

**DEVELOPER'S PUBLIC REPORT  
FOR A CONDOMINIUM**

<b>CONDOMINIUM PROJECT NAME</b>	ATKINSON TOWERS
<b>Address</b>	419A Atkinson Drive, Honolulu, Hawaii 96814
<b>Registration Number</b>	6225 (conversion)
<b>Effective Date of Report</b>	April 10, 2007
<b>Developer</b>	Atkinson Towers, Inc.

**Preparation of this Report**

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

**SPECIAL ATTENTION**

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

1. Section 1.4 of this Public Report and Item 1 of Exhibit A of this Public Report point out that the Developer leases a lot from an adjoining landowner which is used to provide ground-level parking stalls. These stalls are assigned by the Developer to owners who have proprietary leases issued by the Developer. This lease expires on December 31, 2016. At such time, unless some action is taken before that date by the Board of Directors of the Association, there will be fewer stalls available for owners of units in the condominium than there are units in the condominium.

The Board of Directors of the Developer over the past years has been considering many courses of action to address this problem. Some, but not all, would require the expenditure of funds. Some of these alternatives are: (a) Do not increase parking stalls, but develop a system for assigning the available stalls to the owners of the condominium units. This probably would not cost anything; (b) Extend the current lease on the parking lot. This alternative would probably require some relatively modest increase in maintenance fees. The size of the increase would depend upon the value of that lot at the time of the negotiation and the rent which must be paid by the Developer. There might not be an increase in maintenance fees if the Developer charged rent for the stalls; (c) Lease parking stalls from the owner of the two adjoining lots if such owner builds a new structure on either of two lots owned by the owner of the parking lot. This course of action might or might not increase maintenance fees depending on whether the Association charged rent to the lessees of the stalls; (d) Pave over the swimming pool and create additional ground level parking. It does not presently appear that this alternative would require a substantial capital outlay; (e) Purchase the parking lot from the current owner. This alternative would probably require a substantial capital outlay; (f) Construct a parking garage on the parcel owned by the condominium. This alternative would probably require a substantial capital outlay; (g) Purchase parking stalls from the owner of two adjoining lots if such owner builds a new structure on either of two lots owned by the owner of the parking lot. This alternative would probably require a substantial capital outlay.

The Association will not be under obligation to take any action at all with respect to attempting to acquire, lease, or construct additional parking stalls. The Board of Directors of the Association will use its best business judgment with respect to the issues in the future. The alternatives listed above should not be considered the only alternatives which the Board might choose. At some future time the Board may elect another alternative which the Board believes would be the best alternative at the time.

Some of the alternatives will require capital outlays. Capital outlays would have to be paid for from (a) cash reserves held by the Association, or, (b) by special assessments, or (c) by borrowings from lenders. In the case of borrowings, maintenance fees would probably have to be increased in order to pay for the debt service.

## 1.4 Parking Stalls

Total Parking Stalls in the Project:	57
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	0*
Attach Exhibit ____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	
<p>*Atkinson Towers was built in 1959. The parking stalls for the Project are located on the first level of the Project as shown on the Condominium Map. Each of the parking stalls are designated, set aside and reserved for Unit A as Limited Common Elements as shown on Exhibit E. Unit A is located on the first level of the Project and is currently owned by the Developer and used as an office. It will be transferred to the Association. Any or all such Limited Common Element parking stalls may be assigned (permanently or temporarily), encumbered, pledged, sold, leased, transferred or otherwise used, modified (including but not limited to the addition of multi-level elevated parking devices) or disposed of as the Developer or, as applicable, the Association, acting through the Board, determines from time to time</p> <p>Developer leases land contiguous to the Project, which land is currently used to provide thirty-one ground level parking stalls for use by owners of proprietary leases from Developer. Developer will grant permission to the Association to allow owners of units at The Atkinson Towers the right to park in such stalls, whether they have proprietary leases to residential Units from the Developer or whether they have converted and own condominium Units. The lease expires on December 31, 2016. Developer will attempt to negotiate with the current landowner in order to reach an arrangement whereby the Developer (and/or the Association) will secure the right to have continued use of such stalls after December 31, 2016. Alternatively, the Association could attempt to construct additional parking on the larger parcel. If such courses of action are not successful and the lease expires, the Association will have fewer stalls for use of its owners of Units.</p>	

If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:

The structure and parking stalls are considered to be "legal non-conforming," but the Project met all applicable code requirements when it was constructed in 1959. In the event that the Project needs to be re-constructed as a result of the destruction or demolition of all or a portion of the buildings, the Project may be subject to applicable restrictions provided for under the Revised Ordinances of Honolulu.

Atkinson Towers was constructed by the original developer on two parcels of land leased from different lessors. The high-rise residential building was built on the larger parcel. The smaller parcel was used to provide six stalls for use by the Lessor and thirty-one stalls for use by owners of units at Atkinson Towers. There were no building code parking requirements at the time Atkinson Towers was developed. The building presumably used the maximum density permitted based upon the calculation of area of the two parcels.

Both leases originally provided that they would terminate on December 16, 2016. Developer subsequently bought the fee simple title from the owner of the larger parcel. When the lease for the parking stall lot expires, there will be fewer parking stalls available for the owners of condominium units governed by the Association, unless the Association at some time in the future can negotiate with the landowner of the parking stall parcel to secure parking right in some way or unless the Association provides for additional parking on the high-rise parcel.

The two parcels underlying the Project have never been consolidated in the Land Court of the State of Hawaii. At such time as the parking stall lease expires, the City and County of Honolulu could take any one of several courses of action, as follows: (1) it could decide that the density originally allocated to the smaller parcel would continue to be allocated to the Atkinson Towers parcel. This would mean that the landowner of the parking stall parcel could not use the lot for construction, but could only use it for parking or other similar use; or, (2) the City could decide that Atkinson Towers was now over-density and that portions of the building should be removed in order to reduce density; or, (3) the City could decide that since the parcels were never legally consolidated, the Project is grandfathered and the building should be allowed to remain as is.