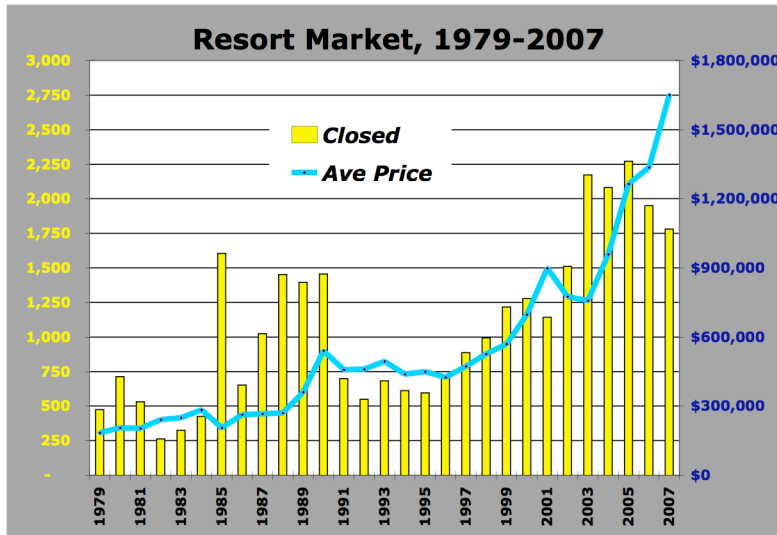


I. OVERALL HAWAIIAN RESORT RESIDENTIAL MARKET

SUMMARY: Incorporating the closing data for the second quarter of 2007, the overall market (sales of condominiums, home sites and single family residences within a resort zoned master planned community in the state (except Waikiki) is off by 8.8%, after a decline of 14% last year.



On the other hand, average prices are up 23.5%, after a gain in 2006 of 5.7%, to \$1.651 million.

STATE RESORT MARKET CLOSINGS AND VALUES, ALL PROPERTY TYPES

	2004	2005	2006	2007*
Closed	2,081	2,271	1,951	1,780
Ave Price	\$959,031	\$1,264,787	\$1,336,588	\$1,651,123
Top Price	\$8,500,000	\$20,575,000	\$18,000,000	\$26,500,000
	2004	2005	2006	2007
Closed	-4.2%	9.1%	-14.1%	-8.8%
Ave Price	26.6%	31.9%	5.7%	23.5%

* 2007 is extrapolated for full year, using 1Q data

Where did growth occur specifically? This table tabulates closings in the different price segments:

OVERALL MARKET, CLOSINGS BY PRICE RANGE

(\$000s)	2003	2004	2005	2006	2007
\$250-\$499	1,012	632	342	169	162
\$500-\$749	468	582	682	618	346
\$750-\$999	171	269	388	347	334
\$1000-\$1249	85	115	151	163	220
\$1250-\$1499	47	102	173	125	148
\$1500-\$1749	53	70	93	98	134
\$1750-\$1999	30	46	73	70	66
\$2 mill+	140	211	355	354	360

Better than looking at the numbers is seeing the market by percentage change. This year, the biggest declines in activity has been at the lowest three price segments, plus the \$1.25-\$1.499

million one. The best segment has been the one on either side of that one, the \$1.0-\$1.25 million niche and the \$1.5-\$1.75 million niche.

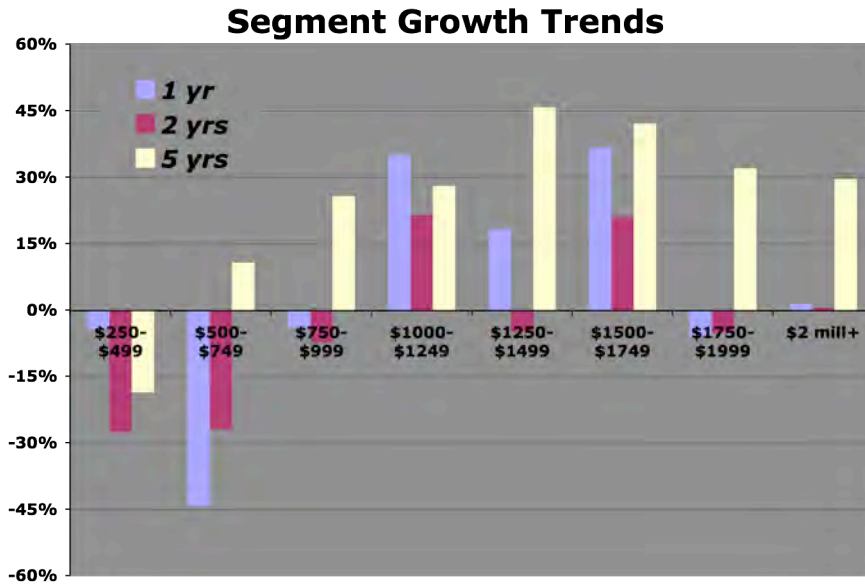
In terms of a two year period, the best segments are simply the uppermost two price ranges, followed by the \$1.0-\$1.25 million one.

