

KOHANAIKI CLUB & KOHANAIKI HALE CLUB

FREQUENTLY ASKED QUESTIONS

This general description of the Kohanaiki Club and the Kohanaiki Hale Club is provided for informational purposes only and should not be relied on in deciding whether to acquire a Membership in the Club. For a full description of the benefits and privileges of Membership, please refer to the Membership Plan and related documents (the "Membership Documents"). The complete set of Membership Documents is available upon request, and should be reviewed prior to the acquisition of a Membership in the Club.



GENERAL CLUB FAQ

1. What is the Kohanaiki Club?

Kohanaiki Club, Inc. (the "Club") is a member-owned private club, which offers members a unique opportunity to enjoy a diverse array of exceptional recreational facilities and amenities. The facilities of the Club are located within the Kohanaiki residential community on the Kona coast.

2. What facilities does the Club offer?

The "Club Facilities" include:

- 18-hole championship golf course designed by Rees Jones, Inc.
- Driving range, practice chipping green, and practice putting green
- Beach Club, featuring a restaurant, bar, recreational swimming pools and ocean adventures hale
- Sports Complex including 3 tennis courts, basketball, batting cage and keike playground
- Clubhouse with 67,000 square feet featuring:
 - World Class Spa designed by Tracy Lee,
 - Fitness Center with a 25-meter pool,
 - Member Shop stocking golf and fitness gear, tennis, swimwear, women's apparel, foot wear and beach accessories.
 - Restaurant featuring Kohanaiki Coastal Cuisine,
 - K Kids providing a safe and educational environment for children.
 - Movie Theatre 21 seat theater with lobby and concession stand, complete with popcorn, candy and fountain drinks.
 - Bowling Alley Four Lane facility built with top of the line Brunswick equipment.
 - Arcade Games, Pool tables, Shuffle board
 - Adults-only Card and Cigar Lounge
 - Two Private Dining Rooms
 - Wine Tasting Room
 - Brewery Customized brewing system
 - Gallery A display of historical pieces telling the story of Kohanaiki and Hawaiian art.

3. What about concierge services?

A concierge and Member Services Office with a toll-free phone number is available to Members to arrange for tickets to local concerts and shows, cultural tours, preand post stay arrangements such as pre-arrival grocery shopping, housekeeping,



laundry and storage of personal items after use, catering service, reservations for club services and off-site services such as dining, spa services, golf, ocean fitness, baby-sitting, transportation, fishing and diving expeditions, other ocean activities, light business assistance such as faxes and copies, etc. The cost of the concierge service is included with the Membership; however Members are, of course, required to pay applicable charges for goods and services booked through the concierge.

4. What categories of Membership are offered by the Club?

The Club currently offers two categories of Equity Membership: Golf Membership and Social Membership (Founder Memberships are not currently available). The Club also issues a restricted number of non-Equity Hale Club Membership to members whose homes at Kohanaiki are not yet completed.

Golf Members are entitled to use all of the golf, beach, tennis, swimming, spa, fitness, and social facilities of the Club. Golf Members are not required to pay greens fees or cart fees for use of the golf course or court fees for use of the tennis courts, but will be required to pay for other goods and services as applicable

Social Members are entitled to use all of the beach, tennis, swimming, spa, fitness, and social facilities of the Club. Social Members will not be required to pay court fees for use of the tennis courts, but will be required to pay for other goods and services as applicable. Social Members are not entitled to use the golf facilities of the Club, except as a guest of a Founder Member, Golf Member or Hale Club In-Residence Member.

Hale Club members receive part-time use of luxurious residences (the "Hale Club Residences") located within the Kohanaiki residential community while their own home is under construction and have the same usage privileges as Golf members while in-residence.

5. How many Memberships will be available in the Club?

The maximum number of Memberships permitted in each category is:

Founder Membership and Golf 600

Membership

Social Membership 200



Hale Club Membership

6 per Hale Club Residence (currently 12 residences, 72 Memberships)

6. What are the fees and dues?

Each Equity Member who acquires a Club Membership will be required to pay an initial Membership Contribution and Annual Dues at the rates then in effect. In addition members will pay annual association dues to Kohanaiki Community Association, the master association for the project, and Condominium Association dues if applicable to the home they purchase.

Hale Club members pay a Membership Deposit (rather than a Membership Contribution) and Annual Dues. Hale Club Annual Dues incorporate allocations for the Kohanaiki Club and the Kohanaiki Community Association, so no such further fees are payable.

The amount of dues, and any fees and charges are subject to change from time to time. The current schedule of fees and dues is attached.

