



H O N U A K A I

FREQUENTLY ASKED QUESTIONS

1. Who are the Rental and Property Management companies for Honua Kai?

Intrawest Hospitality Management (IHM) will be the initial Property Manager for Honua Kai. IHM will also be offering Rental Management services within the building as it does in many places in North America and Europe.

2. Who is Intrawest Hospitality Management (IHM)?

IHM is Intrawest's lodging and hospitality company. IHM performs rental and property management services at 14 locations around North America and Europe. Currently, Intrawest manages lodging at Whistler/Blackcomb and Panorama, British Columbia; Tremblant, Quebec; Mountain Creek, New Jersey; Stratton Mountain, Vermont; Snowshoe, West Virginia; Sandestin, Florida; Copper Mountain and Winter Park, Colorado; Mammoth and Squaw Valley, California; Lake Las Vegas, Nevada; and others. IHM manages over 7,400 units across all Intrawest resorts including the new Westin Trillium House at Blue Mountain Resort, Ontario.

3. How can owners make their unit available for the rental program?

Owners can sign a rental management contract at any time after the real estate selection day. Owners can organize for a Rental Management package to be sent to them by calling Kathleen Sipma at (303) 454-4561 or sending an e-mail to ksipma@intrawest.com. The Rental Management kit will explain everything owners need to know about getting signed up on the IHM rental program.

4. The management fee is 50% - How does that compare to other resorts and rental management companies in the area? What services are included?

Unlike many other rental management companies, IHM avoids many of the 'claw backs' common in this type of service. Typical 'claw backs' IHM avoids charging to owners include: charges for rental guest housekeeping, routine maintenance in the unit, any damage or theft (to a maximum of \$1000), linen replacement, Intrawest generated marketing and sales, and others. Under the IHM Agreement, the Manager's commission pays all of these expenses.

The real differentiator of IHM's rental management service is marketing. Marketing makes IHM the best option for putting more 'butts in beds'. IHM will also generate a higher average daily rate because of the level of service provided. Services provided and paid for by IHM for hotel guests include:

- Daily housekeeping including fresh towels and linens.
- A hotel front desk staffed 24-hours a day.
- Concierge services.
- Business services available with fax, photocopier and computer services.
- Peak hour valet parking, concierge and bell services.
- Packaging of the units with a variety of activities (beach and water activities, site seeing tours, golf, bike rentals, etc) to help drive occupancy.
- Marketing and promotion appropriate for the rental of these units and the conference spaces. The sales team at Honua Kai will be supported on the corporate level at IHM that include full-time sales people in conferences/meetings, international and national destination sales, groups, transient lodging sales and on-line distribution.
- In-room high speed and public area high speed wireless internet access.
- In-Room dining.
- Meeting rooms.
- Kids activity programs.

5. How much can the Owner use their Home? Are there any restrictions? What is the booking policy?

As far as IHM is concerned, the Owner can use the unit as much as he/she wants. Once a year owners will receive an Owner Calendar and they simply fill out the calendar and send it back to IHM. If owners want to make a reservation with late notice, they can personally phone in a reservation to the Homeowner Experience Manager and we will try our best to fulfill the request. One thing to note, Owner occupancy reduces the overall opportunity for revenue and is even more dramatic during peak occupancy periods. This should be considered whenever contemplating personal use of the unit.

6. What is covered in the HOA fees?

As part of the overall strategy of managing a holistic experience at Honua Kai, IHM will be both the Property Manager as well as the primary Rental Manager. This is to promote efficiency and to ensure the common areas are always maintained to the high standards. The Property Manager is governed by a separate agreement between IHM and the HOA. The annual budget and levels of service will support the expected high level of operational standards.

All homeowners are responsible to pay their fair share of the HOA fees, which represent the overall costs of operating and maintaining Honua Kai and the surrounding amenities and services whether they are participating in a rental program or not. Property Management fees cover all water, sewer, cable television, landscaping, garbage removal, hot tub and pool maintenance, elevator maintenance, reserve funds, administrative (legal, accounting, management), insurance, common area utilities (electricity and gas) and common area property taxes. The HOA fees do not include unit electricity, telephone and high speed internet access – these will be billed to each owner individually.