OVERALL MARKET, PERCENTAGE GROWTH IN CLOSINGS BY PRICE RANGE

(\$000s)	1 yr	2 yrs	5 yrs
\$250-\$499	-50%	-48%	0%
\$500-\$749	-10%	4%	22%
\$750-\$999	-11%	17%	30%
\$1000-\$1249	9%	20%	27%
\$1250-\$1499	-28%	19%	47%
\$1500-\$1749	5%	19%	28%
\$1750-\$1999	-3%	30%	32%
\$2 mill+	-6%	31%	28%

Finally, the best long-term growth has been going on in the \$1.25 to \$1.499 million price niche and the \$1.75 to \$2 million one.

A summary of this can be seen in the chart below, SEGMENT GROWTH TREND.



Next, we begin to examine the market by comparing the price segments in just the immediate time frame. The table below compares what we have for the YTD 2007 data, and sets that against the 2006 full year data. We will break the data out into segments both by origin, i.e., New (developer) sales and Resales, and price niche (by \$500,000 increments). We start with the overall market, and then continue into the particular product segments, condo, residences, and home sites.

In particular, we want to examine the changes in closings and prices, so the following table sets the two data sets side by side, plus summarize the changes as a percent. What we are looking for is the pockets of strength and weakness in one, or in both series.

TOTAL RESORT MARKET TRENDS 2006 vs. YTD 2007, ALL TYPES

All Types	Closed	Ave Price	% ▲ Closed	% ▲ Prices
All Sales	1,780	\$1,651,123	-9%	24%
Over \$1.0 million	928	\$2,539,153	14%	11%
Over \$1.5 million	560	\$3,415,105	7%	19%
Over \$2.0 million	360	\$4,379,893	2%	28%
Over \$2.5 million	252	\$5,317,168	-1%	42%
RESALE	Closed	Ave Price	% ▲ Closed	% ▲ Prices
All Sales	1,014	\$1,597,039	1%	17%
Over \$1.0 million	456	\$2,771,242	2%	24%
Over \$1.5 million	296	\$3,866,058	4%	37%
Over \$2.0 million	216	\$4,351,852	15%	27%
Over \$2.5 million	156	\$5,178,375	25%	28%
NEW	Closed	Ave Price	% ▲ Closed	% ▲ Prices
All Sales	766	\$1,722,717	-19%	32%
Over \$1.0 million	472	\$2,314,932	30%	-1%
Over \$1.5 million	268	\$3,152,857	10%	10%
Over \$2.0 million	144	\$4,421,954	-13%	29%
Over \$2.5 million	84	\$5,974,489	-11%	38%

Overall (All Sales), the sales are slowing and prices rising. However, this seems confined to the lower price ranges, under \$1 million, while activity in the upper price niches appears more robust. This is borne out when by the RESALE segment, which shows steady to increasing sales and rising prices as one moves from the lower to the higher price segments. The new segment shows much lower closings YTD, but fairly strong prices. As the RESALE market is larger, and more homogeneous than the NEW one, we find those trends more representative of the overall market. The four-year trend is described below:

