

STATEMENT OF FEE OFFER

- THE PORTION LABELED "OFFER" ON THE FIRST PAGE SHOULD HAVE BEEN SIGNED BY AN AUTHORIZED REPRESENTATIVE OF SELLERS FOR THIS OFFER TO BE VALID.
- IF BUYER WISHES TO ACCEPT THIS OFFER, THE PORTION LABELED "ACCEPTANCE" SHOULD BE COMPLETED AND SIGNED BY BUYER AND SUBMITTED TO SELLERS.
- IN ADDITION TO THE FIRST PAGE (AS PROPERLY COMPLETED), THIS OFFER ALSO CONSISTS OF THE STATEMENT OF FEE OFFER AND SCHEDULE A, WHICH ARE TO BE KEPT BY BUYER.
- EVEN THOUGH BUYER DOES NOT SIGN THESE PAGES, THEIR PROVISIONS ARE BINDING ON BUYER AND ARE AN IMPORTANT PART OF THIS OFFER.

SECTION A. IMPORTANT INFORMATION.

1. Parties; Escrow; Brokers.

(a) Sellers. "**Sellers**" are the Trustees of Queen Lili'uokalani Trust ("**QLT**") and St. Francis Medical Center, a Hawai'i nonprofit corporation ("**St. Francis**").

(b) Buyer. "**Buyer**" is the person or persons identified on the first page of this Offer. Buyer must meet all the qualifications as provided below to be eligible to accept this Offer.

(c) Escrow. **Title Guaranty Escrow Services, Inc.**, is the escrow company that will organize, assemble, and process all documents and items that are parts of completing the sale. The escrow company has no personal interest in the sale and is referred to in this Offer as "**Escrow.**" Buyer should refer to Escrow's opening letter to be mailed by Escrow to Buyer for the address and phone number of Escrow's branch that will be processing this sale. Buyer's initial deposit check should be made to the order of Escrow.

(d) Sellers' Broker. Sellers' Broker is **Hawaiian Island Homes Ltd.**, a Hawai'i corporation, and is referred to in this Offer as "**Sellers' Broker.**"

(e) Buyer's Broker. Buyer's Broker, if any, is described in Section J.4, below, and is referred to in this Offer as "**Buyer's Broker.**"

2. Offer. The terms and conditions of Sellers' offer to sell to Buyer the Property (as defined below) (including the price of the Property) are contained in this Offer and include the terms and conditions contained in the first page completed in accordance with this Statement of Fee Offer and Schedule A. Sellers' offer is referred to as "**this Offer**" or "**this Contract.**"

3. Important Dates.

(a) Offer Date. The "**Offer Date**" is noted on the first page of this Offer. This is the date that Sellers are deemed to be making this Offer to Buyer. Seller's Broker intends to (i) hold one meeting with lessees of the Project and (ii) mail a written summary of the meeting to the lessees of the Project. Once both are done, Buyer will be given a 90-day period within which to consider this Offer, provided that Buyer may accept this Offer to purchase the Property before the 90-day period expires if Buyer so desires. During this 90-day period, Sellers, their agents, employees, and representatives will not initiate communication with Buyer (if Buyer has not accepted this Offer) although they may respond to inquiries made by Buyer. If Buyer has any questions, Buyer should contact Sellers' Broker using the contact information in Section C.1, below. After this 90-day period, Buyer will be given an additional period of about fifteen (15) days to consider this Offer and Seller's Broker may be contacting lessees to discuss this Offer. Buyer, at its election, may retain Buyer's Broker. Buyer's Broker and its agents, employees, and representatives are not subject to the limitation on communications described in this Section A.3.(a).

(b) Acceptance Deadline. The "**Acceptance Deadline**" is **Monday, December 31, 2007**, about 120 days after the Offer Date. If Buyer wishes to buy the Property on the terms and conditions of this Offer, then Buyer should accept this Offer as provided in Section C ("**Acceptance of this Offer**") at any time before the Acceptance Deadline. If Buyer accepts this Offer, Buyer will have the right to terminate this Contract to purchase without penalty for a period of 90 days after such acceptance. Refer to Section H below for more information. If this Offer is not accepted in accordance with the terms and conditions contained in this Offer on or before the Acceptance Deadline, then this Offer will automatically expire.

(c) Change Deadline. The "**Change Deadline**" is **Friday, February 15, 2008**, about 45 days after the Acceptance Deadline. This is the date by which Buyer must submit to Seller's Broker any "Changes" that will affect title or financing. Refer to Section I below for more information on such Changes.

(d) Closing Deadline. The "**Closing Deadline**" is **Friday, April 4, 2008**, about 90 days after the Acceptance Deadline. The date that the Deed and other related documents are recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawai'i (the "**Land Court**") and in the Bureau of Conveyances of the State of Hawai'i (the "**Bureau**") is referred to as the

“Closing” or “Closing Date.” Buyer may close at anytime before the Closing Deadline. If the Closing does not occur by the Closing Deadline, Sellers may assess an extension fee for a late closing. Refer to Section H.3 below for more information.

