Environmental Impact Statement" dated April 1989, which was supplemented by the Final "Kukui'ula Bay Resort, Kukui'ula Planned Community Supplemental Environmental Impact Statement" dated August 1998 prepared by Townscape, Inc. (collectively, the "EIS"), relating to the effects the Community may have upon the environment. (The EIS covered the entire Community and did not focus just on the Subdivision that is the subject of this Property Report.) The County has accepted the EIS (and related supplemental environmental reports) as sufficient in connection with the County's final subdivision approval of the Subdivision.

You may obtain complete information regarding the EIS and a copy of the EIS from the Office of Environmental Quality Control (the "OEQC"), the address, phone number, and fax number of which are 235 South Beretania Street, Suite 702, Honolulu, Hawai'i 96813, (808) 586-4185 and (808) 586-4186, and electronically from the OEQC website at <http://hawaii.gov/health/environmental/oeqc>.

According to the EIS, development of the Community is expected to have minimal adverse impacts upon the environment and any major issues that have been identified in the EIS can be adequately mitigated. There are no known unresolved environmental issues associated with the Community. Based on the conclusions of the EIS, we do not anticipate that development of the Community will have adverse impacts on the geography and climate, land uses and ownership, soils or botanical resources.

The following paragraph provides a summary of the adverse conclusions and mitigation measures set forth in the EIS:

To minimize impacts on surrounding land uses, a 100-foot building setback along Lawai Beach Road has been established. Short-term unavoidable impacts are related primarily to construction. During construction, there may be temporary adverse impacts on air quality, soil erosion and noise. However, mitigation measures are meant to reduce these adverse impacts. Long-term impacts will be associated with increased traffic, electrical power generation, noise and an increase in visitors to the area. Following are examples of some of the mitigation measures that will be taken: new roads will be constructed and improvements will be made to existing roadways to mitigate adverse traffic impacts; erosion and dust control plans will be implemented for

construction operations; landscaping, berms, setbacks and walls will be used to buffer noise; and setbacks will be used to avoid damage from potential storm surges.

Isolated endangered plant and animal life, lava tubes, or other historic and archaeological sites (called "Archaeological/Biological Preserve Sites" or "AB Sites") exist within the Community and have been set aside for preservation. Identified AB Sites within other parts of the Community have been designated for preservation and are depicted on our land use plan for the Community, which has been approved by the County, the State Department of Land Natural Resources and/or the Land Use Commission of the State of Hawai'i. These AB Sites may not be disturbed or removed. Although the Subdivision does not have any known AB Sites, the possibility exists that an AB Site will be discovered when lot buyers make improvements to their Residential Lots.

The Association shall be obligated to protect and preserve the AB Sites, as required by regulations of the United States Fish and Wildlife Service and other agencies or boards of the State of Hawai'i or the U.S. government. Measures for protecting and preserving the AB Sites may include the construction of berms, walls, gates, and barriers, the installation of signs, plants and other landscaping, and monitoring of AB Sites.

There is a risk that additional lava tubes may be discovered in the future, which could potentially impact construction areas within the Community. In an effort to preserve and protect lava tubes, we may install devices to restrict access to the areas where lava tubes are present, including, but not limited to, gates at the entrances to such areas. The costs of maintaining the gates or other devices shall be a common expense of the Association (see Chapter 12 of the Charter).

In the event that a yet-to-be-discovered AB Site (an "Undiscovered Site") is discovered after construction of an improvement to a Residential Lot has commenced, construction on the Residential Lot shall cease. The Developer/Declarant shall be notified immediately of the existence and location of the Undiscovered Site and the State Historic Preservation Division and the Kaua'i Historic Preservation Review Commission will be consulted. The owner of that Residential Lot shall then be required to grant the Association, its agents, employees, and any government officials and inspectors access to the Undiscovered Site to conduct any required evaluation, testing, data recovery, preservation, and mitigation that may be required.

Significant archaeological sites identified in the EIS have been (or are being) recovered and, where appropriate, preserved through restricted, subdivided lots and appropriate preservation plans.

As provided in your Sales Contract, following closing, neither we nor the Association shall have any liability for any damages, for any increased construction costs, or for any delays caused by the existence or discovery of an AB Site on your Residential Lot. You will be responsible for those damages, costs and delays.

In the event of a violation of the environmental laws, significant civil and criminal penalties may be imposed under federal, state, and/or local law. In addition, such violation shall be subject to an enforcement action as described in the Charter (including the imposition of sanctions by the Association), as set forth therein.

ROADS

ACCESS TO THE SUBDIVISION

Access to the Boundary of the Community. Access to the boundary of the Community is over Ala Kalanikaumaka and Ala Kukui'ula via Po'ipu Road. All three roads have two lanes, are approximately 28 feet wide and are paved with asphalt. The County is responsible for the maintenance and repair of Po'ipu Road and the southern segment of Ala Kalanikaumaka, both of which are public roads. However, pursuant to a perpetual maintenance agreement with the County, that will be entered into with the County, the Association is responsible for maintaining and repairing the street lights and landscaping (a) along portions of the southern segment of Ala Kalanikaumaka and other non-standard appurtenances of that road, and (b) along portions of Ala Kukui'ula (which is currently a private road) once that street is dedicated to the County. As a member of the Association, you will contribute toward those maintenance and repair costs relating to Ala Kalanikaumaka and Ala Kukui'ula (once dedicated to the County), as described above, via payment of your Base Assessments (defined in the Property Owners Association section below) to the Association. Prior to dedicating Ala Kukui'ula to the County, the Association will be responsible for the road's maintenance and repair and will pay those costs for such interim period. If the County does not accept Ala Kukui'ula, then we will convey the road to the Association, which would thereafter continue to be responsible for its maintenance and repair. As a member of the Association, you will contribute toward those maintenance costs via payment of Base Assessments.

Access to the Boundary of the Subdivision. We have completed construction of the road that provides access from Ala Kalanikaumaka to the boundary of Parcel M2/M3. That road is Ala Kukui'ula, and is described in further detail above. Ala Kukui'ula generally runs in an east-west direction through the middle of the Community, perpendicular to Ala Kalanikaumaka and parallel to Lawai Road, which runs along the seashore.

Initially, access to Lot 14-A will be obtained directly from Lawa'i Road, which is a completed two-lane road, with a paved wearing surface of approximately 20 feet. The travel surface of Lawa'i Road is asphalt. Lawa'i Road is a public road maintained by the County.

Access from Ala Kalanikaumake to the boundary of Parcel A is via Ala Kukui'ula and Roadway Lots Z and S (Makani Kai Street and Noho Kai Street, respectively). Construction of Ala Kukui'ula that reaches another interior road, Ke Alaula, has been completed. Ala Pualeikukui (between Ala Kukui'ula and the entrance to Parcel A) generally runs in a north-south direction, and is approximately 44 feet wide and is asphalt-paved.

ACCESS WITHIN THE SUBDIVISION

The Deed conveying a Residential Lot in Parcel M2/M3 to you will provide you with the rights and easements that are appurtenant to the Residential Lot, as described in the Charter, including a nonexclusive access easement from Ala Kukui'ula over the internal roadways to your Residential Lot.

The internal roadways in Parcel M2/M3 have two lanes and a paved wearing surface width of approximately 24 feet. The cul-de-sac streets have a wearing surface width of approximately 20 feet.

The travel surfaces of the completed internal roadways in Parcel M2/M3 are made of asphalt.

Lot 14-A does not have internal roadways at this time. At such time as Parcel A is developed, it is possible that access to Lot 14-A may be provided through an interior road that will service Parcel A.

We are responsible for construction of the internal roadways in Parcel A, including an extension of Ala Kukui'ula and additional roadways (being Roadway Lots Z and X) to the boundary of Parcel A. The present surface of the internal roadways is dirt, and the final surface of such roadways will be asphaltic concrete. Such additional roadways and the Ala Kukui'ula extension will have two lanes and the paved wearing surface of such internal roadways will range from 18 feet to 24 feet. Construction of such internal roadways is currently 0% complete, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion date of April 2015 was not met.

We have posted a bond with the County to assure completion of the internal roadways in Parcel A.

The roadways in Parcel M2/M3 and Parcel A are currently contemplated to be open for use by the public, but we reserve the right in our sole discretion to install a gate restricting access to Parcel M2/M3 and Parcel A. The Association will be responsible for the costs to maintain and repair such roadways (and their landscaped areas), in addition to any gate that is installed to restrict access to Parcel M2/M3 and Parcel A. However, we will be responsible for such costs until such roadways are completed and open for use. Thereafter, the costs to maintain such roadways (and their landscaped areas) will be included within the Base Assessments you will pay to the Association pursuant to the Charter. Reserves to cover anticipated maintenance costs will be budgeted for and collected from all Residential Lot owners within the Community.

The internal roads in Parcel M2/M3 and Parcel A will be maintained so as to provide year-round access to all of the Residential Lots.

Shared Driveway Areas. Access from the boundary of the adjoining internal road to Residential Lots 32 and 37 in Parcel M2/M3 (each a "Benefited Lot") will each be over a driveway easement that is shared with adjacent Residential Lots 33 and 38 in Parcel M2/M3, respectively (each a "Burdened Lot"). Residential Lot 38 is not covered by this Property Report. As referenced in the section above relating to "Restrictions on the Use of Your Lot", Residential Lots 32, 33, and 37 in Parcel M2/M3 are subject to a recorded "Declaration of Shared Driveway Easement," which establishes a perpetual non-exclusive easement for ingress and egress in favor of each Benefited Lot over a portion of each Burdened Lot for the purpose of creating a shared driveway area (as defined in the document) (the "Shared Driveway Area"). The document also establishes certain covenants relating to vehicular and pedestrian access over the Shared Driveway Area, maintenance, repair, and improvement of the surface of the Shared Driveway Area, and landscaping and utilities located within the Shared Driveway Area.

If you are a buyer of Residential Lot 32, 33, or 37 in Parcel M2/M3, then the following indented paragraphs and Warnings apply to your Residential Lot (and do not apply to the other Residential Lots covered by this Property Report):

We are responsible for construction of the Shared Driveway Area on each of the Burdened Lots. There will be no cost to you for such construction.

Each Shared Driveway Area will be comprised of one lane that is 12 feet wide.

Construction of each Shared Driveway Area will commence upon the later of: (a) 90 days after the owner of the applicable Burdened Lot submits the design plan for their home to the DRT or, if applicable, the DRC; or (b) the date requested by the owner of the applicable Burdened Lot, provided they have submitted the design plan for their home to the DRT or, if applicable, the DRC. We estimate that construction of each Shared Driveway Area will be completed within 60 days after such construction has commenced.

The present percentage of construction now complete for each Shared Driveway Area is 0%. The present surface is dirt and the final surface of each Shared Driveway Area will be concrete or asphalt, depending on factors to be evaluated after the owner of the Burdened Lot has submitted the design plan for their home to the DRT or, if applicable, the DRC.

We are responsible for maintenance, repair, upkeep and preservation of the surface of the Shared Driveway Areas before the applicable Burdened Lot owners take title to their Residential Lots. Pursuant and subject to the applicable Declaration of Shared Roadway Easement, after Closing, each Burdened Lot owner will be responsible for maintenance, repair, upkeep and preservation of the surface of the Shared Driveway Area, but the cost for doing so is to be shared equally between the respective Burdened Lot owner and Benefited Lot owner. The cost of such maintenance, repair, upkeep and preservation should be the same as the cost to maintain other similar driveways.

NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE SHARED DRIVEWAY AREAS ON RESIDENTIAL LOTS 33 AND 38 IN PARCEL M2/M3, IN FAVOR OF RESIDENTIAL LOTS 32 AND 37 IN PARCEL M2/M3, ALTHOUGH WE WILL BE CONTRACTUALLY OBLIGATED TO THE BUYERS OF THE APPLICABLE RESIDENTIAL LOTS TO COMPLETE THE SHARED DRIVEWAY AREAS.

THE OWNERS OF RESIDENTIAL LOTS 33 AND 38 IN PARCEL M2/M3 (WHICH WOULD INCLUDE US PRIOR TO CONVEYANCE) ARE RESPONSIBLE FOR MAINTAINING AND REPAIRING THE SHARED DRIVEWAY AREA BURDENING THEIR LOT. IF SUCH OWNERS DO NOT PERFORM SUCH MAINTENANCE AND REPAIR, THEN THE OWNERS OF RESIDENTIAL LOTS 32 AND 37 IN PARCEL M2/M3 (WHICH WOULD INCLUDE US PRIOR TO CONVEYANCE) SHALL HAVE THE RIGHT TO PERFORM SUCH MAINTENANCE AND REPAIR. IF SUCH MAINTENANCE AND REPAIR IS NOT PERFORMED, THE SHARED DRIVEWAY AREA MAY SOON DETERIORATE AND ACCESS TO YOUR RESIDENTIAL LOT MAY BECOME DIFFICULT OR IMPOSSIBLE.

If you are a buyer of Residential Lot 32, 33, or 37 in Parcel M2/M3, you are encouraged to read and understand the "Declaration of Shared Driveway Easement" that affects your Residential Lot and how it may impact the use and development of your Residential Lot. For example, no parking shall be permitted within the Shared Driveway Area.

The table below identifies the approximate distances from the center of the Subdivision to nearby communities.

Nearby Communities

Nearby Communities	Estimated Population*	Distance Over Paved Roads	Distance Over Unpaved Roads
Lihue (County Seat)	6,455	Approx. 11 miles	0 miles
Kōloa-Po`ipu	3,123	Approx. 0 miles	0 miles
Eleele-Kalaheo	6,985	Approx. 15 miles	0 miles

**Based on 2010 U.S. Census*

Street Lights. A non-conventional, unique set of custom street lights at designated major intersections of the Subdivision's and Community's primary roads has been installed. While the street lights will provide a certain level of illumination at the designated intersections, they will not be "street lights" in the traditional sense. The street lights shall be conveyed to the Association, which will then be responsible for maintenance, the cost of which will thereafter be paid through Base Assessments paid to the Association.

UTILITIES

All utility costs are "current" as of the date of this Property Report, but are subject to change and are outside of our control. Estimates of lot line extension costs are based on normal soil conditions. Therefore, the costs may increase substantially (e.g., possibly as much as 40% or more), based on rocky or unusual situations encountered for particular Residential Lots. Prior to entering into a binding Sales Contract, you should obtain your own cost estimates for lot line extensions, based on such conditions.

WATER

Potable water is supplied to the Residential Lots within the Subdivision by an extension of water lines from the central public water system that is owned, operated and maintained by the County of Kaua'i Department of Water ("DOW"), which is located at 4398 Pua Loke Street, Lihue, HI 96766; Phone: (808) 245-5430; Fax: (808) 245-5813; and website: www.kauai.org.

The DOW water supply system is operational and water is being provided from that system.

We have installed the necessary water transmission lines and other facilities needed to connect Parcel M2/M3 of the Subdivision to the DOW system and to deliver potable water to the property line of each Residential Lot in Parcel M2/M3 meaning that potable water service is available to the Residential Lots in Parcel M2/M3. Extension of water transmission lines is currently 0% complete to Lot 14-A, is estimated to commence in May 2017 and is estimated to be completed in August 2018. Our plans for extension of water lines to Lot 14-A have changed and the water lines will now be extended to Lot 14-A from the Parcel A water system. The original estimated completion dates of October 2013 and September 2014 for such extension were not met. Extension of water transmission lines is currently 0% complete to the Residential Lots in Parcel A, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion date of September 2014 for such extension was not met.

We have posted bonds with the County to assure completion of the water transmission lines to Lot 14-A and to the Residential Lots in Parcel A.

The construction plans for the water transmission lines to Lot 14-A and the Residential Lots in Parcel A have been reviewed and the permits have been issued.

DOW has stated that it has the ability to serve the anticipated population of the Community, including the Subdivision, and the supply of water is sufficient to serve the anticipated population of the Community, including the Subdivision.

With respect to purity and chemical content, DOW has stated that the water it supplies is tested at regular intervals and has been found to meet all applicable standards for a public water supply.

You will be responsible for the cost to construct the extension of the water line from the edge of your property line to your home. The current estimated construction cost to extend the water line from the edge of your Residential Lot to your home is approximately \$60 per linear

foot. This estimated cost is based on 2017 construction costs, is subject to change and is outside of our control.

After your contractor has completed the service connection from the connection point at your property line to your home, you can request the final hook up by calling the DOW directly. Additionally, a temporary water connection during construction may be available from DOW, with DOW-approved backflow protection.

In addition, you will be required to complete an application and pay standard user fees required by the County. Currently, the monthly service charge is \$17.75, based on a standard water meter (normally 5/8"). This monthly service charge is payable regardless of whether water is used. There may also be a fee called a "Power Adjustment Fee", which is currently assessed at 12 cents per 1,000 gallons of water used. The fees are in the control of the water service provider and are subject to change.

Your water bill will be issued every month, and will change depending on your water use during the applicable period. The current use fee is calculated on a sliding scale based on total usage that ranges from \$3.80 per gallon to \$8.95 per gallon. The fees and the cost figures stated above are subject to change and outside of our control.

Use of the DOW-administered water system is required, not optional. You must connect to DOW's water system, and you will not be permitted to install independent or individual water systems to service your Residential Lot.

The DOW will typically issue you a standard size water meter (normally, 5/8") for installation. Other meter sizes, if requested, may be available at different installation charges. It will be your responsibility to request installation of the appropriately sized water meter for your Residential Lot.

Once the water transmission lines and facilities have been dedicated to the County, the County will be responsible for their maintenance and repair.

Although no County-required water conservation measures (i.e., water use restrictions) are currently in effect, the County may implement water use restrictions from time to time. Any such restrictions and measures are outside of our control.

SEWER

Wastewater. Lot 14-A will be served by an individual sewage disposal system. Lots in Parcel M2/M3 and Parcel A will be served by a central wastewater collection and transmission system.

