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Excellent for tropical floral arrangements, the name Birds of Paradise comes from its spectacular flower shape which resembles a bird's beak and head plumage.

Birds of Paradise



SKYLINE AT ISLAND COLONY



December
 2016

ISLAND COLONY PARTNERS NEWSLETTER

Aloha ... Hawai'i tourism enjoyed great success in 2016 and Hawai'i Tourism Authority is optimistic that the momentum will be sustained in 2017. HTA's marketing strategy will continue to be aggressive, innovative and collaborative in strengthening Hawai'i's brand appeal to global travelers, especially millennials, in major markets worldwide.

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 December 2016 versus December 2015:

E Star Report	Skyline 12/2016	Comp Set 12/2016	Skyline 12/2015	Comp Set 12/2015
RevPAR	\$124.94	\$150.41	\$136.69	\$154.32
ADR	\$142.73	\$183.11	\$152.57	\$182.35

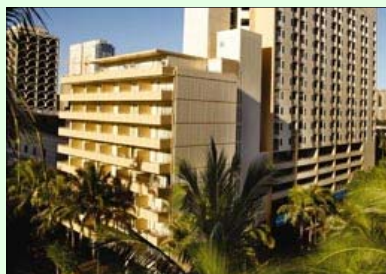
The following chart shows percentage changes in Occupancy, ADR, and RevPAR for the current month of December 2016, year-to-date, running three months, and running twelve months for Skyline at Island Colony as compared to our competitive set.

	Current	Month	Year to	Date	Running 3	Months	Running 12	Months
E_Star Report	Skyline	Comp Set	Skyline	Comp Set	Skyline	Comp Set	Skyline	Comp Set
Occupancy	-2.3%	-2.9%	-3.2%	1.0%	-1.1%	-2.6%	-3.2%	1.0%
ADR	-6.4%	0.4%	4.3%	2.8%	-4.0%	0.1%	4.3%	2.8%
RevPAR	-8.6%	-2.5%	0.9%	3.8%	-5.1%	-2.5%	0.9%	3.8%

Aqua Skyline at Island Colony finished the month of December 2016 behind budget goals for the month and with 87.5% on the books. Demand over peak dates of Marathon and year end wasn't as high as we expected it to be. ADR fell \$10 over last year, as off peak dates saw rates drop to season lows for the month of December. Typically the start of our busy season, demand fluctuated during December. We have responded by building our base and occupancy with above par rates.



Skyline's competitive set of hotels for 2016 includes Hyatt Place Waikiki Beach, Aqua Hotel Pacific Monarch, OHANA Waikiki Malia, Ilima Hotel, and Joie De Vivre Coconut Waikiki Hotel.



PROJECTED JANUARY RESULTS:

Currently, the Aqua Skyline is running ahead of pace for the month and nearing top line revenue budget goals. Occupancy, at 92.6% with one week remaining, we look to exceed goals by month's end. With Pro Bowl not returning to the islands this year, rates have been down for the end of the month, but have been comparable to our sister properties and competitive set throughout Waikiki.

FUTURE OUTLOOK:

First quarter 2017 revenues are pacing behind 2016 for the start of the year. Although ADR is flat over last year, we look to build base and occupancy by keeping rates competitive and by capturing every potential reservation.

Currently for 2017, we are pushing our Advantage Program for business partners as well as Aqua-Aston's A List, which is a program for the frequent traveler and those who are loyal to Aqua Skyline.

In house, we look to continue our partnership with our return guests and our hope is to give them the chance to book direct with the property rather than go through a third party.

PARTNERSHIP NEWS:

As an Island Colony Unit Owner, you may have received a letter from UNITE HERE! Local 5 Hawaii. For a better understanding of such organization's message, please direct your attention to the enclosed letter dated January 9, 2017 from Aqua-Aston Hospitality management team.

In legal news, the Court recently denied AOA's motion to clarify the Summary Judgment issued in October. In doing so, the Court reiterated its prior finding that the 30-day minimum rental restriction is indeed valid and enforceable. With only ICP allowed to rent units for less than 30 days, our office is fully committed to enforcing those owners and agents who are in violation.

As you know, the Annual Meeting is coming up on March 9, 2017. To ensure voting in the best interest of the Partnership, please write-in Kristie Maruyama as the proxy holder and be sure to send in your proxy to our office by March 6 by fax, email or mail in order to be valid:

Fax: (808) 922-3809, Email: kmaruyama@islandcolonypartners.com

CC: admin@islandcolonypartners.com

Mail: Kristie Maruyama
Island Colony Partners
445 Seaside Ave., Mezz. Floor
Honolulu, HI 96815

AOAO UPDATE:

Rooftop: Contractors continue to work on the installation of the solar panels. Projected completion to be determined at a later date.

One Bedroom Window Replacement: Contractors continue to work on the 01 and 02 stack weather pending.

AOAO installed new water storage tanks in the bus lane this week which should improve hot water circulation throughout the building.

Fire Panel: The old fire panel from the Front Desk has been removed and contractors are installing the final instruments in the Mezzanine and Lobby so that the Fire Inspector can validate and we can pass inspection.

RENOVATION STATUS:

Due to high occupancy and demand, carpet replacement is on hold until the second quarter.

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 Maruyama at 808-772-2662 or via email at kmaruyama@islandcolonypartners.com, or either one of us should you have any questions.

*Me ke Aloha Pumehana,
"With Warmest Aloha"*



William T. Tanaka, Jr.
Managing Partner, American Pacific Hotels, LLC
General Partner, Island Colony Partners

PH: 808-921-7110

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Managing Director
Island Colony Partners

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Hotel Manager
Aqua Skyline at Island Colony

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January 9, 2017


You may have recently received a letter from UNITE HERE! Local 5 Hawaii ("Local 5"). Although Local 5 attempts to create the impression that they are consumer advocates, the reality is that they are a labor union seeking only to represent union dues paying members.

For the last 2 years, Local 5 has engaged in a failing union organizing campaign at two of our properties. Despite our filing of a petition in January 2016 to have the National Labor Relations Board conduct a secret ballot election which would allow our employees to vote in privacy to join or not join the union, Local 5 has refused to consent to the election and in fact said, that they were not interested in representing the employees. Despite their implausible statement of no interest, Local 5 continues to use every means possible, including spreading half-truths, lies, and innuendo, in an attempt to create pressure on Aqua-Aston Hospitality to accept a "card check." By entering into a card check agreement, Aqua-Aston would be waiving its employees' right to a secret ballot election and forcing each employee to openly sign a card specifying whether he or she wishes to join or not join the union. The vast majority of our employees have already spoken and in fact, have rejected the union.

We don't expect Local 5's recent letter to be the last of their disinformation campaign. Aqua-Aston is currently enjoying tremendous growth and success. We recently opened The Grand Naniloa Hotel Hilo, a Doubletree by Hilton property, which just completed a \$30 million dollar renovation. A month prior, we opened Hawaii's first Hampton Inn and Suites by Hilton in West Oahu located next to the new Ka Makana Ali'i Shopping Center which features more than 150 exciting shopping, dining and entertainment offerings. Shortly before that we opened the Hilton Garden Inn Kauai Wailua Bay, the first Hilton Garden Inn in Hawaii, boasting a beachfront location on the scenic Wailua Bay.

While we continue to work on several other development opportunities, our focus on managing your asset has not wavered. We wish to express to you, our owners and clients, our appreciation for your continued support of our company. Should you have any questions, please feel free to contact either of us.

Sincerely,



Kelvin Bloom
Manager



Matt Bailey
President & Chief Operating Officer