STATE RESORT MARKET CLOSINGS AND VALUES, ALL TYPES, RESALE ONLY

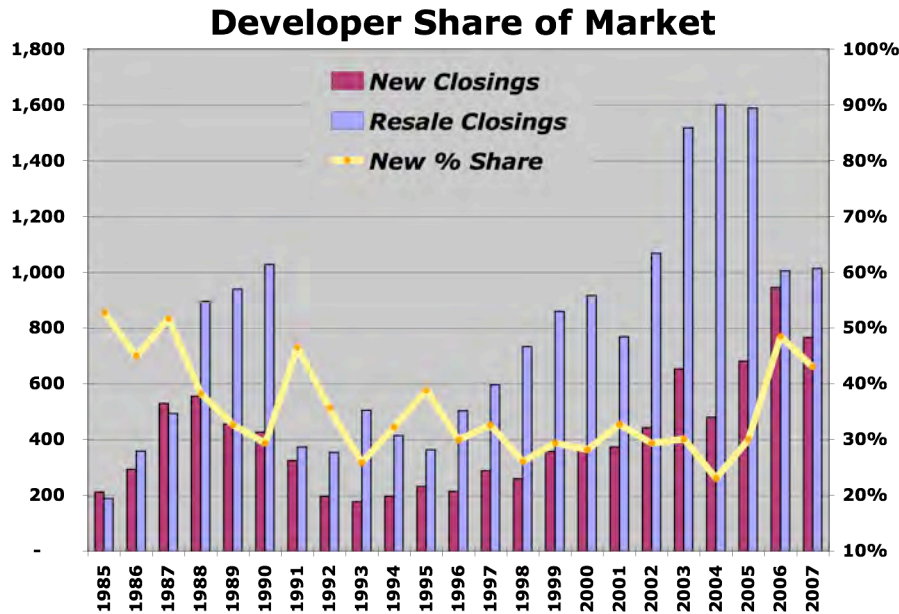
	2004	2005	2006	2007*
Closed	1,601	1,589	1,005	1,014
Ave Price	\$813,630	\$1,071,364	\$1,367,066	\$1,597,039
Top Price	\$8,500,000	\$20,575,000	\$12,000,000	\$26,500,000
	2004	2005	2006	2007
Closed	5.5%	-0.7%	-36.8%	0.9%
Ave Price	15.0%	31.7%	27.6%	16.8%

Interestingly, the market seems to have peaked in 2005. As for NEW sales, we see both closings and prices moving up and down, according to what is being delivered. This is described in this table below and in the following chart.

STATE RESORT MARKET CLOSINGS AND VALUES, ALL TYPES, NEW SALES ONLY

	2004	2005	2006	2007*
Closed	480	682	946	766
Ave Price	\$1,444,006	\$1,715,446	\$1,304,210	\$1,722,717
Top Price	\$8,000,000	\$13,500,000	\$18,000,000	\$15,500,000
	2004	2005	2006	2007
Closed	-26.6%	42.1%	38.7%	-19.0%
Ave Price	65.2%	18.8%	-24.0%	32.1%

This chart shows a longer time series, and it just looks at all resale closing activity vs. all newly developed closings.



Since 1996, total resort market demand has been growing, but only since 2003 has the developer community been responding. Thus, most of the burden of demand fell on resales, at least until the 2005-2006 time frame, when new home production was able to catch up (up 39% in 2006, on top of the 42% increase in 2005). This year, however, it has fallen this year (19%), mainly due to production lags and constraints of inputs (labor, materials, etc.). By comparison, resales fell dramatically last year, 37%, but have stabilized YTD, running at about 1% higher. As this happened, the share of market, new vs. resales, has soared, such that 4 out of every 10 sales are newly built ones.

Finally, we break the data into the New and Resale segments and just look at the price performance of each in terms of product type.

STATE RESORT MARKET CLOSINGS AND VALUES, ALL TYPES, RESELL ONLY

Type	Sale	2004	2005	2006	2007
CONDO	New	\$953,720	\$1,144,718	\$1,018,118	\$1,218,280
	Resale	\$722,417	\$866,643	\$1,155,501	\$1,303,115
CND Total		\$759,916	\$941,682	\$1,083,019	\$1,263,767
RES	New	\$2,403,311	\$2,849,740	\$3,392,936	\$5,178,359
	Resale	\$1,100,132	\$1,518,936	\$1,862,146	\$2,301,712
RES Total		\$1,391,477	\$1,889,366	\$2,215,851	\$3,029,538
VAC LOT	New	\$1,642,255	\$2,459,426	\$2,066,275	\$1,673,804
	Resale	\$958,936	\$1,668,104	\$1,746,735	\$1,745,109
VAC Total		\$1,282,339	\$2,037,704	\$1,908,527	\$1,708,842

The table shows how prices of newly developed units jump around, a function of erratic delivery schedules (while resale prices are fairly steady). To illuminate this point, what has driven these prices to move up and down is deliveries of very high priced units at Kukio and Wailea Beach Villas in 2006. As such, the YTD 2007 looks like prices have dropped (which they have, but more as a result of product mix than as a result of falling prices).

Next we break this overview of the market into the particular market segments, according to the product types: single family, condos and home sites.