Individual Systems

The State of Hawaii Department of Health has approved the use of an individual wastewater system on Lot 14-A. The owner of Lot 14-A will be responsible for obtaining the permit for the installation of an individual wastewater system from the State of Hawaii Department of Health and for installing an individual wastewater system on the lot. The cost of a permit, including percolation testing, is currently \$5,000.

The estimated cost of an individual septic system and leach field, including design and installation, is approximately \$10,000.

Central System

We have installed an underground central wastewater collection and transmission system serving the Residential Lots in Parcel M2/M3 (as well as other lots within and/or outside the Community). Extension of wastewater collection and transmission lines to the Residential Lots in Parcel A is currently 0% complete, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion date of November 2014 for such extension was not met. The part of the system that serves each Residential Lot and connects or will connect to the central system was or will be generally installed within the roadway or a dedicated utility easement adjacent to each such Residential Lot, with lateral lines extending to the property line of each such Residential Lot. The collected wastewater will be transmitted to a privately owned wastewater treatment facility that is currently outside of Parcel M2/M3 and Parcel A (and the Community).

Regarding wastewater treatment, HOH Utilities, LLC ("HOH") is a private wastewater treatment provider that is regulated by the State of Hawai'i Public Utilities Commission (the "PUC"). HOH is not an affiliate or subsidiary of ours. The address of HOH is P.O. Box 1214, Lawai, HI 96765, and its phone number is (808) 332-7381.

HOH has stated that it can serve the wastewater treatment needs of the anticipated population of Parcel M2/M3 and Parcel A and we have entered into a PUC-approved agreement with HOH pursuant to which HOH will provide wastewater treatment services for Parcel M2/M3 and Parcel A (and other parts of the Community). Pursuant to that agreement, HOH will treat the wastewater from Parcel M2/M3 and Parcel A (including from your Residential Lot) either at HOH's existing Po'ipu Water Reclamation Facility ("PWRF"), which is located on Po'ipu Road, approximately two miles from Parcel M2/M3 and approximately three miles from Parcel A, or, possibly, at a new regional wastewater treatment plant that HOH may build and operate east of Kōloa town, approximately two (2) miles from Parcel M2/M3 and approximately three (3) miles from Parcel A.

The wastewater collection and transmission system that we constructed for service to Parcel M2/M3 and will construct for service to Parcel A will initially be owned, operated, and maintained by Kukui'ula South Shore Community Services, LLC ("KSSCS"). KSSCS is a private utility company that is regulated by the PUC. KSSCS is an affiliate of ours. The address

of KSSCS is c/o Waste Water Treatment Plant, 2700 Ke Alaula Street, Suite B, Kōloa, Hawai'i 96756 (Attn: WWTP Representative), and the phone number is (808) 742-6304. (KSSCS is also the owner and operator of the existing in-Community wastewater treatment plant, located adjacent to Ala Kalanikaumaka, approximately one-quarter (1/4) mile from Parcel M2/M3 and one and one-quarter (1 1/4) miles from Parcel A. That plant primarily treats wastewater from properties outside of the Community and will not be used to treat wastewater from Parcel M2/M3 or Parcel A.)

The KSSCS collection and transmission system serving Parcel M2/M3 is connected to the PWRF, and the KSSCS collection and transmission system that will serve Parcel A will be connected to the PWRF. If a new regional wastewater treatment plant is built by HOH, then the KSSCS collection and transmission system may also be connected to that treatment plant.

We have obtained all reviews of plans and specifications for the wastewater collection and transmission system that serves Parcel M2/M3 and the plans and specifications for the wastewater collection and transmission system that will serve Parcel A.

You are responsible for installing and paying for the connection between your home and the wastewater system's collection and transmission system at your property line. We estimate those costs to be approximately \$60 per linear foot. This estimated cost is based on 2017 construction costs, is subject to change and is outside of our control. You will also be responsible for sewage usage fees.

It is your responsibility to arrange for the required hook-up to the central wastewater system and to pay the current monthly charge. The current average monthly sewage charge for a Residential Lot and dwelling ranges from approximately \$40 to \$80, depending on the number of bedrooms and bathrooms in the dwelling. The final rates for use of the wastewater system have not yet been established by the service provider, are subject to change, and are under the jurisdiction of the PUC.

You will be required to connect to the wastewater collection and transmission system, you will not be permitted to utilize a septic tank or other individual sewage disposal system for your Residential Lot in Parcel M2/M3 or Parcel A.

Solid Waste. Solid waste (household waste) will be picked up at your Residential Lot by either the County or a private waste disposal vendor selected by the Association, and will be disposed of at a County-licensed landfill. This arrangement is subject to change. A private vendor may also be hired to collect recyclables. As a member of the Association, you will be required to pay for those collection and disposal costs as an additional expense above (and not part of) the Base Assessment you pay to the Association.

ELECTRICITY

Electric service to the Subdivision is provided by Kaua'i Island Utility Cooperative ("KIUC"), a publicly regulated utility, the office address of which is 4463 Pahee Street, Suite 1, Lihue, Hawai'i 96766. KIUC's telephone number is (808) 246-4300 and their website can be found at www.kiuc.coop. Electrical power is provided by KIUC's Port Allen power plant located at 261A Akaula Street in Port Allen. This power plant is located approximately 15 miles from the entry to the Community and is adequate to serve the Community (including all of the Residential Lots in the Subdivision). For emergencies and power interruptions, call (808) 246-8200.

Primary electrical conduits have been installed in the road right-of-way, with stub-outs, extended to the lot line of each Residential Lot within Parcel M2/M3. Installation of primary electrical conduits to the lot line of Lot 14-A and installation of the conduit to house the electrical lines that deliver electrical service to Lot 14-A is currently 0% complete, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion dates of October 2013 and September 2014 for such installation were not met. Installation of primary electrical conduits to the lot line of the Residential Lots in Parcel A and installation of the conduit to house the electrical lines that deliver electrical service to the Residential Lots in Parcel A is currently 0% complete, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion date of March 2015 for such installation was not met.

We have posted bonds with the County to assure completion of the primary electrical conduits to Lot 14-A and to Residential Lots in Parcel A and the conduit to house electrical lines that will deliver electrical service to Lot 14-A and the Residential Lots in Parcel A.

We have installed the necessary conduit to house the electrical lines that deliver electrical service to Parcel M2/M3. KIUC will install and pull the actual electrical lines through the conduit. The electrical lines within and serving the Subdivision are located underground.

KIUC's installation of the electrical conductors within the conduits in the Subdivision's roadways, which is necessary to make electrical service available, is partially completed and will be finally completed for your Residential Lot in advance of construction of the house on your Residential Lot. Until installation of the electrical conductors and appurtenances for your Residential Lot, your Residential Lot will not have electrical service and, unless temporary electrical service is provided to your Residential Lot, it will be difficult for construction to take place on your Residential Lot. Once we have an indication when construction of the house on your Residential Lot will begin, KIUC will install its own electrical lines to service points in the roadway adjacent to your Residential Lot. KIUC will install its own meters and will be responsible for maintenance of the electrical lines outside the perimeter of your Residential Lot.

Other than connection and user fees (including deposits), there are no charges to you for construction costs, availability fees, or special assessments for construction of the electrical system outside of your Residential Lot. However, you will be responsible for the cost of actual construction of the connection (conduit) from the electrical service point adjacent to your Residential Lot to your home. We estimate the cost to extend the connection from the Residential Lot line to your home to be approximately \$60 per linear foot. This estimated cost is based on 2017 construction costs, is subject to change, and is outside of our control. Other factors may serve to significantly increase such estimates, and you are encouraged to independently investigate all such matters prior to purchase.

You will also be required to pay a service processing fee of \$20 to KIUC to open an account with KIUC. There will also be a service deposit requirement, which we estimate will be approximately \$100, and, because KIUC is a cooperative, a \$0.01 lifetime membership fee, which is non-refundable. There are currently no connection fees being assessed by KIUC. Monthly electric bills will vary with use, and the electric fees are in the control of KIUC and are subject to change. Depending on the design of your individual home and the electrical needs generated by it, additional transformers, pads, easements, and/or connections to main lines may be necessary. The costs associated with these additional items will be borne by you. (We do not have any control over any of the referenced costs, and all of them may be increased).

TELEPHONE

Telephone service is available to each of the Residential Lots in Parcel M2/M3 and will be available to Lot 14-A and Residential Lots in Parcel A from a telephone service provider. Currently, you are able to choose telephone service from: (a) Oceanic Time Warner Cable ("OTWC") (the local address of which is 3022 Peleke Street, Lihue, Hawai'i 96766, the telephone number of which is (808) 245-7720, and the website of which is <http://www.oceanic.com>); or (b) Hawaiian Telcom, Inc. ("HT") (the Honolulu address of which is 1177 Bishop Street, Honolulu, Hawai'i 96813, the telephone number of which is (808) 643-3456, and the website of which is <http://www.hawaiiantel.com>). It is possible that other telephone providers will be able to provide you with telephone service or that only one of the listed providers will offer telephone service.

We have installed the necessary conduit to house the telephone lines that deliver telephone service to Parcel M2/M3. Generally, those lines were installed within the roadway or within a dedicated utility easement and have been extended to the property line of each Residential Lot within Parcel M2/M3. The relevant telephone provider will pull the actual telephone lines through the conduit and will own the lines.

Installation of the necessary conduit to house the telephone lines that will deliver telephone service to Lot 14-A is currently 0% complete, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion dates of October 2013 and September 2014 for such installation were not met. Installation of the necessary conduit to house the telephone lines that will deliver telephone service to the Residential Lots in Parcel A is currently 0% complete, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion date of March 2015 for such installation was not met.

We have posted bonds with the County to assure completion of the necessary conduit to house the telephone lines that will deliver telephone service to Lot 14-A and Residential Lots in Parcel A.

You will not be responsible for any of the construction costs relating to the installation of telephone lines to the boundary of your Residential Lot. The relevant service provider will pull the actual telephone lines through the conduit and will own the lines. However, you will be responsible for the cost of actual construction of the connection (conduit) from the telephone service point adjacent to your Residential Lot to your home. Currently, the installation and/or excavation costs to extend telephone service from the phone handhole at the Residential Lot line to the phone panel at or within a dwelling is approximately \$60 per linear foot. This estimated cost is based on 2017 construction costs, is subject to change, and is outside of our control. Your telephone service will also be subject to various start-up costs, such as a connection fee, fees for telephone jacks, and service deposits. You will also be responsible for paying the monthly costs for telephone service.

Both of the identified telephone service providers currently estimate that its prevailing retail-rate installation fee is approximately \$50, plus tax, for basic installation, assuming the dwelling is pre-wired and jacks are installed. Monthly fees, based on a flat rate service, currently range from \$10 to \$45, depending on the type of service requested. Detailed pricing information is available when you place your order. Such charges are solely in the control of the

service provider and are subject to change. A refundable deposit may be required, depending on your credit history.

Cable Television and Internet Service. We have installed the necessary conduit to the boundary of your Residential Lot in Parcel M2/M3 and will install the necessary conduit to the boundary of Lot 14-A and the Residential Lots in Parcel A so that cable and internet service providers can deliver internet and cable television service to your Residential Lot. There are no television networks or major television stations on Kaua`i.

You will not be responsible for any of the construction costs relating to the installation of cable and television lines to the boundary of your Residential Lot. The relevant service provider will pull the actual cable and television lines through the conduit and will own the lines. However, you are responsible for extending these lines from the edge of your Residential Lot to your dwelling. An estimated cost to extend the facilities from the Residential Lot line to your home is approximately \$60 per linear foot. This estimated cost is based on 2017 construction costs, is subject to change and outside of our control.

You will also be responsible for paying for the cable and television service provided to your home. The ducts, handholes and cables for the cable television system will generally be underground, although there will be certain above-ground power supply pedestals.

Section 15.5 of the Charter provides that you acknowledge that interruptions in cable television, internet and other such systems and services will occur from time to time.

FUEL OR OTHER ENERGY SOURCE

It is expected that electricity will be the primary energy source for lighting, operating appliances, and similar services in the Subdivision. However, for the convenience of Parcel M2/M3 and Parcel A residents, propane gas service has been or will be made available to Parcel M2/M3 and Parcel A and supplied by The Gas Company, the address, phone number and website of which are 3990 Rice Street, Lihu`e, Kaua`i, HI 96766, (808) 245-3301, <http://www.hawaiiigas.com>. You must contact The Gas Company on your own to initiate propane gas service. The Gas Company currently requires a \$100.00 deposit and there is a \$7.29 customer charge assessed monthly for the use of its equipment. The Gas Company will own and maintain the propane gas lines and propane gas tanks.

We have installed propane gas service lines to the edge of your property line for lots in Parcel M2/M3. Installation of propane gas service lines to the edge of the property lines of the Residential Lots in Parcel A is currently 0% complete, is estimated to commence in May 2017 and is estimated to be completed in August 2018. The original estimated completion date of March 2015 for such installation was not met.

We have posted a bond with the County to assure completion of the propane gas service lines to the edge of the property lines of Residential Lots in Parcel A.

Although you will not be responsible for those installation costs, you will be responsible for extending the propane gas line from your property line to and throughout your home. An estimated cost to extend the lines from the propane gas handhole at your property line to your home is approximately \$60 per linear foot. This estimated cost is based on 2017 construction costs, is subject to change and is outside of our control.

If the owner of Lot 14-A desires propane gas service, an individual propane gas tank must be installed, as we will not install propane gas service lines to the property line of Lot 14-A. Propane gas tanks are available from The Gas Company, whose address, phone number and website are provided above. The size and cost of a storage tank and the installation cost depends entirely on the size of the home to be built on the lot. The owner of Lot 14-A should contact The Gas Company directly for size and cost information when the size of the home to be built on the lot has been determined.

FINANCIAL INFORMATION

Copies of our audited, consolidated financial statements for the year ended December 31, 2015 and our interim unaudited financial statement for the period ended December 31, 2016 are available from us upon request. The accountant who prepared the audited financial statements neither qualified the opinion nor declined to give an opinion. We experienced an operating loss during the fiscal year ended December 31, 2016. This may affect our ability to complete promised facilities and to discharge financial obligations.

LOCAL SERVICES

FIRE PROTECTION

Fire protection is available year round from the County. The nearest fire substation is located in Kōloa, near the intersection of Po`ipu Road and Lawai Beach Road, and is approximately 0.5 miles from Parcel M2/M3 and 1.5 miles from Lot 14-A and Parcel A. The Subdivision is or will be serviced by fire hydrants.

POLICE PROTECTION

Police protection is available from the County Police Department year-round. The nearest police substations are currently located in Waimea, at 9835 Kaunualii Highway, and in Lihue, at 3990 Kaana Street, Suite 200. Each substation is approximately 12 miles from Parcel M2/M3 and approximately 13 miles from Lot 14-A and Parcel A. The location of future police substations is outside of our control.

You and your family, guests, and invitees shall be responsible for your own personal safety and the security of your property.

SCHOOLS

There are public elementary, middle and high schools in the vicinity of the Community. Kōloa Elementary School is a public elementary school, located at 3233 Po`ipu Road in Kōloa, approximately 0.5 mile from Parcel M2/M3 and approximately 1.5 miles from Lot 14-A and Parcel A. Chiefess Kamakahahei Middle School is a public middle school located at 4431 Nohu Street, in Lihue, approximately 10 miles from Parcel M2/M3 and approximately 11 miles from Lot 14-A and Parcel A. Kaua`i High School is a public high school, located at 3577 Lala Road in Lihue, approximately 12 miles from Parcel M2/M3 and approximately 13 miles from Lot 14-1 and Parcel A. The Island of Kaua`i is also served by a number of private elementary, middle, and high schools.

Public school bus transportation is not currently available from within the Community, but you are encouraged to check with the State of Hawai`i Department of Education (the "DOE") for bus transportation information (<http://www.doe.k12.hi.us> or <http://www.ehawaii.gov/education/html>). All of this information is subject to change and is outside of our control.

Current plans by the DOE call for setting aside a total of approximately 18 acres on the east side of Ala Kalanikaumaka (outside of Parcel M2/M3, Lot 14-A and Parcel A) for future public school facilities. Approximately six of those acres have been designated and set aside for the expansion of Kōloa Elementary School in the vicinity of what is currently called "Parcel O". Approximately 12 of those acres have been tentatively designated for a second elementary school site in the vicinity of what is currently called "Parcel T-1".

The decision for such possible expansion and development would be made by the DOE, presumably based on need and cost. Such possible expansion and development is outside our control.

HOSPITAL

The nearest hospital facility to the Subdivision is Wilcox Memorial Hospital, which is located approximately 11 miles from Parcel M2/M3 and approximately 12 miles from Lot 14-A and Parcel A at 3420 Kuhio Highway in Lihue. Kaua`i Veterans Memorial Hospital, Samuel Mahelona Medical Center and a satellite facility of St. Francis Medical Center are three other hospital facilities located within approximately 17 to 23 miles of Parcel M2/M3, Lot 14-A and Parcel A.

Ambulance service is available to the Subdivision by calling "911".

PHYSICIANS AND DENTISTS

Physician services are available at the Kōloa Clinic of the Kaua`i Medical Clinic, which is located approximately one mile from Parcel M2/M3 and approximately 2 miles from Lot 14-A and Parcel A at 5371 Kōloa Road in Kōloa. Dental services are available at Kaua`i Family Dental Center – Kukui Grove, which is located at 4473 Pahee Street, Suite K, in Lihue, approximately 10 miles from Parcel M2/M3 and approximately 11 miles from Lot 14-A and Parcel A. Other physician and dental offices may be located through telephone directories and online.

SHOPPING FACILITIES

The nearest shopping area is located approximately one and one-half miles from Parcel M2/M3 and approximately 2.5 miles from Lot 14-A and Parcel A in Kōloa town. Other shopping facilities may be located through telephone directories and online.