(e) Early Closings. Buyer may close Buyer’s purchase early provided that all conditions to Closing have been satisfied.

4. Purchase Price: The Purchase Price for the Property is shown on Schedule A attached to this Offer. Please refer to Section F.1, below on completion of the first page of this Offer with the correct Purchase Price.

SECTION B. WHO MAY ACCEPT THIS OFFER.

This Offer is being made by Sellers to Buyer only if Buyer satisfies all of the following conditions:

1. Lessee or Buyer under an Agreement of Sale. Buyer must be either: (a) the lessee of record of the apartment in the Project that is described on the first page of this Offer (the “Apartment”) who is not selling lessee’s leasehold Apartment under an agreement of sale; or (b) a buyer of the leasehold Apartment under an agreement of sale from the lessee. In either case, the lease, assignment of lease, or the agreement of sale giving Buyer ownership interest in the leasehold Apartment must be on record with the Land Court and on file with Sellers as of the Offer Date. If Buyer is a lessee selling under an agreement of sale, Buyer is not qualified to accept this Offer and should notify Sellers that Buyer is not qualified to purchase the Property (as defined below). AFTER BUYER HAS ACCEPTED THIS OFFER, BUYER WILL NOT BE ALLOWED TO TRANSFER OR ASSIGN THE RIGHT TO BUY THE PROPERTY TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF SELLERS. (Refer to Section I.4 below.) Notwithstanding the foregoing, Sellers reserve the right to offer to sell the Property to any person or company that does not meet these requirements upon such terms and conditions as determined by Sellers in their sole discretion.

2. Lawsuits. Buyer must not have any lawsuits against or involving Sellers concerning the Property. If Buyer has a lawsuit against or involving Sellers, the lawsuit must be completely resolved before Buyer may accept this Offer. In addition, refer to Section J.3 below.

3. Status of the Lease. The sale to Buyer will not be completed if Buyer has broken any of Buyer’s agreements contained in Buyer’s Condominium Conveyance Document (the “CCD”) and has not corrected such violations.

SECTION C. ACCEPTANCE OF THIS OFFER.

1. Acceptance of This Offer; Deposit. To accept this Offer, Buyer must do each of the following on or before the Acceptance Deadline:

(a) Properly complete and sign the first page of this Offer.

(b) Prepare a check or money order in the amount of \$1,000 made payable to Escrow. A personal check is acceptable.

(c) If there has been a death, divorce, marriage, or name change since Buyer purchased the Apartment, then enclose a copy of the relevant death certificate, decree of divorce, marriage certificate, or other relevant document. (Refer to Section I.1 below.)

(d) Mail or deliver items (a), (b), and (c) to Sellers’ Broker at 931 University Ave., Suite 105, Honolulu, Hawaii 96826, Attention Derrick Fujisaki (Phone No.: (808) 955-6632; Facsimile No.: (808) 946-3224). Buyer may also fax Buyer’s acceptance as provided below.

2. Date of Acceptance. This Offer must be accepted by the Acceptance Deadline as provided above. If it is mailed, it must be postmarked by the Acceptance Deadline. If it is faxed, it must be faxed with telephone confirmation of receipt by Sellers’ Broker by 5:00 p.m. on the Acceptance Deadline and the originally signed documents and check must be mailed and postmarked within two working days thereafter. If it is delivered, it must be delivered before 5:00 p.m. on the Acceptance Deadline. Buyer will be considered to have “accepted” Sellers’ Offer only if, by the Acceptance Deadline, Buyer (a) agrees to accept Sellers’ Offer in its entirety, with no changes, by completing and signing the first page of this Offer; and (b) makes the \$1,000 deposit.

3. What Happens If this Offer is Not Accepted by the Acceptance Deadline. If the Buyer does not accept as provided above by the Acceptance Deadline (unless earlier withdrawn), this Offer will automatically expire. Sellers may, but are under no obligation to consider or process any purported acceptance submitted after the expiration of this Offer. If Sellers decide, in their sole discretion, to accept a purported acceptance after the Acceptance Deadline, Sellers may increase the Purchase Price for the Property by increasing the Purchase Price by .67% per month. For example, if the Purchase Price of the Property is \$100,000 and Buyer submits an acceptance after the Acceptance Deadline, then Sellers may increase the Purchase Price to \$100,670.

4. What Happens If Buyer Accepts. Buyer’s acceptance of Sellers’ Offer means that Buyer agrees to buy the Property on the terms and conditions of this Offer including this Statement of Fee Offer and there will be a binding contract between Sellers and Buyer. If Buyer does not close by the Closing Deadline, Sellers will not be obligated to sell the Property to Buyer and the provisions of Section H.2 will apply.

SECTION D. WHAT BUYER IS BUYING.