7. How are the fees and dues established?

The Club will determine the amount of dues to be payable each year. Prior to the Turnover Date (defined later), the dues for use of the Club facilities will be set by the Company with regard to the Club's operating and maintenance expenses based on a full complement of Members as well as a reserve for capital repairs and replacements. After the Turnover Date, the Board of Directors may set the amount of dues at any level deemed appropriate.

8. How do I become a Member?

Membership in the Club is by invitation only. Kohanaiki Club members must submit a Proposal for Membership and must be invited in order to become a Member. Ownership of a property at Kohanaiki is also a requirement of Membership. Approval to become a Member at Kohanaiki automatically entitles that Member to join the Hale Club for the period after they commit to a home until the is completed and they transition to Equity Membership.

9. Who can own and use a Club Membership?

A Club Membership can be issued in the name of an individual, in the names of both married spouses or in the name of an Entity. Regardless, the parents, grandparents, children and grandchildren of the primary Member and of the primary Member's



spouse or significant other are all entitled to substantially the same Membership privileges as the Primary Member at no additional cost.

10. Can my guests use the Club Amenities?

Yes. Members may invite guests to use the facilities of the Club upon payment of any applicable guest fees. Guest use shall be subject to the Rules and Regulations and guest policies of the Club, including, restrictions on the number of guests a member can sponsor and the number of times a particular guest may use the Club Facilities.

Hale Club Members can invite unaccompanied guests to use the Hale Club Amenities. However, in order to be able to use the Kohanaiki Club facilities, unaccompanied guests must be "in-residence" at the Hale Club.

11. Who else can use the Club?

The Club has reserved the right to issue other types of Memberships as set out in the Membership Plan. With Board of Directors' approval, the Club shall have the right to hold tournaments, outings and other special events at the Club Facilities from time to time provided that they do not unreasonably interfere with the members' use of the Club Facilities.

The Club is also mandated to permit play on the golf course by the general public one day each week. The Club has developed a program with the County that satisfies this requirement. The Company also has certain promotional use privileges as described in the Membership Plan.

12. Who Owns and Operates the Club?

The Club has reserved the right to engage one or more management companies to manage and operate the Club and the Club Facilities. The Club Facilities are currently operated by Kohanaiki Hale Club LLC, a Hawaii limited liability company (the "Company"). The owners of the Company are affiliates of Kennedy Wilson, Inc. and IHP Capital Partners.

13. Must I purchase a residence or home-site in the Community, to acquire a Membership in the Club?

Membership is by invitation and home ownership at Kohanaiki is a pre-requisite for Equity Membership. Owners whose homes are under construction have the opportunity to take up a Hale Club Membership for the construction period.



EQUITY MEMBERSHIP - SPECIFIC FAQ

1. What is an Equity Membership and what are the benefits?

All Memberships except Hale Club Memberships are Equity Memberships. After the Turnover Date (defined below), Equity Members control the Club through the right to vote. The operation of the Club Facilities is accomplished through the direction of a "Board of Directors," elected by the Members. This Board oversees the management of the Club. Major issues are normally decided by vote of the Members.

On all matters to be voted upon by the members of the Club, Founder Members and Golf Members are entitled to two votes per Membership and Social Members are entitled to one vote per Membership. Hale Club members are not entitled to vote

As a result of this member control, the club experience and lifestyle are enhanced by the heightened interest and participation of member-owners and the greater continuity in the Membership that is found in a member-owned club. Member ownership also creates a greater cohesiveness within the Community.

Member ownership answers the questions as to what will become of the Club and its facilities in the future, by clearly establishing which entity will own and control the Club Facilities after the development of the Community is complete. The members themselves will ultimately set the rules and costs of Membership privileges.

2. What are the special features of Equity Membership in the Club?

Equity Membership in the Club offers a number of special features such as:

- **Transferability of Memberships**. Golf and Social Memberships are transferable through the Club to the subsequent purchaser of a member's residence or home-site in the Community with no waiting period.
- **Refundable Membership Contribution**. If an Equity Members wishes to resign their membership rather than transfer it to a subsequent purchaser of their home are entitled to a refund upon resignation and reissuance of the Membership. Members do not have to wait until all new Memberships in the Club have been issued before their Membership is reissued and they receive their refund. The Club will reissue one resigned Membership for every four new Memberships issued in that category (1 in 5) on a first-resigned, first-reissued basis. The amount to be refunded will be 80% of the amount for



which the Membership is reissued and will be payable within 30 days after receipt of funds from the new member.