7. Can owners make their unit a non-smoking unit?

Yes. In fact all units in Honua Kai are designated as non-smoking.

8. Are pets allowed within the suites?

Yes, pets are permitted as per the By-Laws for the project.

9. Can owners add personal items to the décor of the unit?

IHM restricts personalizing the units and evaluates each request on a case by case basis. Restrictions on personal items do include guest sign-in books, artwork, dried or real plants, electronic equipment, or any other item not included in the original design of the unit. The reality is that most guests consider the units as hotel accommodations and not a residence and the décor needs to reflect this. It is also important when renting to corporate and business groups, that all units are virtually identical. This adds to the ease and comfort of dealing with these groups and it is what they expect.

10. How much will the unit rent for each night?

In order to achieve the highest occupancy percentages and average daily rates and to secure the best overall rentals, a variety of pricing options are available to transient, wholesale, travel agents, tour operators, corporate and leisure travel groups and other guests. IHM will use its best pricing judgment in an effort to secure consistent levels of occupancy on a season by season basis. IHM uses very aggressive pricing when we first open a hotel in order to drive trial and experience. IHM is very focused on driving occupancy up before driving rate up. IHM has been very successful with this model and intends to use it with the Honua Kai. IHM does know that Honua Kai will command some of the highest rates in the market once it is established because of the service and amenity levels and the overall quality of the units.

11. How does IHM establish nightly rental rates?

After researching what other units rent for in Maui and more specifically Kaanapali, IHM establishes the seasonal nightly lodging rates. IHM takes into consideration the proximity to the many services that surround Honua Kai, as well as the amenities that are on-site. IHM sets rates according to what should be charged for first-class accommodations and the services provided. Opening rates will be finalized approximately nine months prior to opening.

12. How often will the units be rented?

IHM cannot predict occupancy or revenue, however, we do have excellent historical information from most of the competitive hotels and other resorts in Hawaii, Maui and most specifically Kaanapali. IHM uses tour operators, travel wholesalers and travel groups extensively to drive up demand and allow for as many distribution channels as possible to expose Honua Kai to travelers. This strategy drives occupancy and is an excellent source of extended stay bookings, rounding out occupancy throughout the year, especially during the quieter periods. Stabilized occupancy percentages for the more

established hotels in the market are in the 75 – 78% range currently. These rates are only attainable once the business has gone through a normal growth curve.

13. How does IHM decide which units get rented first?

When a rental guest calls and requests a particular size, location, feature, view or type of unit, IHM will do everything possible to fulfill the guest's needs. When a guest calls and has no particular request, IHM's rental management system distributes rentals on a fair and equitable revenue basis, making sure that all units are rented equally while taking into consideration Owner use. In theory, if no owner ever came to stay in their unit, everyone would earn about the same amount of revenue (based on the unit size).

14. How does Housekeeping work?

Since housekeeping and maintenance of the unit are such an integral part of the guest experience, IHM devotes substantial management time to quality control. IHM performs inspections by trained supervisors to ensure that the quality of cleaning and unit presentation meet first class service level standards. For rental guests, daily housekeeping is provided. IHM pays for all housekeeping costs and services, including all laundry, guest supplies and amenities, as well as labor. Owner housekeeping information and fees can be found in the Rental Agreement.

15. How does Maintenance work?

IHM is responsible for the general upkeep of the unit including maintenance requests and regular preventative maintenance inspections. IHM maintains an inventory of commonly used repair items and tools on the property. Maintenance personnel are radio dispatched for quick service to owners and rental guests.

16. How are damage and/or theft treated in the unit?

In the event of damage, breakage or theft by rental guests, IHM shall take reasonable steps to see that the Rental Guests responsible restore the breakage or damage as necessary, in a timely manner. IHM is responsible for any unrecoverable theft or damage up to a maximum of \$1000. Details of our policy are found in the rental contract.

17. What insurance coverage does the Owner need?

Owners need both liability and contents insurance. These costs are relatively nominal and should be a few hundred dollars per year.