1. **Property to be Bought.** Buyer is buying the following things (together they are called the "Property"):

- (a) All right, title, and interest that Sellers have in the Apartment, any limited common elements that are a part of the Apartment, and the undivided percentage interest in the common elements of the Project that are a part of the Apartment, including the land upon which the Project is situated (the reversionary interest is what Sellers receive after the CCD expires or terminates); and
- (b) All right, title, and interest that Sellers have in the CCD demising the applicable items in Section D.1.(a), immediately above.

This means that after Buyer acquires the Property, Buyer will own the Apartment in fee simple and will not be required to pay rent under Buyer's CCD. Buyer is acquiring an undivided interest in the land that is a part of the Apartment and not an undivided interest in the land that is a part of other apartments in the Project. Buyer will not have any rights in CCDs related to other apartments in the Project and is not entitled to receive rents under CCDs related to other apartments in the Project.

2. **Limited Warranty Deed.** When all conditions to the sale are satisfied, the Property will be conveyed to Buyer by a limited or special warranty deed in the form prepared by Sellers (the "Deed"). The Deed provides that Sellers have legal title to the Property and that Sellers have not caused or allowed any liens or mortgages to be placed on the Property, but disclaims responsibility for all other matters. Buyer will receive title to the Property subject to (a) those encumbrances that are of public record on the date the Property is conveyed to Buyer, (b) certain agreements, reservations, and restrictions that should not materially affect the value of the Property, and (c) all applicable laws. The Deed will include Buyer's agreement that the Property is being sold in "AS IS" condition (refer to Section J.1 below), Buyer's release of Sellers (refer to Section J.2 below), and an indemnification in favor of Sellers if Buyer breaches its agreements. The form of the Deed for the Project is available for review by Buyer upon Buyer's written request to Sellers' Broker.

SECTION E. SELLERS' CONDITIONS TO CLOSING.

Sellers' agreement to sell the Property is subject to the following conditions precedent:

1. **Approvals.** St. Francis has received approval for the sale of its interest in the Property to Buyer.

2. **Association's Right of First Refusal.** Buyer understands that this Contract may be subject to a right of first refusal in favor of the Association of Apartment Owners of the Project as described in Chapter 514C, Hawai'i Revised Statutes, as amended. (This Contract is Sellers' offer to Buyer and any previous letter or letters sent by Sellers to Buyer do not constitute an offer to sell the Property to Buyer.) Buyer is entitled to request that the Association waive its right of first refusal and the Association should waive its right upon the receipt of such written request from Buyer. If the Association is not requested to waive its right of first refusal, the closing will be delayed until 120 days after the Offer Date specified above. If the Association exercises its right to purchase the Property, then Sellers must sell the Property to the Association and not to Buyer.

3. **No Lawsuits Concerning the Property.** The sale to Buyer will not be completed if Buyer has a pending lawsuit against or involving Sellers concerning the Property or if Buyer has broken any agreements in the CCD. Refer to Sections B.2, B.3, and J.3 for more information.

SECTION F. PURCHASE PRICE AND PAYMENT TERMS.

1. **Purchase Price and Other Information.** The purchase price (not including any closing costs) for Sellers' interest in each apartment in the Project is shown on Schedule A of this Offer. The first page of this offer should be completed with the purchase price for the Property and such amount is referred to in this Offer as the "Purchase Price." If the information concerning the "Purchase Price," the "Apartment," or any other information is incorrectly or erroneously completed on the first page of this Offer, then the Purchase Price will be determined by the price set forth in Schedule A for the Apartment actually owned in leasehold by Buyer. The correct Purchase Price and other information will be substituted for the incorrect information. If the names or addresses of the lessees or the buyers under an agreement of sale are incorrectly completed on the first page of this Offer, then the actual record lessees of the Property or the buyers under the agreement of sale as of the Offer Date and their addresses will be substituted for the incorrect information. Sellers or Sellers' Broker will promptly notify Buyer if an error in this Offer is discovered and the correct information will be deemed a part of this Offer as if such information was initially included in this Offer.

2. **Payment of Purchase Price.**

(a) **Cash.** Check the box "Cash" shown above if Buyer will pay the entire Purchase Price in cash; that is, if Buyer is not getting a loan and is using Buyer's own funds. Buyer represents that Buyer has the cash readily available to pay the Purchase Price. At the request of Sellers, Buyer will provide evidence that Buyer has such cash readily available to close Buyer's purchase.

(b) **Applying for a Loan.** Check the box "Applying for a loan" shown above for informational purposes if Buyer will be applying for a loan to pay all or part of the Purchase Price. The name of the intended lender, the branch, loan officer, and contact information of the loan officer should be included. To the extent known, please complete the section related to the type of loan Buyer

intends to obtain. Buyer may apply for a loan from a bank, credit union, savings and loan, or with any other person or company. Sellers have not made special arrangements with anyone to provide loans to buyers.

(c) Undecided or Other. Check the box "Undecided or Other" if none of the above applies to Buyer. Please provide an explanation for a selection of "Other."