A neighborhood retail and office center called "The Shops at Kukui`ula" includes various retail shops, dining, and entertainment options, as well as commercial office space and is located on an approximately 11-acre parcel near the intersection of Ala Kalanikaumaka and Po`ipu Road. The Shops at Kukui`ula is being developed in phases. The first phase of The Shops at Kukui`ula was completed in September 2009. It is currently anticipated that subsequent phases of The Shops at Kukui`ula Village may include various retail shops, dining, and entertainment options, as well as commercial office space.

We make no representations or warranties that any future phases of The Shops at Kukui`ula (or any other commercial site) will be completed as currently planned and no representation is made as to the specific timing of the construction and opening or the current or future tenant mix of The Shops at Kukui`ula. As provided in your Sales Contract, we shall not be liable for any claim, action, or damages for any failure to develop or complete additional phases of The Shops at Kukui`ula (or any other commercial site).

MAIL SERVICE

There is currently no mail service to Parcel M2/M3, Lot 14-A or Parcel A as there are no homes in Parcel M2/M3, Lot 14-A or Parcel A. Once Parcel M2/M3 has reached the necessary density level to install a cluster station, as required by U.S. Postal Service guidelines, a cluster station will be installed in Parcel M2/M3. Although not currently constructed, once a cluster station is built at the entrance of the Kaulu neighborhood of the Community, the owner of Lot 14-A may have mail delivered to a mailbox at the cluster station. The entrance of the Kaulu neighborhood is located approximately one mile from Lot 14-A. Once Parcel A has reached the

necessary density level to install a cluster station, as required by U.S. Postal Service guidelines, a cluster station is planned to be built at the intersection of Noho Kai and Makani Kai. Once constructed, residents of Parcel A may have their mail delivered to such cluster station. An additional cluster station may be constructed in the vicinity of Parcel A or the Plantation House. If so constructed, residents of Parcel A may have their mail delivered to such additional cluster station.

For additional convenience or privacy, you may arrange for your own post office box through the U.S. Postal Service at a postal service station or a sub-station. The Kōloa Post Office on Kōloa Road is currently the nearest post office to the Subdivision.

PUBLIC TRANSPORTATION

There is currently no public transportation available to and from Parcel M2/M3, Lot 14-A or Parcel A. The nearest public bus stop is currently located at the Kukui`ula Market, which is approximately one mile from Parcel M2/M3 and approximately two miles from Lot 14-A and Parcel A on Po`ipu Road. Private limousine and taxi service is generally available. Parcel M2/M3 is located approximately 13 miles from the Lihue Airport and Lot 14-A and Parcel A are located approximately 14 miles from Lihue Airport. Private automobiles can be rented at the airport and, possibly, at other locations. Other transportation services may be located through telephone directories and online.

RECREATIONAL FACILITIES

RECREATIONAL FACILITIES TO BE COVERED

In this section, we will discuss the following recreational facilities (a) that, if not completed, then, subject to certain contingencies, either we are contractually responsible to provide or complete or for which a third party is responsible to provide or complete, (b) that are within, adjacent or contiguous to the Community, and (c) that are maintained substantially for the use of owners within the Community (including Residential Lot owners within the Subdivision): the Kukui`ula Plantation House; the Kukui`ula Spa (the "Spa"); the Golf Clubhouse; the Kukui`ula Golf Course (the "Golf Course"); and the permanent tennis facilities (the "Tennis Facilities").

We will also discuss the Farm (defined below), the Aepoeha Reservoir (the "Lake"), and the Trails (defined below). The Farm, the Lake and certain Trails are, or will be, located in the vicinity, but outside, of the Community (and the Subdivision). The Farm, the Lake and the Trails will be maintained substantially for the use of owners within the Community (including the Residential Lot owners within the Subdivision).

The names currently assigned to the recreational facilities and used in this Property Report, the Governing Documents, marketing materials, conceptual maps and purchase documents are just interim names and may not be the final, official names of the facilities.

As noted below, a limited number of other individuals and, in some cases, the general public will also be permitted to use certain of the recreational facilities pursuant to restrictions and limitations, and, where applicable, upon payment of fees, as specifically explained in the Governing Documents.

Other than a portion of the Trails that may be located over roadways or within cul-de-sacs of the Subdivision, no recreational facilities will be located within the Subdivision. Unlike possibly other subdivisions, there will be no recreational facilities associated solely with the Subdivision that will be maintained substantially for the benefit of, or provided solely for the use of, the Residential Lot owners in the Subdivision.

RECREATIONAL FACILITY CHART

Facility	Percentage of construction now complete	Start date of construction (month/year)	Estimated date available for use (month/year)	Financial assurance of completion	Buyer's annual cost or assess.
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Primary Recreational Facilities

Kukui`ula Plantation House	100%	N/A	Completed	N/A	(1)
Spa	100%	N/A	Completed	N/A	(1)
Golf Clubhouse	100%	N/A	Completed	N/A	(1)
Golf Course	100%	N/A	Completed	N/A	(2)

Additional Recreational Facilities

Tennis Facilities (permanent)	0%	Unknown	Unknown	None	(1)
Farm	100%	N/A	Completed	N/A	(3)
Lake	100%	N/A	Completed	N/A	(3)
Trails	21%	April 2006	(4)	None	(3)

WE DO NOT OWN AND WILL NOT OWN THE FARM, THE LAKE OR THE OFFSITE TRAILS, SO WE CANNOT ASSURE THEIR CONTINUED AVAILABILITY; HOWEVER, LICENSE AGREEMENTS ARE CURRENTLY IN PLACE.

- (1) Your payment of the dues to be paid to The Club (the "Club Assessments") will give you the right to use the Kukui`ula Plantation House, the Spa, the Golf Clubhouse and the Tennis Facilities. There will be no separate annual cost or assessment to use the Kukui`ula Plantation House, the Spa, the Golf Clubhouse or the Tennis Facilities (although there may be additional fees for special events, classes taken, services received and purchases made, if applicable). See the Cost Sheet section of this Property Report for estimates of the Club Assessments and the Property Owners Association section of this Property Report for a discussion of Club Assessments.
- (2) Payment of your Club Assessments will give you the right to play golf on the Golf Course, provided, however, that there will be a separate, additional cost (e.g., greens fees for Plantation Members) to play golf on the Golf Course. In addition, separate (optional) Golf Memberships involve a Golf Membership Initiation Fee and Monthly Golf Membership assessments. See the Cost Sheet section of this Property Report for estimates of the mandatory (and, in the case of the Golf Membership, optional) Club Assessments and the Property Owners Association section of this Property Report for a discussion of Club Assessments. Plantation Members and Golf Members will both be required to pay cart fees (and guest fees, if applicable) to play golf on the Golf Course.
- (3) There will be no separate annual cost or assessment to use the Farm, the Lake or the Trails or to have those facilities maintained for your use (although, for the Farm, there may be additional fees for special events, classes taken, services received and purchases made, if applicable). Any such cost or assessment for USE of the facilities and for the operation of programs at the facilities will be part of your Club Assessments and any such cost or assessment for MAINTENANCE of the facilities will be part of your base Association Assessments. See the Cost Sheet section of this Property Report for estimates of the Club Assessments and the Association Assessments that you will pay and the Property Owners Association section of this Property Report for a discussion of Club Assessments and Association Assessments.

- (4) Portions of the Trails, including those portions in the vicinity of the Farm and the Lake, are currently available for use. However, because the various Trails will be constructed over many years along with the long-term development of the Community, it is estimated that all of the Trails will not be available for use until all of the residential Parcels in the Community have been built out, which is estimated to be by approximately December 2029.

Here we will discuss two sets of recreational facilities. In this Property Report, the first set is called the "Primary Recreational Facilities", which are comprised of the Kukui`ula Plantation House, the Spa, the Golf Clubhouse and the Golf Course. In this Property Report, the second set is called the "Additional Recreational Facilities" and they are comprised of the permanent Tennis Facilities, the Farm, the Lake and the Trails.

Kukui`ula Plantation House. The main Kukui`ula Plantation House (and its environs) includes eating facilities (such as a restaurant, bar/lounge and pool grille), a lobby and various lanais, a keiki (children's) room, an outdoor swimming pool, game and T.V. rooms, administrative offices, a kitchen and various back-of-house functions.

Spa. The Spa includes massage and treatment rooms, a movement studio, a fitness room, an outdoor swimming/lap pool, locker rooms, steam and sauna facilities, and retail and administration spaces.

Golf Clubhouse. The Golf Clubhouse includes a golf shop, locker rooms and lounges, offices, a cart barn and golf bag storage, central plant facilities, other facilities generally associated with a golf clubhouse, and various "back-of-house" facilities, such as offices, laundry area, maintenance room, storage room, receiving and security rooms.

The Kukui`ula Plantation House, the Spa and the Golf Clubhouse are each approximately one-half (1/2) mile from Parcel M2/M3 and approximately one and one-half (1 1/2) miles from Lot 14-A and Parcel A.

Golf Course. The Kukui`ula Golf Course is a par 72, 18-hole golf course. Portions of the Golf Course are directly adjacent to certain of the Residential Lots in the Subdivision.

Tennis Facilities. We have constructed two tennis courts in the vicinity of the Plantation House, which tennis courts may be relocated in the future. We plan to construct a permanent tennis facility somewhere within the Community (the "Tennis Facilities"). However, the plans for the permanent Tennis Facilities have not yet been finalized, so their location, size, construction completion date and final number of courts are currently unknown.

Farm. The "Farm" is an agricultural and/or recreational facility, located outside the Community, adjacent to the southeasterly shore of the Lake, approximately one-half (1/2) mile north of the 10th hole of the Golf Course, and approximately one mile west of Parcel M2/M3. The Farm is on approximately eight acres of land currently owned by a third party. The Farm consists of some small-scale demonstration farm plots and orchards.

Lake. Aepoeha Reservoir (the "Lake") is an approximately 25-acre manmade irrigation reservoir, which is currently filled with non-potable (i.e., undrinkable) water. It is located outside the Community, is owned by a third party and is approximately one mile west of Parcel M2/M3. The Lake is expected (but not guaranteed) to be filled with water and is expected (but not guaranteed) to be stocked with small game fish for catch and release fishing. Due to the

varying water quality, the nature of the waterway and underwater hazards that may exist, swimming in the Lake is NOT a recommended activity and we make no representation regarding the current or future quality and/or depth of the water for swimming activities. No lifeguard or other staffing will be on duty at the Lake. All activities at the Lake, including swimming, for you, your children and guests shall be at your own risk. Because the Lake's primary function is for irrigation purposes, the water levels of the Lake (and whether there is any or a sufficient supply of water for your intended activities in the Lake) are subject to change and are outside of our control. The trails surrounding the Lake are expected to remain rustic and unpaved. There will be several picnic spots along the shoreline of the Lake, but at this time, camping and overnight stays are not expected to be allowed.

Trails. There will be a network of hiking and biking paths and trails (collectively the "Trails") within portions of the Community and in the vicinity of the Community. There will, generally, be three types of Trails. One type of Trail leads from the Community to the Farm and the Lake and is located on land owned by third parties (the "Offsite Trails"). Your use of the Offsite Trails would be pursuant to an agreement between us and the third-party landowner, which would give you (and other lot owners in the Community) the non-exclusive and non-perpetual right to use the Offsite Trails. Although the third-party landowner will allow others to use the Offsite Trails, public use of the Offsite Trails is not anticipated. Another type of Trail will be on or near certain other residential areas, cul-de-sacs, dead-end roads or other areas owned by the Association within some of the Community's Parcels, including, possibly, the Subdivision (the "Private Trails"). Your use of the Private Trails would be pursuant to membership rights in the Association. Because the Private Trails are not anticipated to be on or near the Community's major roadways and thoroughfares, public use of the Private Trails is not anticipated. A third type of Trail will be in the vicinity of the Community's major roadways and thoroughfares, including some of the roadways in Parcel M2/M3 (the "Public Trails"). We have a contractual commitment to the County to construct the Public Trails and there will be an easement over the Public Trails in favor of the public. Because of that easement and because the Public Trails will be accessible to members of the public, public use of the Public Trails is anticipated, although the extent of such use is unknown. While development of the Trails will be phased to coincide with development of the Community's parcels and infrastructure, some of the Trails are currently available for use. Although the surfaces of the Trails are anticipated to include dirt, gravel, concrete, and/or asphalt, the specific layout and material of the Trails will be determined as the future Parcels are planned, designed and developed.

Constructing the Recreational Facilities

We are responsible for constructing the following facilities listed in the chart above that have not been completed: the permanent Tennis Facilities and unfinished Trails.

You and the other Residential Lot buyers are not required to pay any of the costs to construct the permanent Tennis Facilities and unfinished Trails.

No financial assurance for completion of construction of the permanent Tennis Facilities and unfinished Trails currently exists.

Maintaining the Recreational Facilities

The Club shall be responsible for the operation and maintenance of the Kukui`ula Plantation House, the Spa, the Golf Clubhouse, the Golf Course and the Tennis Facilities.

Although The Club will manage the Farm and be responsible for the programming activities relating to the Farm, the Lake and the Trails, the Association shall be responsible for operation and maintenance of the Farm, the Lake and the Trails and for the costs associated with such maintenance. Although the specific details of those maintenance responsibilities are currently managed by us, the costs of such maintenance responsibilities to be paid in the future from the base Association Assessments and The Club's costs for normal programming are to be paid for from the Club Assessments.

The Club's and the Association's respective costs relating to operation and maintenance of the applicable facilities are part of The Club's and the Association's budgets and, thus, paid for by you and other Plantation Members and Association Members. In other words, as a Plantation Member and an Association Member, your payment of Assessments to The Club and to the Association, respectively, will pay for the costs of operating and maintaining the recreational facilities.

Transfer of the Recreational Facilities

There are presently no liens or mortgages on the Kukui`ula Plantation House, the Spa, the Golf Clubhouse, the Golf Course, the land where the permanent Tennis Facilities would be or the portions of the Trails we own.

Although we do not own the Farm, the Lake or the Offsite Trails, it is our understanding that there are presently no liens or mortgages on the Farm, the Lake or the Offsite Trails.

Title to the Kukui`ula Plantation House, the Spa and the Golf Clubhouse will be transferred by limited warranty deed from us to The Club. We intend to transfer title to those facilities to The Club following the final completion of the contractor's punch list and remedial work.

Title to the Golf Course will be transferred by limited warranty deed from us to The Club. Because the layout of the Golf Course is such that it winds through both developed areas and areas that are intended for future development, and because not all of the individual golf holes are currently within individual legal lots, we plan to convey the Golf Course to The Club when all of the lands surrounding the Golf Course are planned and the development parcels adjacent to the Golf Course have been subdivided. It is also possible that we may convey to The Club portions of the Golf Course that are in completed areas of the Community in advance of portions of the Golf Course that traverse through areas of the Community that are not yet planned and/or developed.

Once construction of the Tennis Facilities is completed, title to the Tennis Facilities will be transferred by limited warranty deed from us to The Club. Such title transfer to The Club will follow the final completion of the contractor's punch list and remedial work on the Tennis Facilities.

Title to each of these properties will be transferred to The Club free and clear of all monetary liens and monetary encumbrances (except for the lien of real property taxes to be paid with respect to the facilities and the appurtenant land and except for the terms of any leases covering equipment that will be included with such facilities).

The portions of the Trails that are owned by us will be conveyed to the Association, although the Public Trails will be subject to an easement in favor of the County for public use.

Our transfer of the Kukui`ula Plantation House, the Spa, the Golf Clubhouse, the Golf Course and the Tennis Facilities to The Club and our transfer of the portions of the Trails and other common areas (e.g., landscape, drainage, etc.) owned by us to the Association should not have any adverse effects on, or cost to, Residential Lot owners; provided, however, that there may be risks, liabilities, and obligations associated with such recreational facilities (including personal injuries and others currently unforeseen).

Permits

We have not yet obtained the building permits (which are non-discretionary) for the permanent Tennis Facilities. (Building permits are not needed to construct the as-yet completed portions of the Trails.) Due to the current status of the permits for the permanent Tennis Facilities, we are required to state that there is currently no assurance that the Residential Lot owners will be able to use the permanent Tennis Facilities.

Who May Use The Recreational Facilities

Subject to The Club's Governing Documents, Plantation Members of The Club and their authorized guests may use the Kukui`ula Plantation House, the Spa, the Golf Clubhouse, the Tennis Facilities, the Farm, the Lake and the Trails. (We expect to have long-term access rights to the Farm, the Lake and the Offsite Trails granted by the third-party landowner, pursuant to which members of the Association and The Club will be able to use the Farm, the Lake and the Offsite Trails. However, the duration of the access is not guaranteed.)

Although you will be required to pay the mandatory annual dues to The Club (which dues will help pay for operation and maintenance of the various facilities), there will be no separate annual cost or assessment to use: (a) the facilities of the Kukui`ula Plantation House (although you will be required to pay for food, beverages, and other items or special services you obtain there); (b) the facilities of the Spa (although you may or will be required to pay for certain fitness classes and other scheduled activities (e.g., exercise classes, massages, etc.) or special programs you may request and receive there); and (c) the facilities of the Golf Clubhouse (although you will be required to pay for any items you buy or certain services you receive at the Golf Clubhouse).

