

**PRELIMINARY REPORT**  
(No Liability Hereunder)

This report (and any revisions thereto) is issued solely for the convenience of the titleholder, the titleholder's agent, counsel, purchaser or mortgagee, or the person ordering it for the purpose of facilitating the issuance of a policy of title insurance by Title Guaranty of Hawaii and no liability will arise under this report.

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**SCHEDULE A**

Title Guaranty of Hawaii, Incorporated, hereby reports that, subject to those matters set forth in Schedule "B" hereof, the title to the estate or interest to the land described in Schedule "C" hereof is vested in:

JACOB LLC,  
a Hawaii limited liability company,  
as Fee Owner

This report is dated as of December 7, 2006 at 8:00 a.m.

Inquiries concerning this report should be directed to  
DALE SUGIKI.  
Email dsugiki@tghawaii.com  
Fax (808) 871-2222  
Telephone (808) 871-2293.  
Refer to Order No. 200668613.

**SCHEDULE B  
EXCEPTIONS**

1. Real Property Taxes, if any, that may be due and owing.  
  
The premises described in Schedule C is covered by Tax Keys (3) 7-5-020-034 and (3) 7-5-020-028.
  
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
  
3. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance.
  
4. Heiau, as shown on Map 1, of Land Court Application No. 1704.
  
5. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.
  
6. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : JACOB LLC, a Hawaii limited liability company

MORTGAGEE : BANK OF HAWAII, a Hawaii corporation

DATED : May 13, 2005

FILED : Land Court Document No. 3271838

RECORDED : Document No. 2005-102281

AMOUNT : \$8,000,000.0 - covers the land described herein,  
besides other land

SCHEDULE B CONTINUED

7. The terms and provisions contained in the following:

INSTRUMENT : ASSIGNMENT OF RENTS

DATED : as of May 13, 2005

RECORDED : Document No. 2005-102282

PARTIES : JACOB LLC, a Hawaii limited liability company,  
"Assignor", and BANK OF HAWAII, a Hawaii  
corporation, "Assignee"

RE : to secure the repayment of that certain promissory  
note in the principal amount of \$8,000,000.00

(Not noted on Transfer Certificate(s) of Title referred to  
herein)

8. FINANCING STATEMENT

DEBTOR : JACOB LLC, a Hawaii limited liability company

SECURED

PARTY : BANK OF HAWAII

RECORDED : Document No. 2005-102283

RECORDED ON: May 23, 2005

9. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.
10. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described in Schedule C herein.

-Note:- Before issuance of an ALTA policy, verification is required that there is no renovation or construction in progress at the present time, nor has there been any renovation or construction during the past year, nor has any material been delivered to the site for purposes of renovation or construction in the past year.

**END OF SCHEDULE B**

## SCHEDULE C

### -PARCEL FIRST:-

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent 6716, Land Commission Award Number 4887 to Sam Thomas) situate, lying and being in Puapuaa 1, District of North Kona, Island and County of Hawaii, State of Hawaii, and thus bounded and described:

Beginning at the north corner of this parcel or lot of land and on the west side of Kailua-Keahou Beach Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAHELO" being 818.30 feet south and 517.62 feet east, and running by azimuths measured clockwise from true South:

1. 336° 48' 126.39 feet along the west side of Kailua-Keahou Beach Road;
2. 69° 00' 910.00 feet to a point on seacoast;

Thence following along the seacoast at highwater mark and along all of its meanderings, the direct azimuth and distance being:

3. 166° 05' 30" 134.82 feet to a point on seacoast;
4. 249° 29' 888.53 feet to the point of beginning and containing an area of 116,650 square feet, more or less.

### -PARCEL SECOND:-

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 6716, Land Commission Award Number 4887 to Sam Thomas and being all of Royal Patent Number 4263, Land Commission Award 8221, Apana 2 to J. Ikeole) situate, lying and being in Puapuaa 1, District of North Kona, Island and County of Hawaii, State of Hawaii, and thus bounded and described:



## GENERAL NOTES

1. There is hereby omitted from any covenants, conditions and reservations contained herein any covenant or restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law. Lawful restrictions under state or federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