3. Applying for a Loan. If Buyer is paying for the Purchase Price by way of a loan, then Buyer is encouraged to start the process for obtaining the loan as soon as possible to ensure funding before the Closing Deadline. Before obtaining a loan commitment, Buyer should notify Escrow or Sellers' Broker in writing that Buyer would like to obtain a loan commitment and should receive a written confirmation from Escrow or Sellers' Broker that Buyer's purchase is ready to Close. This is to avoid the possibility of having Buyer's loan commitment expire prior to Closing of Buyer's purchase. Also, if Buyer receives loan approval, Buyer must notify Escrow and Sellers' Broker in writing of the approval and any loan commitment expiration date. Buyer is responsible for coordinating with Buyer's lender to have the loan documents prepared, signed and deposited in Escrow by the date specified by Escrow. Buyer, by accepting Sellers' Offer, authorizes Sellers, Sellers' Broker, and Escrow to contact Buyer's lender and Escrow regarding the status of Buyer's loan application. Buyer also authorizes Escrow to order the conveyance and other documents upon the request of the lender. If Buyer terminates this Contract more than 90 days after this Offer is accepted by Buyer, then Buyer agrees to pay for the documents so requested even if Buyer does not close the purchase of the Property. If Buyer is unable to obtain a loan to pay for the Purchase Price, then Buyer may cancel this Contract pursuant to Section H.1, below. At the request of Sellers' Broker, Buyer will furnish to Seller's Broker evidence of a loan commitment by Buyer's lender.

SECTION G. ESCROW; CLOSING PROCEDURES; CLOSING COSTS.

1. Escrow. All of the payments required in this Contract will be paid to Escrow for disbursement upon Closing.

2. Closing Procedure. There will be a 90-day closing period (the "Closing Period") that will end no earlier than the Closing Deadline. Please refer to Section A.3, above. Buyer should allow four to six weeks for Escrow to update the title report, prepare documents, and to have all parties sign the applicable documents. Please refer to Section F.3, above, for information about applying for a loan from a lender.

3. Closing Package. Once all the documents and closing statements have been prepared, Escrow will mail to Buyer the entire package of documents and statements (the "Closing Package"). Buyer must arrange to have the applicable documents in the Closing Package signed in front of a notary public and returned to Escrow with the required funds within ten working days of Buyer's receipt of the Closing Package. If requested by Buyer, Escrow is willing to arrange for the signing of the documents at Escrow. Details concerning the type of check to be sent and such other matters will be described in the Closing Package. If, within the ten-working day period, Buyer does not return the Closing Package or does not make arrangements with Escrow for the signing of the documents, then Buyer will be considered in default under this Contract. Escrow may assess Buyer a late fee for extra work involved in processing the Closing Package. Escrow will not be able to process any Closing Package that is returned to Escrow after the Closing Deadline. It is Buyer's responsibility to make necessary arrangements for the signing of required documents. **AS SUCH, BUYER SHOULD ADVISE SELLERS' BROKER AND ESCROW IN WRITING IF BUYER WILL NOT BE AT THE ADDRESS NOTED ON THE FIRST PAGE OF THIS CONTRACT DURING THE FIRST THREE MONTHS FOLLOWING BUYER'S ACCEPTANCE OF THIS OFFER.**

4. Trust, Corporate, Partnership, or LLC Buyer. At the request of Sellers' Broker or Escrow, Buyer will promptly give to the requesting party the following information or documents: (a) for a trust, a copy of the provisions of Buyer's trust documents related to the powers of the trustee(s); (b) for a corporation, a copy of Buyer's corporate documents and corporate resolutions authorizing the purchase and the officer(s) to sign the purchase documents, (c) for a partnership, a copy of Buyer's partnership documents (including any partnership agreement and certificate of limited partnership), and (d) for a limited liability company ("LLC"), a copy of Buyer's LLC documents (including any operating agreement and articles of organization). For each for the foregoing companies, Buyer will also provide the requesting party evidence of the company's good standing and qualification to do business in Hawai'i. Buyer will also furnish such other information that reasonably may be requested by Sellers' Broker or Escrow.

5. Closing Costs. Buyer agrees to pay for all closing costs and Escrow fees relating to the sale and purchase of the Property. The major closing costs are as follows:

(a) Title insurance fee will depend on the Purchase Price and the amount of any mortgage and generally range from \$300.00 to \$585.00. Buyer may elect not to purchase owner's title insurance and Buyer is free to obtain any title insurance policy from any title insurance company. If title insurance is not purchased, there will be a title search fee of about \$300.00.

(b) Escrow fees will be assessed, with an additional fee for each mortgage loan payoff or change request, and an additional fee for payments to other creditors. Escrow fees will generally range from \$275.00 to \$600.00.

(c) Cost of preparing the Deed is approximately \$250.00 and more if there are title issues or redrafts.

(d) Cost of preparing a standard Land Court petition is approximately \$100.00.