In addition to Plantation Members, there will be a limited number of people who do not own property within the Community, but who will have some or all of the privileges (except voting rights) of Plantation Members, including the right to use some or all of the recreational facilities. In addition, guests staying at units participating in a "Lodge Rental Program" (as part of The Lodge at Kukui`ula) will be able to use some or all of the recreational facilities, as more particularly described in Supplemental Declaration to Kukui`ula Charter and Declaration of Easements (Parcel CC) and Supplemental Declaration to Covenant for The Club at Kukui`ula, both dated January 10, 2011, and recorded in the Bureau as Document Nos. 2011-010183 and 2011-010184, respectively, as each may be amended (collectively the "CC Supplement"). Use of the recreational facilities by such other persons will be pursuant and subject to restrictions and limitations, including payment of fees, set forth in the Governing Documents. Further, limited use of the golf facilities and Trails by the general public will be allowed. Use of the Kukui`ula Plantation House, the Spa, the Golf Course, the Golf Clubhouse, the Tennis Facilities, the Farm,

the Lake and the Trails by such other people and by the general public may limit their use by Residential Lot owners.

Use of the Trails will be subject to restrictions set forth in the Governing Documents. Among other restrictions, no horses, electric or motorized recreational vehicles (including privately owned golf carts) will be allowed on the Trails, although horses may possibly be allowed on the Offsite Trails pursuant to a program managed by The Club.

Tenants of leased property or renters of TVR's within the Community will have no use rights to the recreational facilities (including the Golf Course), unless they otherwise qualify under Section 3.5 of the Covenant. Currently, other than guests of units participating in The Lodge rental program, there are no plans to give tenants of leased property or renters of TVR's within the Community any use rights to the Farm, the Lake or the Trails.

The Golf Course can be used by Plantation Members and their authorized guests upon payment of applicable use fees for either a Plantation Membership or a Golf Membership. As such, as a Plantation Member, you will have the right to use the Golf Course, but will be required to pay greens fees and cart fees to do so. If you apply for and purchase a "Golf Membership" in The Club (described below), you will be able to play on the Golf Course without having to pay greens fees and will have additional rights to priority tee times through advance reservation privileges, as set forth in Section 4.2(b) of the Covenant. (Your guests would still be required to pay greens fees.) Golf cart fees shall still apply and will be charged per person, including Plantation Members, Golf Members and guests.

Subject to tee time availability and other rules and restrictions (including the Club Rules), there will also be limited use rights of the Golf Course in favor of eligible legal residents of Kaua'i and other members of the public who are not Plantation Members. Use by such non-Plantation Members may limit use of the Golf Course by Plantation Members and others entitled to use it. Please refer to The Club's Governing Documents, including the Covenant and the Club Rules, for a full explanation of the use rights and the restrictions with respect to use of the Golf Course by such non-Plantation Members.

Our principals, agents, and employees and others (including prospective buyers) may also use all of the recreational facilities, subject to restrictions and limitations set forth in the Governing Documents, including the Covenant and the Club Rules. Such use by these people may limit use of the facilities by Residential Lot owners. Use of all of the recreational facilities shall be subject to the Club Rules, which may change from time to time.

THE GOLF COURSE IS INTENDED PRIMARILY (BUT NOT EXCLUSIVELY) FOR MEMBERS OF THE CLUB. A LIMITED NUMBER OF OTHER PEOPLE WILL ALSO BE PERMITTED TO PLAY GOLF AT THE GOLF COURSE. YOU SHOULD CAREFULLY CONSIDER THESE AND OTHER ISSUES RELATING TO THE GOLF COURSE AND ITS USE PRIOR TO PURCHASE OF YOUR RESIDENTIAL LOT. SEE THE DISCUSSIONS OF THE PLANTATION MEMBERSHIP AND GOLF MEMBERSHIP UNDER THE PROPERTY OWNERS ASSOCIATION SECTION OF THIS PROPERTY REPORT, AS WELL AS THOSE SECTIONS DISCUSSING THE GOVERNING DOCUMENTS AND THE RECREATIONAL FACILITIES OF THE CLUB.

SUBDIVISION CHARACTERISTICS AND CLIMATE

GENERAL TOPOGRAPHY

The land in Parcel M2/M3 is hillside property, the general topography of which consists of rolling hills sloping downward going from north (mauka) to south (makai) at an approximate 30% grade. Approximately 7% of Parcel M2/M3 will remain as natural open space. No part of Parcel M2/M3 will be developed as parkland. The elevation of Parcel M2/M3 ranges from approximately 50 feet above mean sea level to approximately 240 feet above mean sea level. Currently, the land in Lot 14-A is sloping land ranging from approximately 64 feet above sea level to approximately 44 feet above mean sea level. Upon completion by the developer, the finished graded pad on Lot 14-A will be approximately 60 feet above mean sea level. The elevation of Parcel A ranges from approximately 56 feet above sea level to 118 feet above sea level. The land in Parcel A is hillside property. No part of Parcel A will be developed as parkland or remain as natural open space.

The Subdivision consists of volcanic rock (lava) overlaid with approximately 0 to 10 feet of silty clay-type soil. The soils are well-drained, stony and rocky, silty clay and both soil series (Waikomo and Lihue) are soil types developed from weathered basic igneous rock.

Geolabs, Inc.'s "Geotechnical Engineering Exploration Kukui`ula Parcel M Subdivisions, Subdivisions M1 through M4", dated May 31, 2006, which includes Parcel M2/M3, and Geolabs, Inc.'s "Kukui'ula Geotechnical Investigation" dated April 2002, which includes Parcel A state that "the site is generally underlain by competent soil and rock." Therefore, it is our engineer's opinion that the development within Parcel M2/M3 and Parcel A and development within the Community generally is feasible from a geotechnical engineering point-of-view, provided professional recommendations are obtained and followed. A specific geotechnical investigation of Lot 14-A has not yet been performed. It is the responsibility of the purchaser of Lot 14-A to perform its own geotechnical investigation and soils engineering.

The slopes of individual Residential Lots in Parcel M2/M3 range from approximately 7% to approximately 34%, depending on the location of the Residential Lot. Currently, there are steep slopes (i.e., 20% average grade or greater) on Residential Lots C, D, G, J, 36, 37, 68 and 69. Neither Lot 14-A nor the Residential Lots in Parcel A have slopes of 20% or greater. Other Residential Lots may have steep slopes on portions of the Residential Lot. As such, consideration of slope should be reviewed and considered prior to your purchase to determine the effects, if any, of slope on the costs and logistics of construction on your Residential Lot.

SOME LOTS IN THIS SUBDIVISION HAVE A SLOPE OF 20% OR MORE.
THIS MAY AFFECT THE TYPE AND COST OF CONSTRUCTION.

Based on our rough grading of the Residential Lots in Parcel M2/M3, Lot 14-A and the Residential Lots in Parcel A, we are not aware of specific Residential Lots having rock outcroppings. However, it is possible that you may discover rock outcroppings on your Residential Lot during construction of your residence.

The soils of the Residential Lots tend to be low to moderately expansive with occasional pockets of expansive soils. (According to the above-referenced report prepared by Geolabs, Inc., there are no known areas of subsidence within the Community.) Such expansiveness and

pockets, which cannot be identified on a specific Residential Lot until it is fine graded by its buyer, may affect construction on some Residential Lots and may necessitate the use of special construction techniques to build on or use such affected Residential Lots. It is your responsibility to have the soil of your Residential Lot tested by a qualified engineer and to grade your Lot.

You or your spouse or your agent or other representative MUST personally inspect your Residential Lot before Closing and you must sign an Affidavit of Inspection that will be included with your Sales Contract. Prior to any construction on your Residential Lot by you, or on your behalf, it will be necessary for you, at your cost, to have your own professional engineer, such as a geotechnical engineer (and such other advisors as you deem appropriate), examine your Residential Lot for you. At your own expense and responsibility, you and your engineer (and other advisors) will need to: assure the ability to construct your planned dwelling on it; determine the extent, if any, to which rock outcroppings affect your Residential Lot; determine the stability and expansiveness of the soil on your Residential Lot; test the soil; make design and other recommendations relating to the foundation; and determine whether any special construction techniques should be implemented to build on or use your Residential Lot. In connection with the design, engineering, and construction of your home, you will need to follow the recommendations made by your engineer (and other advisors).

If it is determined that your Residential Lot has steep slopes, then you will probably have to grade your Residential Lot and/or construct special foundations to build on the Residential Lot pursuant to the recommendations of your engineer. If it is determined that your Residential Lot has rock outcroppings, then you will need to follow the recommendations of your soils engineer and/or contractor to remove or address those outcroppings. If it is determined that your Residential Lot has unstable or expansive soils, then you will need to follow the recommendations of your soils engineer to address those conditions and may need to add fill to the Residential Lot and/or use special construction techniques to build on or use your Residential Lot.

When preparing to landscape your yard and construct improvements, such as masonry walls and planters, concrete slabs, walks, pools, spas, decking, and other improvements, you must take special care to accommodate the soils conditions on your Residential Lot.

Prior to constructing any pools, spas, foundations, retaining walls, or other improvements on your Residential Lot, you must obtain, at your own expense, a geotechnical report to provide details and recommendations regarding cuts, fills, compaction and foundation design.

In connection with the construction of improvements on your Lot, it is your responsibility, with the assistance of your contractors and consultants, to properly design and install any improvements so as to protect those improvements from damage due to any soil or environmental conditions that may exist on your Residential Lot and to create and maintain sufficient slope to keep water away from your home and toward engineered drainage ways. As provided in your Sales Contract, as of closing, we shall have no liability or responsibility in connection with soil conditions.

WATER COVERAGE

There are currently no Residential Lots, or portions of any Residential Lots, in Parcel M2/M3 or Parcel A that are covered by standing water at any time during the year. No portion of Lot 14-A is covered by standing water at any time during the year.

DRAINAGE AND FILL

As discussed in further detail under the heading "Flooding and Soil Erosion" below, we were responsible for reshaping an existing drainage basin and grading the pad on Lot 14-A and such improvements have been completed. The purchaser of Lot 14-A will be required, however, to bear the cost of the construction work associated with reshaping the existing drainage basin and grading the pad on Lot 14-A. Depending on the type, size and layout of the home that you build on your Residential Lot, your Residential Lot (like every other Residential Lot in the Subdivision) may need drainage facilities constructed and/or fill material placed before your home can be constructed on your Residential Lot. You will be responsible for any such drainage facilities and/or fill material, the costs of which are dependent on the type, size and layout of your home. Additionally, you will be responsible for designing any necessary drainage facilities and/or grading within your Residential Lot to direct any water runoff from your Residential Lot to designated locations or drainage facilities in accordance with the Master Drainage Plan (as defined below) and the drainage plan for the Subdivision.

The Subdivision's drainage improvements are part of an integrated master drainage system to manage and control storm water as approved by the County of Kaua`i. Storm water management is accomplished by utilizing natural valleys, swales, channels, roadways, underground pipes and culverts. Storm water may also flow through a system of swales, retention and/or detention basins within the Golf Course as the water travels to an ocean exit.

Natural valleys and swales traverse through the Subdivision, which collect and concentrate rain water and other storm flow through the Subdivision. As part of our Subdivision Improvements (described in the General Information section above), we have constructed drainage facilities within Parcel M2/M3, as required by the County. We will construct the drainage facilities for streets and common areas within Parcel A in conjunction with construction of the roadways in Parcel A. On-lot drainage improvements, however, will be responsibility of the Residential Lot owner.

The drainage system we have constructed or will construct for the Subdivision captures, detains and diverts most of the storm water runoff within the Subdivision. The Golf Course contains a series of detention basins and swales that capture much of the mauka storm water runoff and route these flows to an outlet at Kukui`ula Bay. Drainage from the Golf Course also is carried by underground drain lines and swales to detention and de-silting basins throughout the Community and then on to an existing ocean outlet.

Pursuant to the Charter, the Association is responsible for the proper functioning of the storm water drainage system serving the Subdivision (and other parts of the Community), including maintenance, repair, and replacement, as needed, of pipes, culverts, and other structures and equipment comprising the system. However, pursuant to Sections 2.4 and 2.5 of the Covenant, The Club is responsible for any rainwater retention system utilized for the benefit of property for which The Club is responsible, including the Golf Course.

The County will maintain the drainage systems within the public rights-of-way and those within the public roadways. All other common area drainage systems (including those in the Subdivision's roadways and other common areas) shall be owned and/or maintained by the Association. It shall be your responsibility to maintain any right-of-way area from your property lines to the edge of the roadway pavement fronting your Residential Lot.

You are cautioned regarding excessive watering and/or over-spray of landscape materials. You will be responsible for any damage to persons or property caused by the alteration of the grade and/or soils conditions by you or on your behalf. After Closing, you are required to maintain your Residential Lot's grade and soil conditions. It is your responsibility to hire qualified landscape personnel to assist you with such maintenance.

Improvements to your Residential Lot must be constructed to conform to County building requirements, as they relate to your Residential Lot's soil conditions, site conditions and drainage.

You are responsible for any change in your Residential Lot's drainage. It is your responsibility to maintain and clean the drainage areas located within your Residential Lot to assure proper drainage and landscape maintenance. You will be responsible for damage to your property and/or to any other property caused by your altering the grade of your Residential Lot. We will not be responsible for any damage to persons or property resulting from any drainage from one property onto other property or from drainage within a Lot.

FLOOD PLAIN

According to the Flood Insurance Rate Map ("FIRM") prepared by the Federal Emergency Management Agency ("FEMA"), all of the Lots in Parcel M2/M3, Lot 14-A and the Residential Lots in Parcel A are located within Zone "X", which FEMA defines as "Areas outside the 1-percent annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees." According to FEMA, Zone "X" is considered a low to moderate flood risk area. However, changes in natural drainage due to development within the Subdivision may affect the risk of flooding from storm water runoff.

According to FEMA, flood insurance is not required in a Zone "X" designation, which means that FEMA would not require flood insurance for any of the Residential Lots in Parcel M2/M3, Lot 14-A or Residential Lots in Parcel A. However, Residential Lot owners in the Subdivision may be required by public or private lending institutions or other parties to have flood insurance policies. You should check with your lender and insurance provider to determine any flood insurance requirements and the cost of such insurance.

Outside of Parcel M2/M3, Lot 14-A and Parcel A, the southern portion of the Community, near Lawai Road, is designated Flood Zone "AE". According to FEMA, Flood Zone "AE" includes "Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage." The base flood elevations for the "AE" zone within the Community range from approximately 10 feet above mean sea level to approximately 16 feet above mean sea level.

FLOODING AND SOIL EROSION

The "Master Drainage Plan", dated May 2005 and prepared for us by Austin, Tsutsumi & Associates, was prepared, in part, to prevent periodic flooding throughout the Community (including the Subdivision). The Master Drainage Plan which was reviewed and approved by the appropriate government agencies, calls for the creation of detention basins and other means of diversion or detention within the Community, with an intent to slow the velocity of, and to detain, surface water in the Community. We have completed construction of the improvements referenced in the Master Drainage Plan that relate to Parcel M2/M3, with such construction being in compliance with the Master Drainage Plan. A detention basin and culvert pipe already exist on Lot 14-A in compliance with the Master Drainage Plan. We have reshaped the existing drainage basin and have graded the pad on Lot 14-A. The purchaser of Lot 14-A will bear the cost of such improvements to the drainage facilities, which is estimated to be approximately \$150,000. Construction of drainage facilities within Parcel A is estimated to commence in May 2017, is presently 0% complete and is estimated to be completed in August 2018. The original estimated completion date of April 2015 for such construction was not met. We have posted bonds running in favor of the County to assure completion of the drainage facilities for Parcel A.

We also have drainage plans that address specific drainage issues in Parcel M2/M3 (the "Subdivision Drainage Plan"), but that are consistent with the Master Drainage Plan. The Subdivision Drainage Plan for Parcel M2/M3, which was reviewed and approved by the appropriate government agencies, calls for the diversion or detention of storm water within Parcel M2/M3. We have completed construction of the improvements referenced in the Subdivision Drainage Plan that relate to Parcel M2/M3 in compliance with such plan.

You are cautioned that the longer your Residential Lot is left unimproved after Closing, the more likely it will suffer erosion as result of wind and rain. Additionally, after Closing, heavy rainfall may cause severe erosion of your Residential Lot and its slope areas. Accordingly, as provided in your Sales Contract, neither we nor the Association will be responsible or liable for any post-Closing remedial work required to restore damage to your Residential Lot from erosion. You and your builder must take all necessary steps to timely and appropriately address this issue.

NUISANCES

The uses, activities and things that may cause nuisances (or hazards) to the Subdivision (including the Residential Lots) include, but are not limited to:

(a) maintenance of the Golf Course and other recreational facilities, including use of lawnmowers, blowers, tractors, pumps, compressors and utility vehicles (resulting in increased noise), pesticides, fertilizers, herbicides and other chemicals for pest, weed and fungus control and management (possibly affecting personal health and the environment);

(b) significant construction, development, grading, improvement, sales, and maintenance activity within the Community, the Subdivision and other properties in the vicinity of the Community and the Subdivision;

(c) development will include roadways, residential, commercial, and other non-residential properties;

(d) irrigation of any and all surrounding lands, common areas, the Golf Course and other recreational facilities with reused or reclaimed water, treated effluent, or other sources of non-potable water (such water is not for human consumption and you should not drink or cook with it), which may result in possible overspray of such water);

(e) errant golf balls from the Golf Course and its driving range;

(f) events (including tournaments and other events hosted by us, The Club or the Association, which may include guests and non-residents) at the Golf Course, the Golf Clubhouse, the Kukui`ula Plantation House, the pool and other land uses in and around the Community (including, but not limited to, parties, outdoor performances, concerts, luau, additional parking, flags and the erection of tents and temporary stages);

(g) public use of the Trails and parks in and around the Community, as well as the additional lighting at Kukui`ula Bay Park;

(h) pedestrian, vehicular and maintenance traffic to and from, and lights and noise associated with, The Lodge at Kukui`ula units, the transient vacation rental ("TVR") units located in the Community, the Club Amenities (including the swimming pools), our administrative offices, the sales office, The Shops at Kukui`ula and any other commercial and retail areas within the Community, and the golf maintenance activities on Parcel Z (discussed in the Additional Disclosures and General Information section below); and

(i) KSSCS's existing in-Community wastewater treatment plant (located near Ala Kalanikaumaka, approximately one-quarter (1/4) mile from Parcel M2/M3 and 1 and 1/4 mile from Lot 14-A and Parcel A), which will be visible from some of the Residential Lots in the Subdivision.

