



Hawaiiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Fax: (808) 593-6333
Internet: www.hmcmgt.com

May 24, 2011

Re: Waikiki Banyan Rent Adjustment
Effective December 1, 2010

Dear Waikiki Banyan Owner:

The purpose of this letter is to inform you of the new Becker Properties sublease rents. As you may know, under both the master lease and the condominium conveyance documents (subleases) at the Waikiki Banyan condominium project, the rent was to be adjusted effective as of December 1, 2010. As provided in the subleases, you should have continued to pay rents at the old rates until the new rental rates were determined. Now that the new rental rates have been determined, your billing statement from Hawaiiiana Management Company will reflect the amount of credit that is owed to you or the additional payment that you owe. The amount of the credit or additional payment will depend on whether or not you have purchased the fee interest in your apartment and whether or not you have paid all prior rent payments that are due. The total sublease rent is comprised of the master lease rent and the sandwich rent.

The master lease rent has increased by \$96.34/month, from \$49.80/month to \$146.14/month. However, the sandwich rent payable to Becker Properties & Leases, LLC ("**Becker Properties**") has decreased by \$7.91/month, from \$29.83/month to \$21.92/month. As a result, the total sublease rent has increased by \$88.43/month, from \$79.63/month to \$168.06/month.

Apartment owners that have purchased the fee interest in their apartments are only obligated to pay the sandwich rents. If you have purchased the fee interest in your apartment and you have paid all rent that is due at the old rate, then your new billing will show a credit to you of \$55.37 (equal to the amount you have overpaid for the months of December 2010 through June 2011; i.e. 7 months x \$7.91).

If you have not purchased the fee interest in your apartment then you are obligated to pay both the master lease rent and sandwich rent. If you have paid all rent that is due at the old rate, you will owe a catch-up payment of \$619.01 (equal to the amount you have underpaid for the months of December 2010 through June 2011; i.e. 7 months x \$88.43).

For those on Surepay, the catch-up of payment of \$619.01 will be included in your Surepay deduction for the month of July.

Of course, whether or not you have purchased the fee interest, if you have failed to pay any of the previous rent payments, your individual statement will also show those amounts as being due.

Also, if you have not purchased the fee interest, since your rent has increased you will owe a small conveyance tax. You will be receiving a separate letter from Becker Properties enclosing a conveyance tax certificate and giving you instructions on how to pay the conveyance tax.

The new sublease rents will not be collected until July in order to give you sufficient time to arrange for the additional funding required for those who have not bought their fee interest. So please pay old amount for June as reflected on the attached statement. For those of you on Surepay, please inform the institution paying your maintenance fee and lease rent of the charges coming in July.

In summary, the new monthly lease rent payable July 1, 2011:

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| • For those who have not bought the fee | \$168.06 |
| • For those who have bought the fee | \$ 21.92 |
| • Catch-up payment for those who have not purchased the fee | \$619.01 |
| • Credit for those who have purchased the fee | \$(55.37) |

If you have any questions about any of the new fees, please contact the sublease lessor, Becker Properties & Leases, LLC, at 303-652-3279.

Sincerely,

FOR THE BOARD OF DIRECTORS WAIKIKI BANYAN

Emory Bush, CMAC®
Management Executive