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Flower of the month:

Cattalaya
 A species of orchid with
 large showy flowers.
 There are many orchid
 shows in Hawaii where
 you will see them.



SKYLINE AT ISLAND COLONY



February 2015

ISLAND COLONY PARTNERS NEWSLETTER

ALOHA:

Here is your February newsletter with information on performance and other news of interest.

HOTEL PERFORMANCE:

Below is an abbreviated statistical presentation of Revenue per Available Room (RevPAR) and composite of Average Daily Rate (ADR) for the month of February 2015 versus February 2014:

E Star Report	Skyline 2/2015	Comp Set 2/2015	Skyline 2/2014	Comp Set 2/2014
RevPar	\$134.84	\$140.126	\$145.14	\$146.99
ADR	\$138.44	\$169.14	\$149.24	\$168.77

2015 Comp Set = similar competitor hotels

Clockwise — 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 February, year-to-date, running three months, and running twelve months for Skyline at Island Colony as compared to our competitive set:

Skyline at Island Colony occupancy for February reached 97.4%, versus our competitive set at 82.9%. Although ADR fell short of the competitive set by almost \$29, we finished less than \$3 below in RevPAR.



Occupancy throughout Waikiki fell short of expectations as fewer travelers visited the islands. The absence of the NFL Pro Bowl this year played a major factor in occupancy and rate for the month. Skyline's competitive set of hotels for 2015 includes Hyatt Place Waikiki Beach, Aqua Pacific Monarch, OHANA Waikiki Malia, Ilima Hotel, and Joie De Vivre Coconut Waikiki Hotel.

	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	0.1%	-4.8%	-1.1%	-4.4%	-1.0%	-1.2%	6.5%	1.0%
ADR	-7.2%	0.2%	-7.6%	0.1%	-2.5%	3.9%	3.4%	7.1%
RevPAR	-7.1%	-4.6%	-8.6%	-4.3%	-3.4%	2.6%	10.1%	8.2%

PROJECTED MARCH RESULTS:

Currently is at 89% occupancy on the books for the month with an ADR of \$121.93. Although budget goal for ADR is set at \$135, we are projected to finish the month strong and near revenue budget goals. Yielding against our competitive set has allowed us to bring in occupancy and gain additional needed revenue. This year's Honolulu Festival brought in higher rates and occupancy, which helped us during the second week of the month.

2nd QUARTER OUTLOOK:

As we approach the second quarter, expectations usually drop during this slow period of travel. April, currently at 41.9% on the books, is pacing behind last year with ADR currently near our 2015 budget goal. May and June are currently pacing behind the strong 2014 but look to pick up as we yield against our competitive set.

Room rates throughout Waikiki have already been lowered as properties compete for business in the face of softening demand. It appears that the next few months will be a struggle for the Waikiki market. We will continue closely monitor market conditions and adjust pricing strategies accordingly to maximize revenue.

PARTNERSHIP NEWS:

Robertson "Rob" Toyama joined our team starting March 2015 as the new Rental Program Specialist. Rob's hotel experience includes Night Auditor for Aston Executive Centre and Stay Hotel – Waikiki and Guest Service Agent for Aston Waikiki Joy Hotel.



During his free time Rob's hobbies are surfing and playing music.



Kristie recently got married and her new name is Kristie Maruyama ... Congratulations! Her new email address is klaumaruyama@gmail.com. Please update your contact information.

MAGNUM ENERGY SOLUTIONS:

Installation of our in-room energy savings system is about 75% complete. As previously stated, we should see a reduction of energy costs by about 20-30% and a return on investment for the system in about 10-12 months.

High occupancies in February delayed the project completion at month's end; the team is working to complete the project by the end of March.

AOAO NEWS/FITNESS CENTER:

The fitness center has reopened after a fire sprinkler leak caused a flood in January.

RENOVATION STATUS:

We had a few units join the hotel rental program and have tentatively scheduled renovation work to take place during the month of June.



WAIKIKI NEWS:

Waikiki Beach Special Improvement District (SID)
HONOLULU CITY COUNCIL BILL 82

Selection of questions and answers:

- What will Bill 82 do if enacted as a City and County of Honolulu ordinance?

The ordinance will create a Special Improvement District to focus exclusively on the long-term maintenance and restoration of Waikīkī Beach.

- Why the need for a Waikīkī Beach Special Improvement District?

Waikīkī Beach is a world-famous icon of Hawaii and among our most precious resources both for our local lifestyle and culture and as an engine of our economic growth. Yet the reality is that Waikīkī Beach is eroding away and without a comprehensive effort by all concerned may be gone within a very few years. A SID focused only on saving Waikīkī Beach will harness the resources of the private sector to partner with government in this effort.

- What will happen if the ordinance is not passed and the SID is not implemented?

First, without comprehensive long-term action the strong likelihood is that Waikīkī Beach will continue to erode away with devastating effects to our local lifestyle and culture and to our visitor industry. It is clear that government can't and won't do the job alone and that only a solid public-private partnership can do so. It is also clear that spot fixes in reaction to crises such as at Kūhiō Beach in 2012 will not save Waikīkī Beach; that will only happen if a comprehensive long-term plan for all of Waikīkī Beach is developed and implemented.

The SID is a proven mechanism for the Waikīkī business community to do its part.

For the complete document, click on the following link:
<http://bit.ly/1y1aKCl>

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 klaumaruyama@gmail.com, or either one of us should you have any questions.

Me ke Aloha Pumehana,
"With Warmest Aloha"

SKYLINE
AT ISLAND COLONY

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