(e) Additional costs for conveyance tax, notary fees, recording and filing fees, fees for the certificate of title, etc., should be approximately \$200.00 to \$800.00. Also, if Buyer obtains a mortgage loan, needs to change Buyer's tenancy, or the name of the leasehold owners of the Apartment, additional fees will be charged. Refer to Section I below.

(f) Before the Closing Date, Buyer may be required to pay Escrow an additional \$100 to \$500 (escrow reserve) for additional expenses not currently identified. The balance of the escrow reserve, if any, will be returned to Buyer after the Closing Date.

(g) If Buyer is getting a loan, then Buyer will be required to pay all amounts and fees that it agreed with its lender to pay.

6. No Interest on Deposits. No interest will accrue on deposits made by Buyer.

7. Lease Rent; Prorations; Cure of Defaults Under the Lease. BUYER MUST CONTINUE TO KEEP ALL LEASE RENT CURRENT. Lease rent will be prorated as of the Closing Date. Buyer must pay, at the time the Closing Package is returned to Escrow or at the time the closing documents are signed with Escrow, any overdue or deferred lease rent, any overdue property taxes, and any other amounts owed by Buyer to Sellers under the CCD. In addition, Buyer must cure any other default of Buyer under the CCD.

8. Drafting of Conveyance Documents. Sellers' attorneys, Cades Schutte LLP, will prepare, on behalf of Sellers, all conveyance documents.

SECTION H. CANCELLATION.

1. Cancellation or Termination by Buyer. This Contract may be cancelled or terminated by Buyer at any time prior to the earlier to occur of the Closing Date or the Closing Deadline. If Buyer desires to cancel this Contract, Buyer must notify Sellers' Broker at the address above by certified mail, and must mail a copy of the notice to Escrow. If Buyer cancels this Contract, then Buyer will pay the following cancellation fee:

(a) No cancellation fee if escrow has not been opened for this transaction. Buyer's deposit will be returned with no interest.

(b) Once escrow is opened, there is an escrow cancellation fee. Escrow will be opened about ten days after Buyer accepts Sellers' Offer. Notwithstanding anything to the contrary in this Offer, if this Contract is terminated within 90 days of the date this Offer is accepted by Buyer, then Sellers will pay the escrow cancellation fee and the entire deposit will be returned to Buyer with no interest. If this Contract is terminated after such 90-day period (but before the Closing Deadline), then the amount of the cancellation fee and other fees and costs will be deducted from Buyer's deposit and the remaining amount, if any, will be paid to Buyer without interest.

(c) Once escrow is opened and documents have been prepared, the escrow cancellation fee will be charged plus any fees and costs incurred by Escrow or Sellers, such as the cost of document preparation and title reports. Escrow's cancellation fee may be higher than its usual rate based on the amount of work done by Escrow. Notwithstanding anything to the contrary in this Offer, if this Contract is terminated within 90 days of the date this Offer is accepted by Buyer, then Sellers will pay the cancellation fee and the entire deposit will be returned to Buyer with no interest. (Sellers and Sellers' attorneys in their sole discretion and judgment may elect not to prepare documents until such ninety-day period has expired.) If this Contract is terminated after such 90-day period (but before the Closing Deadline), then the amount of the cancellation fee and other fees and costs will be deducted from Buyer's deposit and the remaining amount, if any, will be paid to Buyer without interest. If Buyer's deposit is insufficient to cover these fees and costs, then Buyer will promptly pay the difference to Escrow.

2. Cancellation by Sellers.

(a) Sellers may cancel this Contract if Buyer does not perform Buyer's obligations under this Contract by the Closing Deadline. If Sellers decide to cancel this Contract, then Escrow, Sellers, or Sellers' Broker will send to Buyer at Buyer's address set forth above a notice of cancellation and Buyer will be responsible for the fees and costs described in Section H.1.(c) above. Escrow cancellation fees and all fees and costs incurred by Escrow and Sellers will be deducted from Buyer's deposit and the balance, if any, will be paid to Seller.

(b) At any time within six (6) months of the Offer Date, Sellers may cancel this Contract and refund to Buyer all of Buyer's deposit, in full satisfaction of any obligations of Sellers under this Contract, provided that at the time of such cancellation the conditions to closing set forth in Section E.1 of this Contract are neither satisfied or waived by Sellers.

3. Extension of Closing Deadline. Sellers are under no obligation to consider any extension of the Closing Deadline. If Sellers agree to extend this Contract beyond the Closing Deadline, Sellers are entitled to and may assess Buyer an extension fee of .67% of the Purchase Price for each month or portion of a month this Contract is extended. The extension fee must be paid in cash at Closing.

SECTION I. LAND COURT; CHANGES; ASSIGNMENT OF CONTRACT.