The nuisances that may result from these uses, activities and things include, but are not limited to, personal injury, property damage, bright lights and other visual impacts (such as signage), noise, odors, debris, dust, traffic congestion, loss of privacy, and other inconveniences.

Golf Course Comfort Stations. It is anticipated that permanent comfort stations for the Golf Course will be located near the tees for Holes 5 and 13. The comfort station located near the tee for Hole 5 has been constructed and a temporary comfort station is currently located near the tee for Hole 13. Homes situated adjacent to or in the vicinity of such comfort stations will likely experience an increased amount of noise, odors and increased pedestrian and golf cart traffic.

Aircraft. The Subdivision may be subject to flyovers by various aircraft, including, among others, commercial aircraft, governmental regulatory agencies' aircraft, helicopters, hang gliders, and private aircraft. You are advised to contact the appropriate federal, State, and County government agencies for further information on flight patterns. The Lihue Airport is located approximately 13 miles from Parcel M2/M3 and 14 miles from Lot 14-A and Parcel A. All flight patterns are subject to change and outside of our control.

Agricultural Uses. The Subdivision is adjacent to, nearby, or in the general vicinity of lands that were, are or in the future may be actively used for livestock grazing and the growing, harvesting, or processing of sugarcane, coffee, and other agricultural products (collectively, the "Agricultural Activities"). The Agricultural Activities may, from time to time, result in smoke, dust,

noise, heat, earthshock, soot, ash, odor, noxious vapors, agricultural chemicals, particulates, and/or similar substances and nuisances (collectively the "Agricultural By-Products") being brought upon or affecting the Subdivision and your Residential Lot.

An easement shall be reserved over lands within the Community (and possibly the Subdivision) for the benefit of us and numerous other parties for agricultural use and related activities conducted by us and by other parties. Such easement shall include, but not be limited to, the transmission, discharge, or emissions of surface water runoff, noise, vibration, smoke, soot, dust, exhaust, noxious vapors, odors, and other substances that are created as a result of activities incidental to one or more of the following: (a) cultivation of flowers, trees, plants, vegetables, fruits, foliage, forage, and other agricultural products; and (b) buildings and uses including, but not limited to, storage facilities, roadways, and maintenance facilities that are normally considered necessary and appropriate for agricultural uses. As provided in your Sales Contract, we shall not be held liable for any nuisance, personal injury, illness, or any other loss or damage that is caused by the presence and operation of agricultural uses within the Community.

Pests and Wildlife. Kaua`i has a large population of feral chickens that cackle during the early hours of the morning and late at night. Mosquitoes, termites, centipedes, geckos, and various other flying and crawling pests are also present in or near the Subdivision. Coqui frogs, which can create loud noises, have been spotted on Kaua`i and may be in and around the Subdivision. Cane toads can be seen and heard in the Subdivision, and have glands that secrete an irritable solution that can be harmful to humans and poisonous to dogs and other pets. Cane toads should be removed from your Residential Lot whenever possible.

You will be assuming all risks pertaining to pests and wildlife in and around the Subdivision and releasing us, the Association, The Club, and all of our and their respective officers, directors, shareholders, employees, consultants, and agents from any and all claims, damages, costs, expenses, losses, and other liability (including actual attorneys' fees) for death or injury to any person and/or damage to any property arising from or otherwise relating to such pests and wildlife.

Common Areas and the Recreational Facilities. Use of our facilities (including administrative and sales offices and construction areas), the common areas of the Community and the recreational facilities by us, prospective purchasers, guests, and residents may cause or create nuisances and disturbances associated with such facilities. Uses of such facilities include, but are not limited to, parties, dining, recreation, entertainment, outdoor performances, concerts, luaus, and use of the related parking lots. You should consider the relative location of such facilities to your Residential Lot before deciding to purchase your Residential Lot. Residential Lots adjacent to or in the direct vicinity of such facilities may experience interference and disturbance associated with the use of such facilities, such as increased noise, lack of privacy, increased traffic, presence of maintenance crews, special events (including tournaments and other related events), and exposure to increased lighting.

View Impairment. Some facilities and structures that may be visible from the Subdivision and may be considered a visual nuisance to the Residential Lots include: the Kukui`ula office trailer areas; the existing wastewater treatment plant facilities and maintenance facilities; temporary construction yards currently located in Parcels "N", "R" and maintenance facilities of the Community; two water tanks containing potable water; the recreational facilities; Ala Kalanikaumaka; and Ala Kukui`ula.

The views from any individual Residential Lot or from any other part of the Community, whether developed or undeveloped, are not intended to be part of the value assigned by us to any Residential Lot, and no view or view plane is guaranteed from any part of a Residential Lot, any improvement on the Residential Lot or from any other part of the Community. Any view that may be available at the time you inspect or purchase your Residential Lot may be subsequently partially, materially or completely obstructed by (a) the planting, growth and propagation of new and existing trees, shrubs, plants or other landscaping, and/or (b) current and future development and construction within and outside the Community, including, without limitation, the construction of fences, walls, roof tops, buildings, decks and other improvements.

No salesperson, employee or agent has the authority to make any representations regarding the preservation of views. As provided in your Sales Contract, you will be deemed to have acknowledged that you have not relied on any representation, express or implied, concerning any particular view from your Residential Lot or any value that you may associate with any such view. If views are a concern to you, you should contact adjacent landowners and applicable planning and regulatory authorities to satisfy yourself in this regard.

KSSCS's Wastewater Treatment Plant. There is an existing wastewater treatment plant owned and operated by KSSCS, which is near Ala Kalanikaumaka, approximately one-quarter (1/4) mile east of Parcel M2/M3 and one and one-quarter mile from Lot 14-A and Parcel A. That wastewater treatment plant (both the existing one and any necessary redevelopment of it) will be visible from some of the Residential Lots in the Subdivision. The presence and operation of the wastewater treatment plant may result in odors, noises, lights, and vehicular traffic affecting all or portions of the Subdivision, including your Residential Lot.

National Tropical Botanical Garden. The Community is adjacent to and surrounds a portion of the National Tropical Botanical Garden (the "NTBG") and its accompanying visitor center. The NTBG visitor center is a public facility open for tours and scheduled bus shuttles. The NTBG and its visitors shall have the right to access the adjacent gardens through the use of roadways and paths within the Community. Increased noise and traffic may be nuisances associated with visitor use of the NTBG. As of the date of this Property Report, there is an existing NTBG tram access road that runs near Parcel A and the Lots in Parcel A. We have entered into an agreement with NTBG that allows for such tram access road to be relocated, and we currently plan to relocate the tram access road away from the Lots in Parcel A during the construction of the improvements in Parcel A. Note, however, the plans for the relocated tram access road have not been finalized, so the location and relocation commencement and completion dates are currently unknown. The relocated route is subject to change, and we reserve the right to further relocate such tram access road. Until the tram access road is relocated, purchasers can expect increased noise and traffic associated with visitor use of such tram access roads.

HAZARDS

In addition to those items described under Nuisances, above, some of which may be considered hazards, we will discuss here certain items that may present a hazard to you and your proposed use of your Residential Lot.

The Community (including the Subdivision) is generally not subject to more frequent or different kinds of natural hazards than most other real property located in the State of Hawaii. According to the Atlas of Natural Hazards in the Hawaiian Coastal Zone, prepared for the U.S. Department of the Interior and the U.S. Geological Survey (Geological Investigations

Series I-2761), dated January 9, 2002 (the "USGS Atlas"), the coastal area of the Island of Kauai, where the Subdivision is located, may be subject to the following natural hazards: tsunamis; floods (including flash floods and stream flooding); high waves; and strong winds (including hurricanes and tropical cyclones). Kauai may also be subject to the following other natural hazards: landslides, debris flows and rockfalls; earthquakes; lava; vog (volcanic gas); dam and reservoir failures; coastal erosion; drought; and wildfires.

THE COMMUNITY (INCLUDING THE SUBDIVISION) MAY BE AFFECTED BY NATURAL HAZARDS LIKE TSUNAMIS, FLOODS (INCLUDING FLASH FLOODS AND STREAM FLOODING), HIGH WAVES, STRONG WINDS (INCLUDING HURRICANES AND TROPICAL CYCLONES), LANDSLIDES, DEBRIS FLOWS AND ROCKFALLS, EARTHQUAKES, LAVA, VOG, DAM AND RESERVOIR FAILURES, COASTAL EROSION, DROUGHT AND WILDFIRES.

Based on the location of the Subdivision, the estimated possible frequency of each of those hazards occurring at the Subdivision is set forth in the following table. Just because the frequency of a hazard may be low does not mean the hazard cannot or will not occur. The fact that a hazard has been identified as a hazard suggests that it can occur. Further, if the hazard does occur, then the resulting injury and damage may still be severe. (You are advised to review the Kauai portion of the USGS Atlas, which can be found via a the following link: http://pubs.usgs/imap/i2761/sections/2_Kauai.pdf.)

Hazard	Estimated Possible Frequency (Low, Moderate, High)
Tsunamis	Low
Floods**	Low
High waves	Low
Strong winds*	High
Hurricanes and tropical cyclones*	Moderate
Landslides, debris flows and rockfalls	Low

Hazard	Estimated Possible Frequency (Low, Moderate, High)
Earthquakes (moderate (5.0) or higher)	Low
Lava	Low
Vog*	Moderate

Dam and reservoir failures***	High (but see note below)
Coastal erosion	Low
Drought	Moderate
Wildfires	Low

*The possible frequency of this hazard in the location of the Subdivision is no different than in most other locations of the Island of Kaua`i. In other words, although the location of the Subdivision may be susceptible to the specified hazard, it is no more susceptible than most other locations.

Perhaps the most serious natural hazard the Subdivision faces is from hurricanes, especially from June 1 to November 30. In the event of hurricanes and larger storms, some flooding may occur, although the drainage system has been constructed to meet the requirements of County standards.

Although the possibility of volcanic activity on the Island of Kaua`i is very low, with no currently active volcanoes, volcanic hazards could affect the Island. The Island of Hawai`i has several active and inactive volcanoes that emit acidic gases into the air. There are times when air quality on Kaua`i and the other islands are affected by these volcanic emissions known as "vog." Vog may be carried by the winds and the potential impacts include, but are not limited to, obscured views, lower agricultural yields for certain crops and acidified rainwater in catchment tanks. In addition, persons with respiratory or heart conditions may also be affected by vog. Other effects of volcanic activity that may occur include lava tubes and periodic earthquakes. If you would like more information on this, you should contact the State of Hawai`i, Department of Health or visit its website at <http://www.state.hi.us.doh/index.html> and make inquiries with other professionals for information about recommended precautions.

** There is a continuing risk and possibility of flooding from surface and storm water runoff from upslope properties. Stream flooding is also a recognized hazard on Kauai. However, flood exposure to the Subdivision from rising water levels in a body of water (such as a stream) is low. As noted above, according to FEMA, all of the Lots in Parcel M2/M3, Lot 14-A and Parcel A are designated as flood zone classification Zone X, which is characterized as an area of minimal flooding.

*** There is, currently, an unused water reservoir located on a portion of Remnant Lot J. As part of the Master Drainage Plan, we intend to convert that reservoir into a detention basin, which will temporarily detain storm water to allow suspended sediment to be removed and for the water to enter into the Community's storm drain system. Because the existing reservoir (until it is converted to a detention basin) and the proposed detention basin will likely have some water in the reservoir/basin and because water may be flowing into and out of the reservoir/basin, the area may present a hazard to trespassers (including children) who climb in or around the reservoir/basin. However, because the Subdivision is located upslope of the unused water reservoir, the likelihood of there being any damage to any Lots in the Subdivision as a result of a failure of the unused water reservoir should be low. Also, as part of our Master Drainage Plan, we constructed a storm water drainage culvert under Ala Kukui`ula to the east of the Subdivision's Residential Lot 55. This culvert may also present a hazard to people (including children) who climb in or around the culvert.

Lots within the Subdivision were used historically for agricultural purposes. The activities and uses incidental to such agricultural operations included the use of fertilizers, pesticides and herbicides and similar hazardous materials. There may be a continuing risk of hazards or nuisances attributable to those historical uses and continued adjacent uses.

Hawaii has no system for rating land for fire hazards.

As provided in Section 15.12 of the Charter, as owner of a Residential Lot, you acknowledge, accept, and assume the risk of natural disasters associated with the location and ownership of your Residential Lot and any home you may build on it. In addition, you acknowledge that warning sirens and devices used for notification of natural hazards may be located within the Community at locations to be determined by Civil Defense authorities.

Development and Construction Activity. For an extended period of time, substantial portions of the land located in the vicinity of the Subdivision will be subject to the ongoing, large-scale construction and development of the Community, which will include various residential, commercial, and/or other components. Such construction may include blasting and excavation. As a result, you can expect that the Subdivision (and your Residential Lot) will be affected by various nuisances, annoyances, and safety hazards, and by increased levels of noise, debris, traffic, windblown dust, pollution, lighting, smoke, soot, ash, odor, visual nuisances, or other annoyances and adverse environmental conditions (including, but not limited to, those attributable to wind drift and other weather factors) associated with the growth, construction and development of a residential and commercial community. As provided in your Sales Contract, we will not be responsible for any discomfort or inconvenience or liable for any loss or damage that you may experience as a result of such construction.

Temporary Construction Areas. There will be several temporary construction yards located within the Community from time to time during the active term of development of the Community. The construction yards will store trailers and materials. Although the most intense rock crushing operations during the initial phase of construction in the Community have been completed, there still exists the potential that additional rock crushing will be needed. As such, there is a possibility that a rock crusher, which will create loud noises while in use, will be active during future construction. Temporary storage yards will also be located within the Subdivision during residential home building activities. During the active construction period of the Community, there will be a complex of office and construction trailers and a site maintenance facility located on Parcel "N-2" and Parcel "N-3" (located to the east and northeast of Parcel M2/M3, respectively), where it is currently anticipated that daily construction- and site maintenance-related activity will take place. As a result of this activity, there may be additional noise, vehicular and pedestrian traffic, lights and signs in and around the Subdivision.

Electrical Lines. Electrical lines owned by Kaua'i Island Utility Cooperative ("KIUC") are located approximately one-quarter (1/4) mile north of Parcel M2/M3 and one and one-quarter mile north of Lot 14-A and Parcel A. The voltage and current associated with these electrical lines produce electric and magnetic fields of varying strengths. Recent studies on these fields, as reported in newspaper articles and other publications, indicate that experts have not yet determined whether some health risks exist from long-term exposure to fields near power lines. Strengths of fields are known to decrease rapidly with increased distance from power lines and other sources of electricity. We encourage you to contact KIUC (4463 Pahee Street, Suite 1, Lihue, Hawai'i 96766; (808) 246-4300; www.kiuc.coop) and otherwise inquire into the effects of electric and magnetic fields prior to purchasing a Residential Lot. You should purchase a

Residential Lot only after evaluating that information and making an independent decision. Neither we nor the Association nor any of our agents make any representation or warranty regarding electric or magnetic field levels within the Community (or the Subdivision) and all inquiries shall be referred to the electricity provider.

CLIMATE

The Community has a mild, semi-tropical climate. The average temperature ranges in summer and winter and the average annual rainfall for the area where the Community is located are as follows:

Average Temperature Ranges (Fahrenheit)		Average Annual Precipitation (inches)
Summer (June-Aug)	Winter (Dec-Feb)	
72 to 85	65 to 78	Approximately 41 to 44

OCCUPANCY

As of the date of this Property Report, there are no completed homes in Parcel M2/M3, Lot 14-A or Parcel A and there are no homes that are occupied on a full-time or part-time basis.

ADDITIONAL INFORMATION

In this section, we will discuss the Kukui`ula Community Association, The Club at Kukui`ula, Golf Memberships, real property taxes, the Community Facilities District, equal opportunity in lot sales, a listing of the Residential Lots, and additional disclosures and general information that are not covered elsewhere in this Property Report.

PROPERTY OWNERS ASSOCIATION

Upon purchasing a Residential Lot in the Subdivision, you will automatically become a member of two organizations: (1) the Kukui`ula Community Association (the "Association"); and (2) The Club at Kukui`ula ("The Club"), both of which have been formed and incorporated by us as Hawai`i non-profit corporations. Both organizations are currently operating. Generally, the Association will be the property owners association for the Community (including the Subdivision) and The Club will own, maintain, and operate various recreational facilities and amenities that you will be entitled to use as a member of The Club.

The Association

As the property owners association for the Community, the Association will own and manage certain common areas of the Community and will, subject to certain limitations, enforce the restrictions and standards established for the Community.

Pursuant to the Charter, during the "Association Declarant Control Period" (defined below and as "Declarant Control Period" in Section 2.1 of the Charter), we will exercise control over the Association by special voting rights, by initially appointing all or a majority of the Association Board, and by other reserved rights set forth in the Charter. The Association Declarant Control Period began on August 10, 2005 (being the date the Association was incorporated) and terminates upon the first of the following to occur: (a) when 75% of the total number of "Units" (which generally refers to residential lots, homes and/or condominium units) designated on the property described in the "Master Plan" (as defined in Section 2.1 of the Charter) has been conveyed to persons other than builders holding title for purposes of construction and resale; (b) December 31, 2040; or (c) when, in our discretion, we so determine and declare a termination of the Association Declarant Control Period in a recorded instrument. For a limited period after termination of the Association Declarant Control Period, we will also have certain approval rights regarding Association actions and decisions.

Also, as set forth in the Charter, during the "Development and Sale Period" (defined below), we will have further reserved rights with respect to the development and administration of the Community. The Development and Sale Period is the period of time during which we or an affiliate of ours owns any real property in the Community or has an unexpired option to expand the Community pursuant to Chapter 17 of the Charter.

