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Flower of the month:

Anthurium
One of the most popular and long lasting tropical flowers, anthuriums are an island favorite for bouquets



SKYLINE

AT ISLAND COLONY



April 2014

ISLAND COLONY PARTNERS NEWSLETTER

ALOHA ... here is an excerpt from the 4-28-14 report by HAWAII TOURISM AUTHORITY regarding statewide visitor arrivals and spending.

TOTAL VISITOR SPENDING AND ARRIVALS DECLINED IN MARCH 2014 AND IN THE FIRST QUARTER OF 2014

Total expenditures by visitors who came to Hawaii in March 2014 fell 3.5 percent compared to last March to \$1.2 billion, according to preliminary statistics released today by the Hawaii Tourism Authority. Total arrivals declined 5.2 percent to 728,814 visitors, offsetting increased average daily visitor spending (+1.8% to \$189 per person).

Arrivals by air from U.S. West visitors dropped 9.2 percent to 268,236 visitors. A change in the Easter/spring break holiday to April in 2014 from March in 2013 caused some shift in arrivals and contributed to this decline. Combined with lower daily visitor spending (-6.6% to \$156 per person), U.S. West visitor expenditures decreased 14 percent to \$378.9 million in March 2014. U.S. West visitor expenditures and arrivals have shown year-over-year losses since August 2013.

While U.S. East arrivals of 165,745 visitors (+0.2%) were comparable to March 2013, higher daily spending (+6.2% to \$199 per person) led to a 7.5 percent growth in U.S. East visitor expenditures to \$317.4 million.



Canadian visitors spent a total of \$136.2 million in March 2014, down 5.9 percent from a year ago. Arrivals of 74,054 visitors (-0.8%) was similar to March 2013, while daily spending declined 4.2 percent to \$147 per person.



HOTEL PERFORMANCE

To the right is an abbreviated statistical presentation of Revenue per Available Room (RevPAR) and composite of Average Daily Rate (ADR) for the month of March.

E Star Report	Skyline 3/2014	Comp Set 3/2014	Skyline 3/2013	Comp Set 3/2013
RevPAR	\$120.63	\$122.04	\$115.30	\$117.50
ADR	\$127.16	\$154.44	\$134.70	\$148.96

[2014 Comp Set = similar competitor hotels including Hyatt Place Waikiki Beach, Aqua Pacific Monarch, OHANA Waikiki Malia, Ilima Hotel and Joie De Vivre Coconut Waikiki Hotel]

The following chart shows percentage changes in Occupancy, ADR and RevPAR for the current month of March, year-to-date, running three months, and running twelve months for Skyline at Island Colony as compared to our competitive set:

	Current	Month	YTD	YTD	Running 3	Months	Running 12	Months
E_Star Report	Skyline	Comp Set	Skyline	Comp Set	Skyline	Comp Set	Skyline	Comp Set
Occupancy	10.8%	.02%	4.1%	-0.3%	4.1%	-0.3%	-4.0%	-0.4%
ADR	-5.6%	3.7%	1.6%	6.4%	1.6%	6.4%	26.6%	12.3%
RevPAR	4.6%	3.9%	5.7%	6.0%	5.7%	6.0%	21.5%	11.8%

Occupancies for March reached 94.9%, versus our competitive set at 79.0%. Because of this, our RevPAR finished only \$6.53 below our competitive set while ADR was more than \$30 below. Although we missed our budget goal, we were successful in keeping occupancies up as Waikiki visitor arrivals started to decline entering our slow season.

RENOVATION STATUS: Room renovations are ongoing as additional non-renovated units enter the rental program.

PROJECTED RESULTS FOR MAY AND BEYOND: Forward looking reservations indicate that the softness of the first quarter will extend at least through part of May. The decline in visitor arrivals will dampen demand while supply of hotels rooms will not decrease as anticipated. Redevelopment and renovation of the Princess Kaiulani and the Ohana West hotels, representing about 1,600 rooms, have been postponed. Additionally, in an effort to fill rooms, they have embarked on an aggressive discount program. We expect market to reach equilibrium by June with an added surge in demand due to the biennial RimPac military exercises. Currently, May is at 70% and anticipate finishing the month with occupancies nearing 90%. As we ramp up towards summer, occupancies and rates will start to increase.

CAPITAL IMPROVEMENT PROJECTS & MISCELLANEOUS UPDATES:

- Hallway repair work continues throughout the building and gives the hallways a fresh new look o go along with the newly-renovated product.
- Spalling work is being done to repair cracks on the exterior of the building.
- Security cameras have been installed on all floors. This added feature allows the team to closely monitor all activity throughout the floors.
- We are testing an electricity saving system connected to AC usage in the room.

YOUR 'SKY TEAM' DOING GOOD IN THE COMMUNITY

Cleaning up Waikiki Beach

In celebration of Earth Day 2014, employee volunteers from Aqua Hospitality helped remove over 800 pounds of invasive algae from Waikiki Beach. Pictured at the far right are Hotel Manager Brian Kovaloff and Guest Services Supervisor Monalisa Tupua.



Food for the Hungry

Skyline at Island Colony collected over 300 pounds and \$300 for the annual Hawaii Foodbank drive.

The Hawaii Foodbank is the only nonprofit agency in the state of Hawaii that collects, warehouses and distributes mass quantities of perishable and non-perishable food to 250 member agencies and food banks on the Big Island, Kauai and Maui.

CONGRATULATIONS ...

Aqua Hospitality® was recently named one of "Hawaii's Best Places to Work" for 2014, in the large company category of 250 or more Hawaii employees.

In its tenth year, "Best Places to Work in Hawaii" – a statewide program managed by The Best Companies Group, this year's top companies were chosen based on a process that analyzed questionnaire responses from both employer and employee perspectives.

According to Heidi Kalepa, Aqua's corporate director of human resources, "Aqua's success can be attributed to the dynamic and diverse mix of employees. People come to us with different perspectives, backgrounds, experiences and skills, and this helps us come up with the best ideas and ways to work smarter as a company."



As always, we appreciate your support and thank you for your continued patience and assistance during these extraordinary times. Please feel free to contact Kristie Cachola at 808-772-2662 or via email at laucachola@gmail.com, or either one of us if you have any questions.

Me ke Aloha Pumehana,



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