1. Dual System Property. A part of the Property is registered with the Land Court and a part is not. All documents affecting the Property, including the Deed, must be recorded in the Land Court and the Bureau so the Property is sometimes referred to

as "Dual System Property." As a court of record, the Land Court takes note of facts (such as death, divorce, marriage, or change of name) which affect title to land registered in the Land Court only upon presentation of proper evidence to it. This is accomplished by a petition to the Land Court and the granting of an order by the Land Court. As such, certain title Changes referred to below require a petition to the Land Court to note such Change and Buyer will be solely responsible for the cost of such petition. Buyer will also be responsible for coordinating with Escrow to ensure that the order is issued and recorded.

2. Changes. Buyer should refer to the last assignment of lease that was recorded for the Apartment. The last assignment of lease should show who owns the leasehold interest in the Apartment. Unless Buyer notifies Sellers' Broker or Escrow in writing, Buyer must take title to the Property exactly as shown on the last assignment of lease. Refer to Section I.3, below. Buyer must review the last assignment very carefully. If Buyer wants ANY changes or corrections to be made to the title to the Property or the method of paying the Purchase Price (these are referred to as "Changes"), Buyer MUST notify Sellers' Broker IN WRITING, of the Changes NO LATER THAN the Change Deadline. NO CHANGES WILL BE ALLOWED DURING THE PERIOD 30 DAYS BEFORE THE CLOSING DEADLINE. If Buyer does not wish to have Buyer's conveyance document ordered before the Change Deadline, please check the applicable box on the first page of this Contract. If the box is checked, Buyer will not be responsible for a redraft fee if there are Changes after the documents are prepared but before the Change Deadline has occurred.

(a) Changes in Ownership of the Apartment. If there will be any Changes in ownership of the Apartment, then in most cases an assignment of lease must be prepared and signed by both the current lessees and the new lessees. If Buyer is arranging for Buyer's attorney to prepare the assignment of lease, a copy of the prepared assignment MUST be provided to Sellers NO LATER THAN the Change Deadline. In addition, an assignment of lease will be prepared if Escrow has not received a copy of the assignment of lease prepared by Buyer's attorney prior to the Change Deadline, and the document preparation fee for such assignment will be charged to Buyer.

(b) Death, Divorce, Marriage, or Name Change. Buyer must advise Sellers' Broker in writing, NO LATER THAN the Change Deadline if the name of any lessee in the title report or the last assignment of lease is not exactly the same as the current owner of the Apartment because of a death, divorce, marriage, or name change. Buyer should provide to Sellers' Broker a copy of any certificate (death certificate, etc.) to explain the Change.

(c) Corrections. Buyer must advise Sellers' Broker in writing, NO LATER THAN the Change Deadline, if there are any errors in the title report furnished to Buyer. If there are judgment liens, tax liens, or mortgages that are incorrectly or improperly listed against the Property, then Buyer should notify Sellers' Broker in writing, and should also call the escrow company handling the last sale or the last refinance transaction to find out why the liens or mortgages were not released of record. Any such liens or mortgages should be cleared from title as soon as possible. Also, if any names are incorrectly spelled in the title report or the last assignment of lease, Buyer should also notify Sellers' Broker in writing.

(d) Changes in Method of Paying the Purchase Price. Buyer must advise Sellers' Broker in writing, NO LATER THAN the Change Deadline, if there is any Change in the "Method of Paying Purchase Price" as shown on the first page of this Contract.

(e) Change Fee. In addition to any document preparation and redraft fees, a Change fee may be assessed by Escrow (not Sellers) for each Change requested after the Change Deadline. Moreover, a change fee may be assessed by Escrow (not Sellers) for any assignment of lease recorded or provided to Sellers' Broker or to Escrow after the Change Deadline.

3. Owners and Tenancies of Apartment and Property Must be the Same. On the Closing Date, the Property will be conveyed to the owner of the Apartment in the same names and tenancies. The words "owner" and "record owner" of the Apartment as used in this Contract mean the owner of the Apartment under a recorded lease or assignment of lease or the purchaser or vendee (not the seller or vendor) under a recorded agreement of sale. "Tenancy" is a legal term describing the way Buyer owns property. The different types of tenancies include "tenant in severalty," "tenants in common," "tenants by the entirety," and "joint tenants." As stated in Section I.2, above, if the leasehold owners shown in the last assignment of lease are not the same as Buyer, then necessary Changes (assignments and corrections) must be made so that the Property will be conveyed to the leasehold owners of the Apartment at Closing. If Escrow is notified in writing of such Changes after the Change Deadline, then, in addition to the change fee to Escrow, Buyer will have to pay to Escrow and Sellers, among other fees and costs, processing fees and legal fees to redraft documents that may have already been drafted.