2. PRODUCT TYPE SEGMENTS

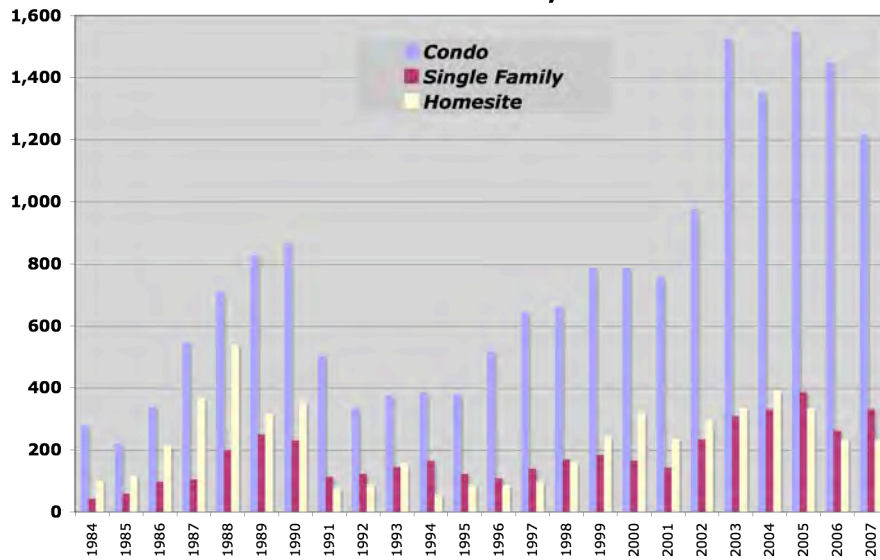
CLOSINGS: The product segment with the most sales is condominiums – they are over two thirds of the market.

CLOSING COUNTS BY PRODUCT SEGMENTS

	Condo	S/F	Vacant
2003	1,519	310	337
2004	1,357	331	392
2005	1,549	388	333
2006	1,399	264	235
2007	1,216	330	230
	Condo	S/F	Vacant
1 Yr.	-13%	25%	-2%
2 Yrs.	-11%	-3%	-16%
5 Yrs.	7%	10%	-4%

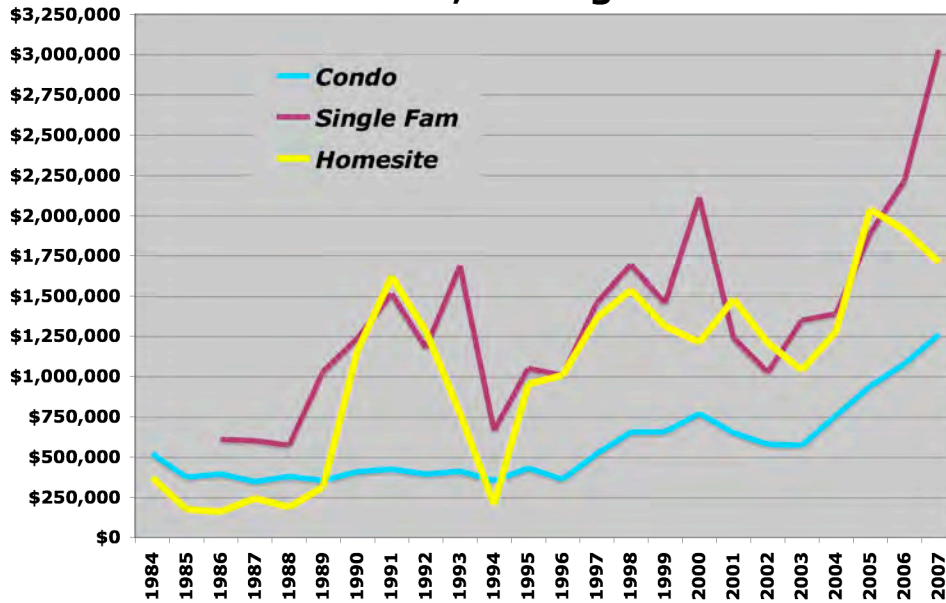
That said, sales have been down two of the last three years for all segments, save S/F homes, the most expensive product type.

Total Market Unit Sales, 1984-2007



PRICING TRENDS: Last year, prices fell in one out of three product segments. The best appreciation has been detached homes over the last 5 years, as well as over the last two years.

Total Market, Average Prices



AVERAGE PRICES BY PRODUCT TYPE

	Condo	S/F	Vacant
2003	\$574,040	\$1,351,004	\$1,041,118
2004	\$759,916	\$1,391,477	\$1,281,460
2005	\$941,682	\$1,889,366	\$2,038,868
2006	\$1,090,942	\$2,215,851	\$1,890,727
2007	\$1,263,767	\$3,046,081	\$1,689,071
	Condo	S/F	Vacant
1 Yr.	133%	173%	79%
2 Yrs.	74%	95%	36%
5 Yrs.	41%	52%	28%

The price trend shows the best annual growth over a one-year span is in the single-family product type – a reflection of strong and strengthening demand at the high end of the market. This is also evident in the condominium segment, but less so for vacant lots. That said, these recent price increases are probably not going to be sustained, over the longer term, as the slow down in demand intersects with an increase in supply.