## GUIDELINES FOR THE ISSUANCE OF INSURANCE

- A. Taxes shown in Schedule B are as of the date such information is available from the taxing authority. Evidence of payment of all taxes and assessments subsequent to such date must be provided prior to recordation.
  - B. Evidence of authority regarding the execution of all documents pertaining to the transaction is required prior to recordation. This includes corporate resolutions, copies of partnership agreements, powers of attorney and trust instruments.
  - C. If an entity (corporation, partnership, limited liability company, etc.) is not registered in Hawaii, evidence of its formation and existence under the laws where such entity is formed must be presented prior to recordation.
  - D. If the transaction involves a construction loan, the following is required:
    - (1) a letter confirming that there is no construction prior to recordation; or
    - (2) if there is such construction, appropriate indemnity agreements, financial statements and other relevant information from the owner, developer, general contractor and major sub-contractors must be submitted to the Title Company for approval at least one week prior to the anticipated date of recordation.
- Forms are available upon request from Title Guaranty of Hawaii.
- E. Chapter 669, Hawaii Revised Statutes, sets forth acceptable tolerances for discrepancies in structures or improvements relative to private property boundaries for various classes of real property. If your survey map shows a position discrepancy that falls within the tolerances of Chapter 669, call your title officer as affirmative coverage may be available to insured lenders.
  - F. The right is reserved to make additional exceptions and/or requirements upon examination of all documents submitted in connection with this transaction.
  - G. If a policy of title insurance is issued, it will exclude from coverage all matters set forth in Schedule B of this report and in the printed Exclusions from Coverage contained in an ALTA policy or in the Hawaii Standard Owner's Policy, as applicable. Different forms may have different exclusions and should be reviewed. Copies of the policy forms are available upon request from Title Guaranty of Hawaii or on our website at [www.tghawaii.com](http://www.tghawaii.com).

DATE PRINTED: 12/21/2006

STATEMENT OF ASSESSED VALUES AND REAL PROPERTY TAXES DUE

NAME OF OWNER: JACOB LLC  
LEASED TO :

TAX MAP KEY

DIVISION ZONE SECTION PLAT PARCEL HPR NO.  
(3) 7 5 020 034 0000

CLASS: 8 AREA ASSESSED: 232,068 SF

ASSESSED VALUES FOR CURRENT YEAR TAXES: 2006

This certifies that the records of this division show the assessed values and taxes on the property designated by Tax Key shown above are as follows:

BUILDING	\$	0
EXEMPTION	\$	0
NET VALUE	\$	0
LAND	\$	2,668,800
EXEMPTION	\$	0
NET VALUE	\$	2,668,800
TOTAL NET VALUE	\$	2,668,800

Installment (1 - due 8/20; 2 - due 2/20)

Tax Year	Installment	Tax Amount	Penalty Amount	Interest Amount	Other Amount	Total Amount	
2006	2	10,808.64				10,808.64	PENDING
2006	1	10,808.64				10,808.64	PAID
2005	2	13,143.84				13,143.84	PAID
2005	1	13,143.84				13,143.84	PAID
2004	2	13,143.84				13,143.84	PAID
2004	1	13,143.84				13,143.84	PAID
Total Amount Due:						10,808.64	

Penalty and Interest Computed to: 8/31/2006

DATE PRINTED: 12/21/2006

STATEMENT OF ASSESSED VALUES AND REAL PROPERTY TAXES DUE

NAME OF OWNER: JACOB LLC  
LEASED TO :

TAX MAP KEY

DIVISION ZONE SECTION PLAT PARCEL HPR NO.  
(3) 7 5 020 028 0000

CLASS: 1 AREA ASSESSED: 1,435 SF

ASSESSED VALUES FOR CURRENT YEAR TAXES: 2006

This certifies that the records of this division show the assessed values and taxes on the property designated by Tax Key shown above are as follows:

BUILDING	\$	0
EXEMPTION	\$	0
NET VALUE	\$	0
LAND	\$	39,800
EXEMPTION	\$	0
NET VALUE	\$	39,800
TOTAL NET VALUE	\$	39,800

Installment (1 - due 8/20; 2 - due 2/20)

Tax Year	Installment	Tax Amount	Penalty Amount	Interest Amount	Other Amount	Total Amount	
2006	2	161.19				161.19	PENDING
2006	1	161.19				161.19	PAID
2005	2	181.09				181.09	PAID
2005	1	181.09				181.09	PAID
2004	2	90.54				90.54	PAID
2004	1	90.55				90.55	PAID

Total Amount Due: 161.19

Penalty and Interest Computed to: 8/31/2006