4. Assignment of this Contract; Sale of Apartment. Buyer is not allowed to assign any of Buyer's rights and obligations under this Contract without the prior written consent of Sellers, which consent may be withheld in Sellers' discretion. In other words, Buyer cannot allow someone else to buy the Property. If Buyer enters into a sales contract to sell Buyer's Apartment and the prospective purchaser of Buyer's Apartment would like to purchase the Property from Sellers, then the following applies: (a) Buyer and the prospective purchaser must complete and sign a separate form, called an "Assignment of Sales Contract and Consent," (b) they must submit the assignment to Sellers' Broker for Sellers' approval, and (c) they must comply with the terms and conditions stated in the assignment. Buyer is responsible for any additional costs or fees incurred by Sellers or by Escrow if Sellers consent to an assignment of this Contract. The prospective purchaser will take Buyer's place under this Contract. As such, the various deadlines for performing Buyer's obligations under this Contract will not be extended because of such an assignment.

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SECTION J. GENERAL TERMS AND CONDITIONS.

1. **Condition of the Property.** The Property is being sold in "AS IS" condition. Sellers did not develop, construct, or prepare the documents for, the Project, and have not monitored the use of the Property. Accordingly, Sellers have not made, and will not make, any statements describing the condition of the Property (including any improvements constituting part of the Property). This means that the Property is being sold in its existing condition and that Sellers will not give any assurance to Buyer regarding the existing condition of the Property. Further, Sellers have not made any representations or warranties concerning any increase in the value of the Property. None of Sellers' employees, Seller's Broker (including its sales personnel), Buyer's Broker, (including its sales personnel), or any other person is authorized to make any representations about the condition of the Property, its investment value, or its resale value. Any statements of such nature are not to be attributed to Sellers.

2. **Release of Sellers; Limitation of Trustees' Liability.** The Deed will contain Buyer's agreement to release Sellers (including all past, present, and future Trustees of Queen Lili'uokalani Trust) and Sellers' respective employees, agents, and representatives from, and Buyer's agreement not to sue Sellers, such Trustees, employees, agents, and representatives for, any claims that Buyer might have against such Trustees, employees, agents, and representatives connected in any way to the Property or to any improvements constituting part of the Property. Such release document will be deemed a part of this Contract. Any liability of QLT that may arise as a result of the signing or approval of this Contract by or on behalf of the Trustees of Queen Lili'uokalani Trust is a liability of Queen Lili'uokalani Trust and not the personal liability of any Trustee or employee of the Trust. In other words, neither the Trustees nor any employee of the Trust is personally liable under this Contract.

3. **Repeal of Ch. 38 Relating to the Condemnation of Lessor's Leased Fee Interest in Condominium Apartments.**

(a) **Repeal of Ch. 38.** The City and County of Honolulu ("City") enacted Ordinance 91-95, codified in chapter 38 of the Revised Ordinances of Honolulu ("**Ch. 38**") for the purpose of authorizing the condemnation of the lessor's leased fee interest in condominiums (and other multifamily properties) located within the jurisdiction of the City for sale to owner-occupants. This type of legislation is sometimes called a "mandatory conversion law." The City repealed Ch. 38 on February 9, 2005.

(b) **Party in Lawsuit.** Notwithstanding such repeal, if Buyer applies to any governmental agency for a condemnation of the Property pursuant to any mandatory conversion law and becomes a party to a condemnation lawsuit that is filed against Sellers, then this Offer to Buyer and this Contract will be deemed withdrawn, terminated, and cancelled without any further notice to Buyer and will be of no further force and effect. Buyer should understand that this is not intended to discourage Buyer from exercising any rights under any mandatory conversion law. Sellers' Offer, however, is expressly made upon and is on the understanding that Buyer is voluntarily agreeing to purchase the Property.

(c) **No Legal Advice.** The discussion of Ch. 38, including the repeal of Ch. 38, is not intended to provide legal advice or counsel to Buyer or to any third parties on these complicated and controversial matters. Sellers recommend that Buyer consult with Buyer's attorney concerning these matters.

4. **Special Broker Agency Disclosure.** By signing this Contract, Sellers and Buyer agree that (a) Sellers' Broker and all its salespersons represent Sellers only, (b) unless Buyer has retained its own real estate broker or sales agent, Buyer is not being represented by any broker or sales agent, and (c) oral or written disclosure of the representation was provided to Sellers and Buyer before the signing of this Contract. Sellers' Broker will be paid a commission as set forth in a separate agreement executed by Sellers and Sellers' Broker. Buyer may retain its own real estate broker or agent ("**Buyer's Broker**"), provided, however, the first page of this Offer must be completed with the relevant information and the completed and signed Cooperating Broker Agreement must be attached to and submitted with this Offer. Buyer agrees to the terms and conditions of the Cooperating Broker Agreement and notices to Buyer may be sent to Buyer's Broker. A commission will be paid by Sellers' Broker to Buyer's Broker as described in the Cooperating Broker Agreement. Specifically, if and only if the closing of the sale of the Property is consummated, Sellers' Broker will pay Buyer's Broker, for the account of Buyer, a cooperating commission. In the event this Contract is terminated or cancelled for any reason, no sums will be payable or due to Buyer's Broker. The closing of the sale of the Property should not be delayed because of any disagreements that may arise out of the payment of commissions or fees to a broker or agent. Accordingly, except for any commissions payable under the Cooperating Broker Agreement, Buyer agrees not to enter into any agreement with a broker or agent that requires Buyer to instruct Escrow to pay any commissions or fees from the escrow account established under this Contract.

