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Flower of the month:

*Plumeria
 (aka Frangipani), grows
 very well in warm
 climates like Hawaii*



SKYLINE AT ISLAND COLONY



January 2014

ISLAND COLONY PARTNERS NEWSLETTER

ALOHA ...

Happy New Year! This is our first partner newsletter for 2014. Our plan is to share pertinent news and information with you on a monthly basis about Skyline at Island Colony as well as what's happening in Waikiki.



We are looking forward to a great year. The beautifully renovated and upgraded Skyline at Island Colony looks terrific and is an excellent property for owners and visitors. As the tallest building in Waikiki, this 44-story hotel features modern 3-star accommodations and panoramic views of Honolulu's skyline and Diamond Head.

Me ke Aloha Pumehana,
 "With Warmest Aloha"

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

Brian H. "Kovy" Kovaloff
 Hotel Manager
 Aqua Skyline at Island Colony

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 December:

E Star Report	Skyline 12/2013	Comp Set 12/2013	Skyline 12/2012	Comp Set 12/2012
RevPAR	\$130.78	\$117.51	\$113.72	\$117.95
ADR	\$143.53	\$159.31	\$126.77	\$146.16

2012 Comp Set
 Similar competitor hotels including Hyatt Place Waikiki Beach (prior renovation), Maile Sky Court, Aston Hotel Pacific Monarch, OHANA Waikiki Malia and Castle Hokele Suites Waikiki

2013 Comp Set
 Similar competitor hotels including Hyatt Place Waikiki Beach, Aston Hotel Pacific Monarch, OHANA Waikiki Malia, Ilima Hotel and Joie De Vivre Coconut Waikiki Hotel



Comp set hotels include - clockwise from top left: Hyatt Place Waikiki Beach, Ilima Hotel, OHANA Waikiki Malia and Joie de Vivre Coconut Waikiki Hotel

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

We've achieved our 2013 repositioning goals. While our occupancy was 10 percentage points less than our competitive set our ADR was 27 points ahead, giving us an effective RevPAR gain of 15 percentage points.

E_Star Report	CURRENT MONTH		YEAR TO DATE		RUNNING 3 MONTHS		RUNNING 12 MONTHS	
	Skyline	Comp Set	Skyline	Comp Set	Skyline	Comp Set	Skyline	Comp Set
Occupancy	1.6%	-8.6%	-6.2%	3.8%	-0.4%	-3.0%	-6.2%	3.8%
ADR	13.2%	9.0%	46.3%	18.5%	10.2%	8.1%	46.3%	18.5%
RevPAR	15.0%	-0.4%	37.1%	22.9%	10.7%	4.9%	37.1%	22.9%

RENOVATION STATUS

Renovation is underway on the 5 units that recently joined the rental program. As more units come on board, a schedule will be made to always renovate as the units are ready.

PROJECTED DECEMBER RESULTS

Although, Waikiki fell behind projections, Skyline had a strong month and is leading in revenues among all Aqua properties.

AOAO CAPITAL IMPROVEMENT PROJECTS & MISCELLANEOUS UPDATES

Hallway repair work continues throughout the building. Soon, hallway cameras will be installed for added safety and security for our guests, tenants and owners.

The pool deck has undergone emergency repairs and will be available to use by the end of the first week of January. Tiles are currently curing prior to the AOAO adding water to the pool.

The AOAO is implementing electrical sub-metering and billing. The Association will start to include a letter with your statement every month explaining the status of the sub-metering, and eventually provide you with the sample data for your unit once all meters have been certified.

FUTURE FORECAST

February: As we enter the month, February is pacing well and we are expecting to meet and exceed budget. Waikiki is showing its strength with overall bookings coming in at high rates. We have yielded our rates to gain maximum revenue opportunity.

March: March is pacing well and is currently ahead of last year's figures. We look for this strong first quarter to continue through the month of March.

April/May: Generally slow, but both months are ahead of last year's pace due to commitments from a large group. We have yielded up to gain ADR as we move forward.

IMPORTANT STATS for December 2013

Occupancy:
SKYLINE: 91.1%
Comp Set: 73.8%

ADR:
SKY: \$143.53
Comp Set: \$159.31

REV PAR:
SKY: \$130.78
Comp Set: \$117.51



Year of the Horse

Seventh in the cycle of the Chinese Zodiac, the

Horse years are: 1930, 1942, 1954, 1966, 1978, 1990 and 2002.

Those born under the sign of the Horse are a flexible group of people. They tend to be stubborn when it comes their ideas, but they are also incredibly patient when it comes to hearing out what other people have to say.

CALENDAR OF UPCOMING EVENTS

HAWAII CHOCOLATE FESTIVAL (4TH ANNUAL), February 22, noon—5 pm

Dole Cannery Shops, 650 Iwilei Road

Hawaii's premier showcase of all things chocolate, returns to the Dole Cannery Shops on Saturday, February 22, 2014 from noon to 5 p.m. Come for an afternoon of chocolate sampling, seminars, entertainment and two floors of exhibitors offering chocolate and chocolate-inspired products.

LEI COURT SELECTION EVENT 2014, March 1, 9:00am - 3:00pm

McCoy Pavilion at Ala Moana Regional Park

Free, all-day pageant to determine the next Lei Court for the City & County of Honolulu. Contestants compete and are judged on lei making, hula, language skills, poise, and their ability to convey the spirit of aloha with warmth and dignity.



2013 HIGHLIGHTS

January: Aqua Skyline at Island Colony repositioned from a lite brand hotel to an Aqua Boutique brand property, improving its status from a 2-star to a 3 1/2-star product with our launch coming in the beginning of the year.

March: Will Tanaka was re-elected to the AOA board of directors and has another 2-year term. Pool Deck trellises were installed giving the area a new look. The fitness center opened for business and is open daily from 7 a.m. – 10 p.m. WiFi has been added to all units. This added amenity allows our guests and owners immediate access to the internet and adds to WiFi already available in the lobby. Jagger's Café opened for business. They are open daily and offer a variety of options including deli sandwiches, panini's, soups & salads and espresso drinks and smoothies. The AOA has signed a new contract with Oceanic Time Warner with all units having cable boxes installed.



April: The new Skyline front desk has been completed and is operational.

May: Pleasant Hawaiian Holidays opened a tour desk at the lobby (which shut down in October). Skyline at Island Colony was a check point for the Visitors Industry Charity Walk. With more than 7,000 walkers we were able to showcase the property.

June: Hallway renovations on guest floors started and cameras are being installed to each for added security.



July: New hotel phone system installed replacing the old one that lasted 7 years.

August: The installation of Island Colony Commercial Laundry is complete. New commercial washers and dryers were purchased and relocated to space owned by Partnership, adding income to the partnership.

September: Parking spaces originally leased by Weinberg to operate the old Island Colony laundry facility are returned, saving the partnership about \$3000 in rental expenses per month

November: The pool was shut down for emergency repairs. Pool re-opened the first week of January.

December: Vacation Holdings Hawaii, a subsidiary of Interval Leisure Group, acquired Aqua Hotels and Resorts and Aqua Hospitality (collectively Aqua). The operational strength and marketing penetration of Aqua, combined with the global presence of ILG, present all of us with an exciting opportunity in a highly competitive marketplace. No changes in operations.

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.

SKYLINE

AT ISLAND COLONY

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