- **Control of Club Operations and Policies.** Equity Members will be entitled (after turnover) to elect the members of the Board of Directors, which governs the Club.
- **Ownership Interest in Club.** Each Equity Member has an ownership interest in the Club and is entitled to vote on matters affecting the Club in accordance with the Membership Documents.
- **Legacy Transfer.** An Equity Member can request the transfer of his or her Membership through the Club to the member's adult child or grandchild subject to the submission of an application and approval of the new member, and subject to payment of an administrative fee.
- Inheritability. Upon the death of an Equity Member, the Membership can be transferred without the payment of any additional Membership contribution to the deceased member's spouse, or if there is no spouse, to an heir or legatee of the deceased member, if approved for Membership. Otherwise the Membership will be deemed resigned and will be re-issued as described above.

3. How is the Board of Directors selected?

Until the Turnover Date, the Company will appoint all members of the Board of Directors. Decisions made by the Directors appointed by the Company shall be in good faith and in the best interest of the Club, its members and the development of the Community. After the Turnover Date, the Members will elect all new members of the Board of Directors.

4. What is the Board of Governors?

An advisory Board of Governors will be established to serve as a liaison between the management of the Club and the members. The Board of Governors will meet with Club management from time to time to discuss the operation of the Club Facilities. The Company will designate all of the members of the Board of Governors. The Board of Governors shall serve in an advisory capacity only until the Turnover Date.



5. What is the "Turnover Date" and when does it occur?

The "Turnover Date" will be the date upon which the Company's right to appoint the members of the Board of Directors terminates and the Equity Members are entitled to elect the Board, which shall occur not later than 30 days after the earlier of the following:

- (a) The initial sale of all Golf Memberships and residences or home-sites; or
- (b) Upon the Company's election at any time, provided the Club has operated without an operating deficit during the preceding 12-months; or
- (c) At any time after the fifteenth anniversary of the sale of the first Golf Membership, upon the majority vote of all Equity Members entitled to vote, provided that at least fifty-one percent (51%) of the Golf Memberships have been issued and are active at the time of such vote.

6. Why does the Company keep control in the early days?

The Company desires to retain control of the Club in its initial phases to establish the Club's operational and management procedures and to ensure all Club operations are properly integrated. The Company has agreed to fund any operating deficits prior to the Turnover Date, while the Membership base at the Club grows.

7. What if the Club loses money after the Turnover Date?

The dues, fees and charges of the Club should provide sufficient revenues to allow the Club to break even. If this does not happen, the Board of Directors can either raise dues, fees and charges, assess the Equity Members for the operating deficit or take other actions as they deem necessary in their business judgment.



HALE CLUB - SPECIFIC FAQ

1. What rights to use the Hale Club Residences does a Hale Club Membership provide?

Every Member will enjoy the Hale Club Residences for up to 120 "Bedroom Nights" each "Use Year" with a maximum of 45 overnight stays in the Hale Club Residences in any Use Year. Bedroom Nights are calculated by multiplying the number of bedrooms requested by the number of nights requested for that stay. Usage rights are pro-rated for partial years.

2. What privileges do I have at the Kohanaiki Club?

While in residence, Hale Club members are entitled to use all of the golf, beach, tennis, swimming, spa, fitness and social facilities. No greens fees or cart fees are required for use of the golf course nor are court fees required for use of the tennis courts.

3. What type of residences does the Hale Club offer?

The Hale Club currently comprises 17 freestanding, completely furnished luxury residences, each containing 1-4 bedrooms, open concept living area and full kitchen and outdoor common entertainment areas. The Company may increase this number in the future. Members have access to book any available Hale Club Residence.

4. If I resign my Hale Club Membership, am I entitled to a refund following resignation?

Members who resign their Hale Club Membership upon completion of their home and joining Kohanaiki as an Equity Member receive a 100% refund of their Membership Deposit (or the currently applicable resignation refund if greater) with no waiting list.

Members who resign without taking out an Equity Membership are entitled to a refund of 80% of their Membership Deposit following resignation and reissuance of their Hale Club Membership, payable within 30 days after receipt of funds from the new member. Resigned Hale Club Memberships will be placed on a resale waiting list and will be issued on a first-resigned, first-reissued basis. Prior to the initial sale of all of the Hale Club Memberships permitted to be issued and outstanding by



the Company, only every fifth Hale Club Membership issued (1 in 5) will be a resigned Hale Club Membership from the resale waiting list.