SECTION K. MISCELLANEOUS PROVISIONS.

1. **Notices.** Notices to Buyer under this Contract may be delivered personally or deposited in the United States mail, postage prepaid, addressed to Buyer at the address set forth on page one of this Contract. Notices will be deemed to have been received by Buyer upon the first to occur of the date Buyer actually receives the notice or three working days after deposit in the United States mail (regardless of whether Buyer actually receives the notice). If Buyer is a trust, corporation, partnership, or LLC, then notice to any trustee, corporate officer, partner, or manager will be sufficient notice to such Buyer. If there is more than one person who is the "Buyer" under this Contract, then notice to any one of the persons will be sufficient notice to all the persons. Furthermore, notice to Buyer's Broker will be sufficient notice to Buyer.

2. Signatures of Parties to this Contract. FAX (facsimile) copies of this Contract and any related documents will be fully binding and effective for all purposes whether or not originally executed documents are transmitted to Sellers, Sellers' Broker, Buyer, or Escrow. FAX signatures on documents will be treated the same as original signatures. However, each party agrees that it will promptly forward originally executed documents to Escrow. The parties understand that they must physically sign and deliver to Escrow original conveyance, and other recordable documents. It is further agreed that this Contract and related documents may be signed in any number of counterparts and by different parties in separate counterparts, each of which when so signed will be considered an original, and all of them put together will form one and the same document, binding upon all of the parties, even though all signatures are not on one copy of the document.

3. Interpretation; Joint and Several Liability; Continuation of Obligations; Time is Important. The term "Sellers," whenever used in this Contract, will include Sellers and their successors in trust and assigns. The term "Buyer" will include Buyer and Buyer's successors, successors in trust, heirs, personal representatives and permitted assigns, and as the context requires, the plural. If there is more than one person who is "Buyer" under this Contract, then each person will be jointly and severally liable for all of the obligations of Buyer under this Contract (this means that each Buyer is fully responsible for all of the obligations of "Buyer" under this Contract). Except to the extent fulfilled at or prior to the Closing Date, all agreements of Buyer in this Contract will continue even after the Deed is signed and recorded. Time is important under this Contract and Buyer must perform its obligations within the time periods set forth in this Contract.

4. Whole Agreement. Except as otherwise provided in this Contract, this Contract is the entire agreement between Sellers and Buyer. This Contract takes the place of and cancels all earlier negotiations, representations, and agreements; no changes or additions to this Contract will be valid unless approved in writing by both Sellers and Buyer. Nothing contained in any promotional materials, fact sheets, brochures, listings, or other documents is a part of this Contract unless specifically identified in this Contract. Buyer acknowledges that misunderstandings can easily arise from discussions and often people do not fully understand each other. Buyer must rely on the terms of this Contract only, and cannot rely on anything that is not specifically referred to in this Contract. If any information or term of this Contract is corrected or if this Contract is assigned, such correction or assignment will be considered a part of this Contract as if it was included in this Contract as Sellers' initial offer. If Sellers do not enforce a provision in this Contract, it does not mean that Sellers have waived or given up their right to enforce the provision; Sellers may enforce the provision at a later time.

5. Hawai'i Law; Severability; Attorneys' Fees. Buyer agrees that Hawai'i law will govern this Contract. If any part of this Contract is declared illegal, void, or ineffective for any reason, then the remaining provisions of this Contract will continue in full force and effect. If a lawsuit is brought to enforce this Contract, then the party that prevails is entitled to recover from the defaulting party all costs and expenses, including reasonable attorneys' fees and all expenses incurred by the prevailing party in connection with the lawsuit or under any indemnifications given to Escrow.

6. Plain Language; Captions. An attempt was made to draft this Contract in language that would be easy to read and understand. It uses words that are less accurate than the words that most courts are used to seeing. It also does not include additional sentences sometimes used to prevent courts from reading words too narrowly. If any court is ever asked to interpret this Contract, then Sellers and Buyer both ask that the court keep these facts in mind when interpreting this Contract. The captions of sections and subsections of this Contract are for convenience only and do not increase or limit in any way the provisions of the sections or subsections. Buyer understands that Buyer cannot rely on the captions, but must read the entire Contract.

7. Costs of 1031 Exchange. If Buyer wishes to participate in an Internal Revenue Code Section 1031 tax deferred exchange, Buyer will be responsible for all costs associated with such exchange; in no event will Sellers be responsible for any additional costs or incur any liability as a result of such an exchange. Buyer understands and agrees that Sellers will not furnish Buyer with any indemnifications in connection with any exchange of property contemplated by Buyer and the various deadlines for performing Buyer's obligations under this Contract will not be extended because of such an exchange.