Membership in the Association is mandatory for the owners of all Residential Lots in the Subdivision. Initially, there will be two classes of members in the Association, being "Owner" and "Declarant". The Owner members of the Association (referred to in this Property Report as "Association Members") are comprised of all Unit owners, although there shall be just one membership per Unit. Association Members shall be subject to regulations and restrictions promulgated by the Association Board. We are the sole Declarant member of the Association. The Declarant membership shall terminate two years after expiration of the Association Declarant Control Period or earlier at our discretion.

Association Assessments. After taking title to a Lot, you will be obligated to pay a monthly "Base Assessment" to the Association, which is currently \$946.86 per month (\$11,362.32 per year) per Residential Lot. The Base Assessments (as well as other assessments and fees of the Association) can be increased or decreased by the Association Board (which is controlled by us until expiration of the Association Declarant Control Period), as provided in the Charter. You should anticipate that the Base Assessments will increase in the future due to inflation and changing maintenance needs. The Association shall have a lien against each Residential Lot to secure payment of assessments.

Special Assessments. As set forth in the Charter, Association Members are also subject to Special Assessments. The Association Board may levy Special Assessments against Residential Lots to cover common expenses that are non-routine, unanticipated, or in excess of those anticipated in the applicable budget, to cover the cost of any construction, reconstruction, repair, or replacements of improvements to the common areas of the Subdivision, including fixtures and personal property relating thereto. Although there are currently no Special Assessments relating to the Subdivision, that is subject to change.

Specific Assessments. As set forth in the Charter, Association Members are also subject to Specific Assessments. The Association Board may levy Specific Assessments against Residential Lots to cover the costs of providing certain optional services to a Unit upon request of the Unit owner, to cover costs incurred by the Association in bringing the Unit (or the Unit's "Neighborhood" (referenced below)) or its owner or occupants into compliance with the Governing Documents, or to cover costs incurred as a consequence of the conduct of the owner, occupants or other users of the Unit. The amount of a Specific Assessment will depend on the service requested or the cost incurred.

Neighborhood Assessments. If, pursuant to the Charter, the Subdivision is designated by us as a "Neighborhood", Residential Lot owners may also be subject to "Neighborhood Assessments" (as defined in the Charter) to pay for those expenses (being "Neighborhood Expenses") that the Association incurs or expects to incur in connection with the ownership, maintenance or operation, generally, of common areas of the Community that are exclusively or primarily for a particular Neighborhood, or in connection with providing other benefits and services to a Neighborhood. There are currently no Neighborhood Assessments relating to the Subdivision. That, however, is subject to change.

Capital Start-up Fee. Pursuant to the Charter, as an initial owner of a Residential Lot in the Subdivision, you shall be required to make a one-time contribution to the working capital of the Association (the "Capital Start-up Fee"). The Capital Start-up Fee is in addition to the annual Base Assessment and any Neighborhood Assessment and is not considered an advance payment of those assessments. The Capital Start-up Fee shall be due immediately upon transfer of title to the Residential Lot. It is used for initial start-up expenses, operating expenses, establishing the initial reserve accounts and other expenses. The Capital Start-up Fee is currently \$1,600.00, but this amount is subject to increase from time to time. The Capital Start-up Fee shall be applicable to all lot buyers, unless exempt in accordance with the Charter.

Our Assessment Obligation. Our assessment obligation with respect to Residential Lots we own shall be as follows: During the Association Declarant Control Period, we have the option of either paying assessments in the same manner as any other Residential Lot owner or paying any shortfall under the Association's budget resulting from events other than failure of other owners to pay their assessments, including any budgeted contributions to reserves. If we

choose to pay Base Assessments for the unsold Residential Lots and the total collected Base Assessments allocated to the Units do not cover the "Common Expense Budget" (as described in Section 12.2 of the Charter) for any given year, then we may, but shall not be obligated to, advance the necessary funds beyond the Assessments that we would otherwise have paid to cover or subsidize the costs of the Common Expense Budget (in addition to any amounts paid by us at our option under Section 12.6(b) of the Charter). Any such payments may be treated, in our discretion, as a contribution, an advance against future assessments due from us, or a loan. Payment of such shortfall in the Common Expense Budget in any year shall not obligate us to continue payment of such amounts in future years, unless otherwise provided in a written agreement between the Association and us.

Functions of the Association. The Association is the primary entity responsible for administering the Community in accordance with the Governing Documents and for maintaining the common areas of the Subdivision. The Association may exercise all rights and powers that the Governing Documents and Hawai'i law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. The Association may also take any action reasonably necessary to effectuate any such rights or powers.

Among other things, the Association: (1) shall be responsible for the operation, management, insurance, maintenance, repair, and replacement of the common areas of the Community (including the Subdivision); (2) may provide services for the maintenance of health and safety within the Community (including the Subdivision); (3) shall have the power to enforce the provisions of the Charter and certain other documents pertaining to the Community (including the Subdivision); (4) will levy and collect assessments; and (5) may adopt and amend rules for the Community and the Subdivision. The Articles of Incorporation for the Association have been filed with the DCCA, thereby establishing the Association as a nonprofit corporation under Hawai'i law.

Association Amenities. We will construct and convey to the Association, at no cost to the Association, the "Association Amenities" (defined below), which the Association will be obligated to accept in accordance with the terms of the Charter. The Association shall own, operate, maintain and repair the Association Amenities, the costs of which shall be paid via Base Assessments and other fees and charges paid to the Association. Pursuant to Section 3.1 of the Charter, the Association Amenities are, collectively, any property or facilities that the Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Unit, and include all property, together with the facilities situated thereon, designated or identified as "Common Area" on a recorded subdivision map executed by us, or made subject to the Charter, or designated as "Common Area" or "Association Amenity" in any other recorded instrument signed by us. The Association Amenities also include any property that the Association holds under a lease and any easements in favor of the Association. We have the right to allow people who are not Residential Lot owners and who do not live in the Community to use the Association Amenities and the right to promulgate such rules and regulations of use relating to the Association Amenities as we, in our discretion, deem appropriate.

Public Facilities. In addition, the following facilities (collectively, the "Public Facilities") will be developed by us and maintained by the Association, but shall be dedicated to the County of Kaua'i and available for use by the general public: landscaped medians and rights-of-way in designated public streets and other non-standard improvements; non-standard street lights in public rights-of-way; the 20-acre Community Park (described in the Additional Disclosures and General Information section below); and Kukui'ula Bay Park (described in the Additional

Disclosures and General Information section below). The Association's cost to maintain the Public Facilities will be paid through Base Assessments and other fees and charges paid to the Association.

Architectural and Design Control. Through the DRT that we have appointed and will control, we shall, at least initially, have exclusive authority to review and act upon all applications for review of proposed improvements. That authority shall last at least until the expiration of the Development and Sale Period. After we delegate that authority to the DRC (which delegation may be revoked at any time), the Association Board will hold architectural control over the Subdivision and your Residential Lot by its ability to appoint (and remove) the members of the DRC. The Board will appoint (and remove) the members of the DRC even while the Board is under our control. (During the Association Declarant Control Period, improvements that we make within the Community shall not be subject to the design and construction requirements of the DRT, the DRC or the Design Guidelines.)

Services Provided by Us. There are some functions or services that we now provide at no charge for which the Association will be required to assume responsibility in the future. Those functions or services may include, without limitation: financial and legal reporting and other requirements; human resources; information technology; security; marketing/communications (e.g., mailings and announcements of member events); community relations (e.g., possible access into the Community for parades and marathons); and cultural resource obligations (e.g., preservation of conservation areas, monitoring restricted A&B sites). Nevertheless, because we built that assumption into the projections of Base Assessments that will be collected when such responsibility shifts to the Association, we do not anticipate that any material increase in Base Assessments or fees will be specifically necessary for the Association to continue these functions or services. We do anticipate, however, that, as provided in the Charter, assessments and fees will generally increase from year to year due to inflation, general budgetary requirements, and other factors outside of our control.

Current Level of Association Assessments. We believe that the current estimated level of Association Assessments will provide the capability for the Association to meet its planned financial obligations, including operating costs, maintenance, and repair costs and reserves for replacement.

The Club.

The Club owns, maintains, promotes, and oversees the recreational facilities, which you will be entitled to use as one of the members of The Club, subject to the Covenant, the Club Rules and applicable restrictions and limitations. As defined in the Charter, any property and facilities located within, adjacent to, or near the Community which The Club owns and operates for recreational and related purposes are "Club Amenities." It is anticipated that the Club Amenities will include, without limitation: the Kukui`ula Plantation House; the Spa; the Golf Clubhouse; the Golf Course; and the Tennis Facilities.

Pursuant to the Covenant, during "The Club Declarant Control Period" (defined below and as "Declarant Control Period" in Section 5.1(b) of the Covenant), we will exercise control over The Club by special voting rights, by appointing all or a majority of the Club Board, and by other reserved rights in the Covenant. Section 5.1(b) of the Covenant provides that The Club Declarant Control Period shall run until the date when "100% of the Units within Kukui`ula as set forth on the recorded Master Plan for Kukui`ula have been conveyed to the Owners." We do not currently have an estimate of the termination date of The Club Declarant Control Period.

As set forth in the Covenant, a membership in The Club is automatically issued to each "Owner" of a Residential Lot in the Subdivision (and to all other "Unit" owners in Kukui`ula). This mandatory membership is called a "Plantation Membership" and is comprised of "Plantation Members." Except for certain very limited exceptions, there shall be just one Plantation Membership in The Club for each Residential Lot (or each "Unit"). The owner(s) of a Residential Lot shall designate, no more frequently than once per calendar year, an individual who shall be the Plantation Member with respect to that Residential Lot and who shall be entitled to use of the Plantation Membership. The spouse of a Plantation Member or a person whose legal residence is on the Residential Lot (other than a tenant) may also be entitled to the privileges of a Plantation Membership.

As discussed below, The Club will also offer for purchase a limited number of optional "Golf Memberships," which will be comprised of "Golf Members." Also, a very limited number of people who do not own property within Kukui`ula's original boundaries or property that has been annexed to Kukui`ula will have some or all of the privileges of Plantation Members (except voting), including the right to use the recreational facilities, upon payment of fees (if any) and subject to restrictions and limitations set forth in the Covenant, the Club Rules and other applicable Governing Documents.

We specifically reserve the right to allow persons and entities who are not owners to use the recreational facilities at such times and upon the payment of such fees and assessments, if any, as we may determine. Certain uses of the recreational facilities by non-owners may include, without limitation, use by the general public, use by guests at The Lodge at Kukui`ula, use by our employees, and ongoing use by persons who are not Plantation Members in conjunction with purposes of ours or our affiliates; provided, however, that such non-owners shall not have the right to become Plantation Members. Further, use rights and privileges for Plantation Members shall be subject to the limitation on the number of Plantation Memberships established pursuant to the Club Bylaws. (Although a Plantation Membership will be issued for every Residential Lot, there is a limit on the number of additional people who will be afforded the privileges of a Plantation Membership.) There is the potential for these Club usage rights to be expanded in the future by amendment to The Club's Covenant during The Club Declarant Control Period.

Initiation Fee for The Club. Pursuant to the Covenant, a primary source of funding special initiatives of The Club shall be the one-time "Initiation Fee" (currently \$50,000.00) that will be charged to Buyers who purchase their Residential Lot from us (at Closing as part of their purchase) unless the owner is exempt from having to pay the Initiation Fee as set forth in the Covenant. Any subsequent transfer of the Residential Lot by you and by later owners of the Residential Lot will subject the purchaser or transferee to payment of the Initiation Fee, unless an exemption applies.

As set forth in the Covenant, we shall establish the criteria for determining the amount of the Initiation Fee to be collected upon each non-exempt transfer of a Unit. The Club has the sole discretion to determine the amount and method of calculating the Initiation Fee, and the Initiation Fee shall be established by the Club Board annually. As such, the Initiation Fee may increase or decrease in accordance with The Club's budget and membership plans. As provided in the Covenant, the Initiation Fee (and other assessments made by The Club) shall be secured by a lien on the Unit in favor of The Club.

You should read the Covenant and the Club Bylaws for details on membership in The Club, the Initiation Fee and exempt transfers.

The Club Assessments. Pursuant to the Covenant, you will be obligated to pay a monthly "Club Assessment" to The Club, which, as of the date of this Property Report, is currently \$1,183.56 per month (\$14,202.72 per year) per Residential Lot. The Club will also assess minimum usage fees in such amounts as The Club determines and specifies from time to time. The Club Assessments (as well as other assessments and fees of The Club) can be increased or decreased by the Club Board (which is controlled by us until termination of The Club Declarant Control Period), as provided in the Covenant. You should anticipate that the Club Assessments will increase in the future due to inflation and changing maintenance needs. As noted above, The Club shall have a lien against each Residential Lot to secure payment of the Club Assessments (and the other assessments and fees of The Club).

Special Assessments of The Club. As set forth in the Covenant, Plantation Members are subject to "Special Assessments" to cover expenses of The Club that are non-routine, unanticipated, or in excess of those anticipated in the applicable budget; provided, however, that, until termination of The Club Declarant Control Period, Plantation Members shall only be assessed Special Assessments for emergency situations. After the termination of The Club Declarant Control Period, the Club Board may also impose Special Assessments, in addition to other Assessments, against each Plantation Member to cover any operating deficits and to fund capital improvements to property of The Club. Any Special Assessment shall require the approval of Plantation Members representing at least 50% of the total vote in The Club. Although there are currently no Special Assessments by The Club, that is subject to change.

Functions of The Club. As set forth in the Covenant, we incorporated The Club to lease, acquire, own, and operate various recreational facilities for the Plantation Members. As set forth in the Covenant, The Club shall organize, fund, and administer activities, services, and programs to fulfill The Club's mission of providing varied recreational, leisure, cultural, educational and artistic services within the Community. The Club has no architectural control over the Community, the Subdivision, or the Residential Lots. The Articles of Incorporation for The Club have been filed with the DCCA, thereby establishing The Club as a nonprofit corporation under Hawai'i law.

Other than the Lake, the Farm and certain of the Trails, we will construct the recreational facilities and convey those that we own to The Club, at no cost to The Club. The Club will own those recreational facilities that are conveyed to it, and through its collection of Club Assessments, Initiation Fees, and other fees, dues and charges paid to The Club, it will operate, maintain and repair such recreational facilities.

Use of the recreational facilities is subject in all respects to the Club Rules, as they may be established and amended from time to time. As the entity that, at least initially, controls The Club Board, we shall have the right to promulgate such rules and regulations relating to use of the recreational facilities as we, in our discretion, deem appropriate. For example, as set forth in Section 3.5 of the Covenant, we have the right to allow a limited number of individuals who are not Unit owners to use the recreational facilities.

Even though you will be a member of The Club, you will not have any ownership interest in The Club or in the Club Amenities (or any other property owned by The Club). Further, during The Club Declarant Control Period, you will not have any right to vote on any matters of The Club or relating to any of the Club Amenities.

Concierge/Lifestyle Division. As set forth in the Covenant, The Club shall have the authority, but not the obligation, to employ a person to act as a concierge and/or to create a

"Lifestyle Division" of The Club and maintain a licensed "Activity Desk" to provide services or activities, for the benefit of the Plantation Members, subject to the right of The Club to terminate such service in the discretion of The Club. The Club shall determine, in its discretion, the hours of availability and scope of services to be provided by the concierge and/or the Lifestyle Division and may adopt standards and regulations designed to ensure that the concierge and/or the Lifestyle Division is available to provide such services to all Plantation Members who may wish to make use of this service.

Golf Memberships. Plantation Members may have the right to apply for, and if approved, to purchase a "Golf Membership," thereby allowing them to become a "Golf Member." If an eligible buyer applies for and purchases a Golf Membership, then, as set forth in the Club Rules, in addition to having all of the privileges of a Plantation Membership, you will be able to play golf on the Golf Course with advance tee time reservation privileges (with tee time priority over those Plantation Members who are not Golf Members), without the payment of greens fees as described in the Club Rules. As a Golf Member, you would also have additional privileges as set forth in the Covenant and the Club Rules. Golf Members will still be required to pay for use of a golf cart and their guests would still have to pay greens and cart fees.

The current Golf Membership Initiation Fee for 2017 is \$75,000.00, but that figure may be increased or decreased from time to time by the Board of the Club, which board may be controlled by us until termination of the Declarant Control Period for The Club. Thereafter, the owner-controlled board of The Club will establish such fees.

If you purchase a Golf Membership, then, in addition to the Club Assessments for your Plantation Membership, you will be obligated to pay monthly assessments for your Golf Membership ("Golf Assessments"). The Golf Assessments and other fees may be increased or decreased by the board of The Club, which board may be controlled by us until termination of the Declarant Control Period for The Club. Thereafter, the owner-controlled board of The Club will establish such assessments. You should anticipate that the Golf Assessments and other fees will increase in the future due to inflation and other reasons. The current Golf Assessments are \$473.43 per month (\$5,681.16 per year) in addition to the Club Assessments for a Plantation Membership. As such, the total current Club Assessments for a Golf Member/Plantation Member are \$1,656.99 per month (\$19,883.88 per year).

As set forth in Section 5.1(b) of the Covenant, greens fees, cart fees and guest fees will be established by us (in our discretion) until the sale of the last Unit by us in the Community is closed. If you are interested, refer to The Club at Kukui`ula Schedule of Membership Fees that is part of your sales documentation. Those fees remain subject to change.

As set forth in and subject to Section 4.2(b) of the Covenant, Golf Members are required to surrender their Golf Memberships when they no longer own property within the Community, and, upon a written request to The Club following the closing of the Golf Member's sale, The Club shall refund to the former Golf Member 100% of the Golf Membership Initiation Fee that had been paid by the Golf Member.