5. How does the reservation process to use the Hale Club Residences work?

On or before March 1 of each year, Members will receive a "Reservation Priority Number" and a Reservation Form on which to designate his or her Peak Period reservation priorities for up to six separate weeks for the upcoming "Use Year" (i.e., June 15 through June 14 of the next calendar year). The maximum period for each request is 1 week. For example, a Member may choose a four bedroom Residence for 1 week during Christmas as his first choice and 5 nights in a two bedroom Residence for Spring Break Peak as his second choice, etc.

All Reservation requests received by April 1st of each year will be processed in several "rounds" on the basis of the Reservation Priority Numbers so that all Members have fair access to the Hale Club Residences. All Members' first round requests will all be allocated in Reservation Priority Number order, before allocating additional requests. If during a given round a members' top priority request is not available, their next-preferred request will be considered. For example if during the first round a member's first choice is not available, then their second (or if necessary third or fourth) choice will be allocated. Allocations continue for as many rounds as necessary until all possible requests have been filled. Any peak season weeks that remain un-booked after this process will be bookable as for non-Peak-Season weeks

Peak Period reservations will be confirmed by April 15th each year.

Reservation Forms received after April 1st each year will be considered on a first-come, first-served basis only after the Reservation Forms which were received by April 1st have been fully processed.

6. How are the Reservation Priority Numbers assigned?

The Reservation Priority Numbers are assigned according to a rotation-based system that equitably distributes Reservation Priority Numbers based upon historical reservation priority allocation and a random selection element.

7. What are the Peak Periods?

Prior to the commencement of each Use Year, the Company will designate the Peak Period weeks for the ensuing Use Year, based upon historic demand. For the 2016/2017 Use Year, the peak periods are:



- December 15 through January 15
- March 15 through April 30
- August 7 through September 7

Requested reservations for Peak Period stays are limited to a one-week (seven nights) in each Peak Period. Members can also request to adjoin a "Shoulder Residence Stay," which is the one-week period immediately preceding the first week of a given Peak Period or the one-week period immediately after the last week of a given Peak Period, which will be confirmed at the same time as their Peak Period week.

8. How are reservations for Non-Peak Periods handled?

Starting April 15 of each year, Members will have the opportunity to make Non-Peak Period reservation requests, subject to availability. These reservations will be accepted on a first-come, first-served basis and can be made for a minimum stay of three nights. Reservations can be made for nights and Hale Club Residences shown to be available on the on-line "Check-In Calendar" maintained by the Hale Club for the Use Year in question.

9. What time is check-in time and check-out time?

Check-in will always begin at 4:00 p.m. on the first day of a stay at the Hale Club Residence.

Check-out will always be at 10:00 a.m. on the last day of the stay. Early check-in and/or late check- out are within the discretion of on-site management.

10. Are there any other fees?

Additional fees are payable for the following services at the rates set out in the attached schedule of fees:

- **Cleaning:** The Hale Club Residences will be cleaned before each stay at no extra charge. More frequent cleaning will incur an additional fee
- **Shopping / Grocery Stocking** service can be provided for a fee, plus the cost of the goods purchased.
- **Cancellations**. A cancellation fee will be charged for failure to cancel a confirmed reservation as per the cancellation policy.



11. Will I be able to store my personal belongings at the Hale Club?

Hale Club Members have the benefit of individual, secure on-site storage in which to house personal belongings between visits. Personal property will be moved to storage for you on departure and placed in your Residence prior to your next arrival.

13. What is the Terminal Sales concept?

Twenty years after Hale Club Memberships are first offered for sale, the Company plans to sell all of the Hale Club Residences, subject to the rights of the Hale Club Members to extend such date by five years based on a vote of 80% of the Members. Members will have the opportunity to purchase individual Hale Club Residences Once all of the Hale Club Residences are sold, the Membership Plan will terminate and each Member in good standing will be entitled to share in the net sales proceeds of the sale.

14. Do I receive any special benefits when I complete the purchase / construction of my home in the Kohanaiki community?

Yes; upon completion of your home and commencement of your Equity Membership, your Hale Club Membership must be resigned and will revert back to the Club. You will receive a refund or credit against the purchase price equal to the full amount of the Membership Deposit you paid or 80% of the then-current price for a Hale Club Membership if greater.

15. What should I do if I have additional questions?

Complete details about the Membership opportunities are available from the Membership Office, which can also answer any questions regarding the Club and its operation. For further information, please contact the Membership Office at:

Kohanaiki Hale Club 73-4676 Queen Ka'ahumanu Highway Mile Marker 95 Kailua-Kona, Hawaii 96740 808-329-5135