Voluntary Surrender of Golf Membership. In addition, as set forth in and subject to the Covenant, Golf Members may voluntarily surrender their Golf Membership while they still own property within the Community. Following such a surrender of a Golf Membership, the former Golf Member will be refunded 100% of the Golf Membership Initiation Fee that had been paid by the Golf Member, but only after the fourth new Golf Membership following such termination is purchased from The Club by a new or existing owner of property within the Community. A list

will be established when multiple Golf Members who still own Kukui`ula property have surrendered their Golf Memberships (the "Golf Membership Resale List"). There is no assurance of the length of time required to receive a refund of your Golf Membership Initiation Fee following a decision to resign your Golf Membership, and the number of members on the Golf Membership Resale List will vary based on market conditions.

Until the Golf Membership Initiation Fee is refunded to the terminating Golf Member (provided he or she still owns property within the Community), such Golf Member will continue to have full golf privileges and payment obligations for assessments and use fees as a Golf Member. By electing to purchase a Golf Membership, you will have acknowledged that: (a) you are aware of the membership resignation and resale procedures set forth in The Club's Governing Documents; (b) you have carefully considered such purchase; (c) you are acquiring the Golf Membership for the sole purpose of obtaining additional golf privileges in The Club's golf facilities, as set forth in The Club's Governing Documents, and not as an investment or for any economic profit; and (d) no oral or implied statements on a particular issue from a representative of The Club, a current member, a residential sales agent or any other individual that vary in any respect from The Club's Governing Documents are enforceable.

The Golf Membership is more particularly described in the general membership plan for the Golf Course and in related documentation, all of which will be made available to you for your review.

As provided in your Sales Contract, neither we nor the Club Operator assumes any responsibility or liability regarding the number of people on the prospective Golf Membership list when a Golf Member expresses an interest in surrendering his or her Golf Membership while continuing to own real estate in the Community. You are strongly encouraged to inquire about and carefully read and understand the Golf Member's privileges, initiation fee and assessment responsibilities, and termination rights, as well as the relevant Governing Documents, and to consult a legal and financial advisor, before agreeing to become a Golf Member.

Pursuant to the Covenant, Golf Memberships will only be issued to those persons who own property within the Community, provided, however, that, pursuant to the Covenant, we have the right to offer golf privileges and rights to use certain recreational facilities to a limited number of people and entities who do not own property within the Community. Such persons and entities would not be classified as "Plantation Members" or "Golf Members," and their use must be in accordance with the policies set forth in the relevant Governing Documents. Those persons and entities qualifying for such privileges include: certain residents of the Koloa Estates subdivision; up to 31 "Declarant Plantation Members" designated by us; guests at The Lodge at Kukui`ula; legal residents of Kaua`i who are eligible to reserve one of the limited "Kamaaina" tee times; invited guests of Plantation Members; and our invited guests. As explained above, there is the potential for these privileges described above to be expanded in the future by amendment to The Club's Covenant during the Club Declarant Control Period.

Services Provided by Us. There are some functions or services that we now provide at no charge for which The Club will be required to assume responsibility in the future. Those functions or services may include, without limitation: financial and legal reporting and other requirements; human resources; information technology; security; marketing/communications (e.g., mailings and announcements of member events); and community relations. Nevertheless, because we built that assumption into the projections for assessments that will be collected when these responsibilities shift to The Club, we do not anticipate that any material increase in assessments or fees will be specifically necessary for The Club to continue these functions or

services. We do anticipate, however, that, as provided in the Covenant, assessments and fees will generally increase from year to year due to inflation, general budgetary requirements, and other factors outside of our control.

Current Level of Club Assessments. We believe that the current estimated level of Club Assessments will provide the capability for The Club to meet its planned financial obligations, including operating costs, maintenance, and repair costs and reserves for replacement.

Pre-Construction Lot Maintenance Costs. Until construction of your home is completed, you will be responsible for paying a fee to the Association to cover the costs incurred by the Association to have your vacant Residential Lot mowed and maintained (e.g., weed control) by a private landscape contractor. The amount and frequency of such fee will depend on the size of your Residential Lot and how often and to what extent your Lot needs to be mowed and maintained, based on a visual inspection of your Lot. As of the date of this Property Report, we are not able to provide an estimate of what the fee might be.

Road-Edge Maintenance Costs. Within the roadway right-of-way in front of your Residential Lot (but not within the boundaries of your Residential Lot) is a grassed area that is part of the common area that will be owned by the Association (called the "road-edge"). Although the road-edge along your Residential Lot will be part of the common area, you will be responsible for the costs to maintain the road-edge. Until construction of your home is completed, you will be responsible for paying a fee to cover the costs incurred by the Association to have the road-edge along your vacant Residential Lot mowed and maintained by a private landscape contractor. After construction of your home is completed, the cost to mow and maintain the road-edge along your Lot will be included in your regular yard maintenance costs. The amount and frequency of the pre-construction and post-construction road-edge maintenance fees will depend on the amount of road-edge along your Residential Lot and how often and to what extent that road-edge is mowed and maintained on behalf of the Association. As of the date of this Property Report, we are not able to provide an estimate of what those fees might be.

TAXES

Real Property Taxes. Your obligation to pay real property taxes on your Residential Lot begins at Closing of the purchase of your Residential Lot. Real property taxes will be prorated as of the date of Closing. You will be required to pay your real property taxes to the County.

Annual real property taxes on the Residential Lot are based on the assessed value and will vary depending on the value of any improvements on the lot, and actual and permitted uses allowed on the lot. The fiscal year 2016-2017 real property tax rate for properties with a residential classification is \$6.05 per \$1,000.00 of assessed valuation. For properties with a residential investor classification, the 2016-2017 real property tax rate is \$7.05 per \$1,000.00 of assessed valuation. These rates are set annually by the County, and may vary from year to year. You are advised to contact the County Real Property Tax Office ((808) 241-6222), or seek advice from your own tax professionals regarding real property taxes, including real property tax deadlines.

Community Facilities District ("CFD"). In 1992, the legislature of the State of Hawai'i passed a law enabling each county within Hawai'i to independently determine whether to pass laws allowing for the formation of "community facilities districts", or "CFDs". On November 23, 2005, the Kaua'i County Council adopted Ordinance No. 837 allowing for the formation of CFDs

in the County of Kaua`i. Pursuant to Ordinance No, 837, the Kaua`i County Council authorized the formation of Communities Facilities District No. 2008-1 and established a CFD within the Community (the "Kukui`ula CFD"), thereby authorizing the issuance of bonds to be paid by special taxes levied within the Kukui`ula CFD, including your Residential Lot. The Kukui`ula CFD special tax provides a partial reimbursement to us of our costs to construct certain improvements benefiting the Community and the Kōloa-Po`ipu area.

Subject to certain exceptions, it is likely that the boundary of the properties that will be subject to the Kukui`ula CFD would generally coincide with the property boundary of the Community (which includes your Residential Lot in the Subdivision). The purpose of the Kukui`ula CFD is to finance public improvements (mostly public infrastructure-type improvements) that benefit the residents and guests of the Community and the residents of and visitors to the Kōloa-Po`ipu area. It is anticipated that such improvements will eventually be owned by the County or other appropriate governmental entities.

The improvements funded by the Kukui`ula CFD (the "CFD Improvements") include regional transportation improvements designed to provide better access through and around the Kōloa-Po`ipu area. Chief among those improvements will be Ala Kalanikaumaka (also known as the "Western Bypass Road"). We have completed construction of the southern segment of Ala Kalanikaumaka that runs from Kōloa Road to its intersection with Po`ipu Road and Lawai Road. We have also completed the intersection of Po`ipu Road/Lawai Road and Ala Kalanikaumaka/Lawai Road as a roundabout for traffic mitigation purposes.

Another CFD Improvement is the expansion of the County Department of Water potable water system. We have developed two groundwater wells in the Piwai area (approximately four miles north of the Community) that are estimated to each produce approximately 1,000,000 gallons of water per day, providing a source of potable water to the residents of both the Community and the Kōloa-Po`ipu area. In addition to these new sources of potable water, additional distribution and storage facilities will be developed to provide a more reliable and stable potable water system in the Kōloa-Po`ipu area. As such, a portion of our costs to construct the water distribution and storage facilities may be reimbursed to us via the CFD, meaning that, through the CFD payments by you and the other lot owners, you and the other lot owners would indirectly contribute toward the costs we incurred to construct the water distribution and storage facilities.

Other planned CFD Improvements include certain civil defense and shoreline recreational improvements (not including Kukui`ula Bay Park) that will benefit residents of and guests to the Kōloa-Po`ipu area and that will be specifically designed to meet the objectives of the County.

The County is expected to issue one or more series of bonds, as necessary to raise money to pay all or a portion of the costs incurred by us to construct the CFD Improvements. These bonds will be repaid and secured by a special tax to be levied against property within the Community (including your Residential Lot and the other Residential Lots within the Subdivision). The special tax will be apportioned in accordance with a rate and method of apportionment (the "RMA") adopted by the County.

The CFD bonds are not general obligations of the County of Kaua`i, the residents of Kaua`i or us. Rather, they will be secured only by the income stream from the special taxes, as provided in the RMA. The revenues raised from the annual special taxes and bonds would only

be used to pay the costs of the CFD Improvements, debt service on the bonds, and incidental expenses related thereto, including the County's costs of administering the Kukui`ula CFD.

The Kukui`ula CFD affects local residents and visitors to the County (including those within the Community) in two main ways: first, the residents of and visitors to the Kōloa-Po`ipu area are expected to derive benefit from the public infrastructure improvements funded by the Kukui`ula CFD, as described above; second, while the benefits would extend outside of the Kukui`ula CFD area, only property owners within the Kukui`ula CFD will be responsible for paying for these infrastructure improvements through the levy of the CFD special tax.

The special tax for the Kukui`ula CFD is an "ad valorem" tax, meaning that it is based on the value of the real property being taxed. The special tax is currently planned to be assessed as follows:

<u>County CFD Tax Based on Land Value</u>	
Fiscal Year	Preliminary Estimate of Maximum Tax Rate per \$1,000 of Value (land only)
2016/17	3.6759
2017/18	\$3.7494

For years after 2016/17, the special tax rate will continue to increase by 2% per year through the term of the special tax. It is currently mandated by law that special taxes levied on residential property cannot increase by more than 2% per year. However, the law does allow, in certain circumstances, for increases of less than 2% per year in the special tax.

The special tax rates will be applied on the value of your Residential Lot, including any improvements to the land, but excluding any portion of the value attributable to buildings. Once the value of your Residential Lot has been determined, it will thereafter be fixed for the duration of the Kukui`ula CFD.

The Kukui`ula CFD special taxes are included in your semi-annual or annual real property tax statements issued by the County and are to be paid as part of your real property tax payment to the County.

A CFD special tax is secured by a lien on the land, similar to the lien of general real property taxes and the lien of assessments levied in accordance with State of Hawai`i laws and County ordinances. As such, as with real property taxes, the amounts due by you under the Kukui`ula CFD will constitute a continuing lien on your Residential Lot. If you do not pay any part of the Kukui`ula CFD special tax when due, your Residential Lot may be foreclosed upon by the County in the same manner, under the same conditions and penalties and with the same effect as if you defaulted in the payment of your real property taxes.

Once assessed, your portion of the Kukui`ula CFD special tax can be prepaid in accordance with the formula set out in the RMA. However, it is anticipated that such a prepayment could possibly result in the payment of a premium (i.e., overpayment), because the RMA formula assumes that the maximum tax will have to be allocated every year until retirement of the bonds. Once the special taxes have been prepaid by you, they would be permanently satisfied and the lien securing the special tax would be removed from your Residential Lot. Once the special taxes have been prepaid, there will be no refund if the amount ultimately taxed is less than the amount of the prepayment. If you consider selling your

Residential Lot, the tax consequences of how and whether prepaying the special tax would benefit you and future owners of your Residential Lot should be carefully considered with your financial advisors.

The law authorizing the Kukui`ula CFD states that, unless the special tax has been prepaid in full (as described above), the existence of the special tax must be disclosed in writing to potential buyers of your Residential Lot in the sales documentation. The law also requires that a copy of the written disclosure, signed by the actual buyer of your Residential Lot, must be promptly filed with the County's Director of Finance. This requirement applies to both initial sales and re-sales and would appear as one of the taxes disclosed in the Multiple Listing Service ("MLS") description of your Residential Lot, if your offer to sell your Residential Lot is posted to MLS.

The Kukui`ula CFD will exist only for so long as the special taxes are required to repay the bonds issued to finance the CFD Improvements. While the maximum term for any single issuance of bonds is 30 years, we expect more than one series of bonds to be issued and, thus, we expect the Kukui`ula CFD to last until approximately 2058. If the Kukui`ula CFD is used to finance special improvements, then it must proceed through the legislative process, and as an owner of property in the Community, you would have the right to appear before the County Council to express your views on the matter.

The Kukui`ula CFD is administered by a "CFD Administrator," which will be a consultant retained by the County of Kaua`i. The actions of the CFD Administrator will be governed by the members of the Kaua`i County Council acting in their capacity of the Kukui`ula CFD Board of Directors (the "Kukui`ula CFD Board"). All of the administration costs of the Kukui`ula CFD will be funded by the special taxes paid by property owners (such as yourself) pursuant to the Kukui`ula CFD. Inquiries relating to the County's implementation of the special tax can be made to the County's Deputy Director of Finance at (808) 241-6565.

AS THE OWNER OF A RESIDENTIAL LOT IN THE SUBDIVISION, YOU WILL BE TAXED TO PAY FOR THE IMPROVEMENTS FUNDED BY THE KUKUI`ULA CFD. THE SPECIAL TAX WILL BE SECURED BY A LIEN ON YOUR RESIDENTIAL LOT. THE INFORMATION CONTAINED IN THIS DISCUSSION OF THE KUKUI`ULA CFD IS CURRENT AS OF THE DATE OF THIS PROPERTY REPORT, BUT SUCH INFORMATION CAN CHANGE AND SUCH CHANGES WOULD, FOR THE MOST PART, BE OUTSIDE OF OUR CONTROL. YOU SHOULD KEEP ALL OF THIS IN MIND WHEN DECIDING WHETHER OR NOT TO PURCHASE A RESIDENTIAL LOT IN THE SUBDIVISION.

By entering into a Sales Contract and accepting a Deed for a Residential Lot, you will be acknowledging and agreeing: (a) that the Kukui`ula CFD has been formed, the special tax is being imposed and the corresponding lien will affect title to your Residential Lot; (b) that the development of the Community is likely to extend over many years, and that the infrastructure, and the cost of financing the development of such infrastructure, may change from time to time; and (c) that it is possible that subsequent modifications of the Kukui`ula CFD will occur.

Except as set forth above, we are not currently aware of any other proposed special taxes or assessments that affect the Subdivision.

RESALE OR EXCHANGE PROGRAM

Restrictions that might hinder the resale of Lots include the following:

1. Required membership in both the Association and The Club, as well as the required payment of the fees, dues, and assessments to those entities;
2. Temporary prohibited or restricted access to your Residential Lot during our development of the Community and the Subdivision;
3. Architectural approval requirements and use restrictions, which requirements and restrictions could affect a buyer's ability to modify improvements on a Residential Lot; and
4. Restrictions or prohibitions on the type and quantity of "For Sale," "For Rent/Lease," and "Open House" signs that can be placed on a Residential Lot or elsewhere in the Community.
5. Restrictions or prohibitions on those entitled to use the recreational facilities (e.g., tenants of lot owners who do not otherwise qualify for use privileges under the Covenant).

It is currently anticipated that, following the Association Declarant Control Period, our real estate broker, or some other real estate brokerage entity designated by us, may be available, for a limited period of time, to assist you, at your cost, in the resale of your Residential Lot, if you choose to retain such broker for that purpose. Aside from this potential and limited arrangement, we do not currently have a program to assist you in the resale of your Residential Lot.

We do not currently have a program which assures that you will be able to exchange your Residential Lot in this Subdivision for another, but reserve the right to implement one in the future.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968 and all applicable State and local laws concerning discrimination in land sales. We have not and will not discriminate against you, directly or indirectly, because of your race, color, religion, sex, national origin, familial status, or any physical or mental handicap in any of the following general areas: lot marketing and advertising, rendering of lot services, and in requiring terms and conditions on lot sales and leases. Furthermore, we will not indicate a preference for or a rejection of any particular group in our marketing and advertising, in our rendering services to Lots, or in the terms and conditions of our sales.

LISTING OF LOTS

The Residential Lots included in the offering covered by this Property Report consist of Lots 27, 29, 32, 33, 36, 37, 41 through 44, inclusive, 50, 53 through 55, inclusive, 68, 69, and 71, and Lots C, D, and G, inclusive in Parcel M2/M3, Lot 14-A of the Kuleana Relocation as shown on the final subdivision map thereof, also known as "Premier Estate Lot.", and Lots A

through H, J through N, and P through T of Kukui'ula Parcel A Subdivision, Phase 1 (Subdivision of Lot 14-B of Kuleana Relocation Subdivision) as shown on the final subdivision map thereof.

ADDITIONAL DISCLOSURES AND GENERAL INFORMATION

In this subsection, we will provide additional disclosures and general information, not covered elsewhere in this Property Report, that relate to the Subdivision, the Community and/or areas in the vicinity of the Community.

Mauka Collection (also known as Kahalawai Neighborhood). The Residential Lots in Parcel M2/M3 are part of what is described in sales and marketing materials as the Kukui'ula "Mauka Collection" or the "Kahalawai Neighborhood." If a buyer purchases a vacant Residential Lot in Parcel M2/M3 (as opposed to a completed home), then the Design Guidelines pertaining to Parcel M2/M3 will require that the gross area of the home (i.e., anything that is contained within the roof line, including lanais and garages that are built thereon) be a minimum of 2,000 square feet and a maximum of 10,000 square feet (unless a variance is approved initially by the Design Review Team and thereafter by the Design Review Committee. It is important to note that the exact square footage ranges and limitations are specific to each Residential Lot and are further described in the Parcel "M" Supplement to the Design Guidelines. The Design Guideline Supplements for other Parcels in the Community may allow lots to have more or less gross areas.

Mauka Collection Residences. We reserve the right, but not the obligation, to possibly designate a currently undetermined number of Residential Lots throughout various areas of the Subdivision or other parts of the Community for construction of homes by a Hawai'i-licensed general contractor. No representation or warranty is made with respect to whether, when or where such homes would be located within the Subdivision or other parts of the Community. (For purposes of this Property Report, such completed homes are referred to as "Mauka Collection Residences.")

The Mauka Collection Residences, if built, would be offered for sale by us or a third party and the seller would have the right to show the Mauka Collection Residences to prospective buyers. The construction and sale of any such Mauka Collection Residences may result in increased light, noise, visual impacts (such as signage), dust and additional pedestrian and vehicular traffic in their vicinity. Additionally, during and after construction of the Mauka Collection Residences and prior to their sale, the areas around these homes may include temporary outdoor bathroom facilities, temporary fencing, temporary parking areas, temporary signage and other improvements typically associated with the use, operation and display of model homes.

The Lodge at Kukui'ula ("The Lodge"). Pursuant to the Charter, we have designated "Parcel CC," "Parcel FF," and "The Club Villas" as subdivisions where unit owners are eligible to participate in the "Lodge Rental Program." The Lodge Rental Program, operated by The Club or by a third party, allows for short-term rentals of lodging units. The minimum and maximum rental terms (i.e., lengths of stay) shall be determined by the operator of the Lodge Rental Program, but the program may allow for one-night rentals. We have reserved the right to designate additional development Parcels (or portions of one or more development Parcels) within the Community, in the general vicinity of the Kukui'ula Plantation House, for similar

programs or where we will operate, or cause The Club or a third party to operate, units or facilities referred to as The Lodge as part of a short-term lodging rental program.

It is anticipated (but not guaranteed) that The Lodge's units would be used primarily for overnight or other short-term rentals to guests of residents, prospective property owners, patrons, and guests within the Community and that The Lodge may provide certain hotel-type services. Guests of The Lodge will also have access to the Recreational Facilities and The Club will receive a daily fee for such access. Occupancy of The Lodge will not be limited to Plantation Members or to owners within the Community and the units participating in The Lodge program are not bound by the restrictions on minimum rental terms contained in the Charter or the Covenant.

Remnant Lots 60 and 63. Remnant Lots 60 and 63, which are shown on the Original Subdivision Map but are not part of the Subdivision or this Property Report, may (as with other development Parcels in the Community) be sold to outside developers or contractors for further residential development. Remnant Lots 60 and 63 may each be subdivided and developed into a subdivision of single-family lots, developed as a condominium project, or developed as a combination of the two. Such lots and units would then be offered for sale by us or a third-party builder/developer. Because it is currently anticipated that Remnant Lot 60 will be designated for TVR use, lots and units within Remnant Lot 60 may be used as transient vacation rentals.

Allerton Beach (Lawai Kai Beach). The Community's residents will NOT have direct access to Allerton Beach/Lawai Kai Beach via the Community's roads or trails. This beach is not a part of the Community's property and access is outside of our control.

Community Park. Pursuant to County requirements, we will be constructing a community park (the "Community Park"), which we expect will be located on approximately 20 acres of land outside of the Community on Po'ipu Road. It is anticipated (but not guaranteed) that the Community Park will include ball fields, playground, parking, and restrooms. Initially, the Community Park will be owned and maintained by us. It is anticipated (but not guaranteed) that the Community Park will be dedicated to the County, but, even after such dedication, it is anticipated that the Community Park would be maintained in perpetuity by the Association pursuant to a maintenance agreement with the County that has not yet been prepared. In the unlikely event that the Community Park is not dedicated to the County, it is anticipated that we would convey the Community Park to the Association, which would be responsible for its maintenance. If it is dedicated to the County, then the Community Park, which has not yet been named, would be available for use by the general public, as well as by residents of the Community, and use by the general public may limit use by residents of the Community.

It is estimated that the Community Park will not be completed and ready for use until 2018, which represents a delay from a previous estimate. Although, as described above, completion of the Community Park is required by the County as part of our development, no financial assurance for completion of construction of the Community Park exists. Aside from the maintenance fees you will pay to the Association, there will be no separate annual cost or assessment to use the Community Park.

Kukui`ula Bay Park. Pursuant to County requirements, we will be constructing a park ("Kukui`ula Bay Park") adjacent to Kukui`ula Bay and the State-owned and operated Kukui`ula Small Boat Harbor. We expect that Kukui`ula Bay Park will be located in a residential area on the makai (south) side of Lawai Road, which is outside of the Community. It is anticipated (but

not guaranteed) that: (a) we will dedicate to the County a 20-foot wide lateral public beach access easement along the Kukui`ula Bay shoreline as part of our development of Kukui`ula Bay Park; (b) we will install a pavilion, a shower, and landscaped areas, as well as parking; and (c) the specific improvements will be decided by the County Parks Division in consultation with the community and us. It is also anticipated (but not guaranteed) that Kukui`ula Bay Park will be dedicated to the County, but, even after such dedication, Kukui`ula Bay Park would be maintained in perpetuity by the Association pursuant to a maintenance agreement with the County that has not yet been prepared. In the unlikely event that Kukui`ula Bay Park is not dedicated to the County, it is anticipated that we would convey Kukui`ula Bay Park to the Association, which would be responsible for its maintenance. If it is dedicated to the County, then Kukui`ula Bay Park would be available for use by the general public, as well as by residents of the Community, and use by the general public may limit use by residents of the Community.

It is estimated that Kukui`ula Bay Park will not be completed and ready for use until 2022, which represents a delay from a previous estimate. No financial assurance for completion of construction of Kukui`ula Bay Park exists. Aside from the maintenance fees you will pay to the Association, there will be no separate annual cost or assessment to use Kukui`ula Bay Park.

IT IS ANTICIPATED THAT WE WILL NOT OWN THE COMMUNITY PARK OR KUKUI`ULA BAY PARK, SO WE CANNOT ASSURE THEIR CONTINUED AVAILABILITY, SPECIFIC FEATURES OR DATES OF COMPLETION. FURTHER, WE MAY OR MAY NOT OWN THE LODGE, SO WE CANNOT ASSURE ITS CONTINUED AVAILABILITY, SPECIFIC FEATURES OR DATES OF COMPLETION.

Adjacent Affordable Housing. Pursuant to section 15.14 of the Charter, as the owner of a Residential Lot, you will be acknowledging that, as a condition of approval for the development of the Community, certain affordable housing units have been or will be built in an area adjacent to the Community. You will also be acknowledging the development of the affordable housing and that, in no way, shall you hold us or any affiliate of ours liable for or bring a lawsuit or other claim against us or any affiliate of ours based on the existence, construction, and development of such affordable housing.

Protection of Endangered Species. There are five bird species protected under both federal and State of Hawai'i endangered species laws that may be found within or near the Community (including but not limited to nene geese). It is a violation of both federal and state laws, as well as the Governing Documents, to disturb, harass, injure or kill any of these species. Violations of these laws can be punishable with jail time and/or significant fines. Violations of these laws are also prohibited by the Governing Documents, and therefore such actions are subject to the remedies for non-compliance set forth therein.

Landscape Maintenance Program and Neighborhood Assessment. Notwithstanding anything to the contrary contained in the Supplemental Declaration for the Subdivision that reflects this as a requirement of ours, the Association has, at this time, elected to reserve the right (but not the obligation) to engage one or more companies (the "Maintenance Company") from time to time to provide landscape maintenance services for the Subdivision's "Areas of Common Responsibility" (as defined in Section 3.1 of the Charter). Further, to help ensure that the landscaping in the "Private Landscape Maintenance Area" (as defined in Article II of the

Charter) of each of the Residential Lots is maintained at a desired uniform appearance, consistent with the maintenance of the Areas of Common Responsibility, we may (but are not obligated to) require that each Residential Lot owner utilize the Maintenance Company to perform landscape maintenance services for their Residential Lot's Private Landscape Maintenance Area. The Maintenance Company's fees for such maintenance services, if implemented, would be billed directly to the individual Residential Lot owners by the Maintenance Company.

If an owner of a residential lot within a neighborhood where the Private Landscape Maintenance Area will be maintained by the Maintenance Company desires to customize their landscape maintenance, then the owner may apply to the Association for approval of a plan to perform additional or different landscape maintenance. The Association will have the discretion to accept or deny such an application. In addition, if the Maintenance Company's fees or job performance are no longer acceptable to the Association, then the Association may hire a different Maintenance Company. Neither the Maintenance Company, if any, nor the specific scope or frequency of landscape maintenance services to be provided nor the costs of such services have yet been determined.

Sales Office. The sales office is currently located at The Shops at Kukui`ula at 2829 Ala Kalanikaumaka, Suite A-101, Kōloa, Hawaii 96756. We may also decide to have sales-related facilities at other locations.

Exclusive rights to use name of Development. As set forth in Section 18.5 of the Charter, the name "Kukui`ula" and all similar or derivative names, along with all associated trademarks, entity names, domain names, and logos, are proprietary federal and state registered trade names and service marks of ours or of an affiliate of ours. As such, neither the name "Kukui`ula" nor any derivative of such name (including, but not limited to, any federally registered taglines relating to the Community used in promotional or other materials) shall be used or included in any logo or depiction associated with the Community, the Association or The Club, in any printed or promotional material, domain name, club name, business name, or entity name, without our prior written consent. Such prior written consent shall be required even if such entity is created for the sole purpose of owning, selling, renting, marketing, lending money with respect to or improving a Residential Lot or a home thereon (including, but not limited to, landscaping, design, construction, improvements and repairs directly or indirectly relating to the Community) or offering any other kind of services (even if pursuant to a contract) to us, The Club, the Association, residents, guests, tenants or prospective owners within the Community (including the Subdivision). Such consent may either be granted or withheld in our sole discretion. Infringement of our trademarks or other rights (including the creation of unauthorized links, websites, URLs, and entities that incorporate our name, marks, or copyrighted materials) for commercial or personal use shall subject the violator to full enforcement and penalties allowed by law.

Marketing Materials Are Not An Offer. All conceptual maps, topographic tables, artist's renderings, photographs, site plans and descriptions provided in connection with any marketing materials for the Community or the Subdivision should not be construed as the actual finished plans or final intended development for any area or portion of the Community or the Subdivision. Any collateral material, DVDs, magazine publications or website materials should not be considered as an offering of any purchase or lease of a Residential Lot or home. Although diligent efforts are made to provide accurate information in marketing materials, some marketing materials may contain unintentional errors or inaccuracies or typographical errors and may not be up to date. Such errors or inaccuracies may be with respect to the description of a

lot size, site plan, floor plan, a rendering, a photo, the elevation of a lot, prices, property taxes, completion dates, adjacent properties, amenities, features, as well as assessments, fees, restrictive covenants and/or rules applicable to The Club and the Association or other important pieces of information.

Square footages of lots described in marketing materials are approximate. We assume no obligation to ensure, or liability as to, the accuracy, contents or completeness of any marketing material, website or representation (verbal or written) outside of our direct control. No statement contained in any marketing materials featuring the Community should be construed as investment advice. All property shown in marketing materials is subject to prior sale, price changes and other changes. Your Sales Contract and the Governing Documents control and supersede all representations, statements, understandings and agreements, both written and oral, between you and us. No variations of the Sales Contract or the Governing Documents shall be valid or enforceable unless approved by us in writing.

Changes to Master Plan. The Charter provides that, as the owner of a Residential Lot, you will be acknowledging and agreeing that the development of Kukui`ula is likely to extend over many years and that neither the Association nor any other owners association within Kukui`ula shall engage in, or use Association funds to support, any protest, challenge or other form of objection to: (a) changes in uses or density of property within Kukui`ula; or (b) changes in the Master Plan (as defined in the Charter) as it relates to property outside of Kukui`ula, without our prior written consent.

Access Restrictions During Active Development. Even after you have received legal title to your Residential Lot, we have reserved the right to and will restrict (and may even need to prohibit) access to some or all of the Residential Lots until the Subdivision Improvements have been completed and made available for use, as determined in our sole discretion. This is done for both your safety and the safety of the persons working on the Residential Lots and the Subdivision, as well as for the protection of the equipment, the Subdivision Improvements and landscaping under construction or installation.

Golf Cart Use. Golf carts of any type may be used on the completed roadways of the Community, but only if they are licensed, insured, and equipped as motor vehicles in accordance with Hawai`i law. Further, only those golf carts owned by The Club and used for playing on the Golf Course are allowed on the Golf Course. The use of The Club's golf carts for golf course play will require payment of a fee. The personal golf carts of lot owners are not allowed on the Golf Course or on the related golf cart paths or in any other areas within the Community where such vehicles are prohibited. The parking and storage of personal golf carts must comply with the Standards and the Design Guidelines. The Club Rules relating to golf cart use, as further described herein, are subject to change in accordance with the Covenant.

No Representations Regarding Investment Potential. We make no express or implied representations, guarantees or warranties whatsoever with respect to tax, investment or other benefits, if any, from owning a Residential Lot.

COST SHEET

In addition to the purchase price of your Lot, there are other expenditures which must be made. There may be other fees for use of the recreational facilities. Listed below are the major costs. All costs are subject to change.

Sales Price

Cash Price of Lot	\$ _____ *
Finance Charge	-0-
Total	\$ _____

*NOTE: The above is the net price of your Lot based on the assumed sales price after taking into consideration any incentive discount provided in your Sales Contract if the purchase price is paid and the transaction closed by the Closing Date provided in your Sales Contract.

Estimated one-time charges (* and **)

1. Water connection fee to County of Kaua'i Department of Water	\$ 40.00
2a. Sewer connection fee to KSSCS (Parcel M2/M3 and Parcel A)	None
2b. Installation of on-site sewer system, including permit (Lot 14-A)	\$ 15,000.00
3. Electric connection fee to KIUC	\$ 20.00
4. Electric – KIUC Cooperative Lifetime Membership Fee	\$ 0.01
5. Gas connection fee (Parcel M2/M3 and Parcel A)	None
6. Telephone connection fee to a telephone provider	\$ 50.00 per line
7. Golf Membership Fee (if applicable) (2017 rate)	\$ 75,000.00
8. Capital Start-up Fee	\$ 1,600.00
9. Other (identify):	\$ _____
Total of estimated sales price and one-time charges	\$ _____

*These figures do not include line extension costs, which will vary depending on size/location of the home, as described in this Property Report under "Utilities." They also do not include any connection fees that may be required for cable television and internet service.

**The initial sale of the Lot from us to you is subject to the current \$50,000.00 Initiation Fee for a Plantation Membership in The Club. Subsequent transfers of the Lot will also be subject to the Initiation Fee, unless the transfer meets an exemption from paying the fee.

Estimated Annual charges

1. Real property taxes (average for a residential lot with an assessed value of \$1,896,500 after sale to a buyer)*	\$ 11,473.83
2. CFD special tax payment (average for a residential lot with an assessed value of \$1,896,500 after sale to a buyer)**	\$ 6,971.34
3. Kukui'ula Community Association Assessments	\$ 11,362.32
4. Club at Kukui'ula Assessments (Plantation Membership category)	\$ 14,202.72
OR	OR
Club at Kukui'ula Assessments (Golf Membership category)	\$ 19,883.88
5. Water Service Charge (\$17.75/month)	\$ 213.00

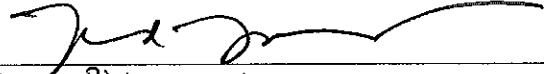
NOTE: Applicable taxes (other than hypothetical examples of real property taxes and the CFD special tax), special program fees and utility use fees, if any, are not included in the estimated charges set forth above.

**For purposes of the example only, if a residential lot has an assessed value of \$1,896,500, then, based on a County real property tax rate of \$6.05 per \$1,000.00 of assessed value, the real property tax for the lot for fiscal year 2016-2017 would be \$11,473.83. (The real property tax rate is subject to annual increases. See the Tax section of this Property Report.)*

***For purposes of the example only, if a residential lot has an assessed value of \$1,896,500, then, based on a County CFD special tax rate of \$3.6759 per \$1,000.00 of assessed value, the CFD special tax for the lot for fiscal year 2016-2017 would be \$6,971.34. (The CFD special tax rate is subject to annual increases. See the Tax section of this Property Report.)*

The information contained in this Property Report is an accurate description of our Subdivision and development plans.

KUKUI'ULA DEVELOPMENT COMPANY
(HAWAII), LLC, a Hawai'i limited liability company

By 
Name: Richard L. Albrecht
Title: President

RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE

PURCHASER RECEIPT

Important: Read Carefully

Name of Subdivision: Kukui`ula (Parcel M2/M3, Premier Estate Lot and Parcel A)

ILSRP number: 31902

Date of Report: June 6, 2017

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by (print name): _____ Date: _____

Signature: _____

Received by (print name): _____ Date: _____

Signature: _____

Street Address: _____

City _____ State _____ Zip _____

If any representations are made to you that are contrary to those in this Property Report, please notify the:

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

AGENT CERTIFICATION

I certify that I have made no representation to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot _____ Subdivision _____

Name of Salesperson: _____

Signature: _____ Date: _____

PURCHASE CANCELLATION

If you are entitled to cancel your Sales Contract, and wish to do so, you may cancel by personal notice, or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below.

Name of Subdivision: Kukui`ula (Parcel M2/M3, Premier Estate Lot and Parcel A)

Date of Contract _____

This will confirm that I/we wish to cancel our Sales Contract.

Buyer(s) signature _____ Date: _____

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