



Poipu Kai Association

GUIDANCE VOTE RESULTS AND 2013 BUDGET

October 24, 2012

Aloha PKA Owners,

LANAI ROOM

The most recent tabulation of the “guidance vote” to determine the future of the proposed Lanai Room Health Facility build-out showed a total ownership response of 310 votes out of 458 units, which represents 68% of the owners; we sincerely appreciate those owners who cared enough to respond. Of these responses, 196 votes (43%) were cast against a one-time special assessment, while 104 votes (23%) were in favor, while 10 votes abstained.

The second option of taking a long-term loan found 156 votes (34%) were against, with 69 votes (15%) in favor, while 85 votes abstained. Thus, on both options the votes against were approximately 2 to 1 negative.

On this basis the project will not go forward at this point.

The greatest concern expressed by the ownership was the general state of the economy affecting personal income and expenses, and many expressed the desire to see maintenance fees not increase as a consequence of this build-out. In addition, many owners suggested that more information could have been provided earlier in the project giving owners a chance to provide input during the strategic stages. We sincerely apologize for the perception that our actions may have pre-empted valuable owner input.

However, as part of the learning process, the Board is pleased that so many owners voiced their opinions on this effort, many with helpful suggestions for possible use of the space and the timing of any future effort. Be assured that various options will be pursued with minimal impact on owner value.

2013 BUDGET

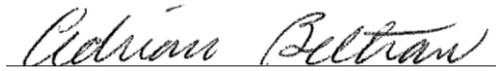
The new budget beginning January 1, 2013 contains ***no increase*** in maintenance fees. This marks the seventh consecutive year of maintaining the fees at their current level, which is due to the strong management of the operating and reserve budgets by our General Manager and the financial team consisting of Patrice Asuncion of Certified Hawaii and our Treasurer Bob DeMichiel. Your Board is extremely pleased that Poipu Kai continues to represent true value for its ownership during these difficult economic times. While there are no guarantees of future cost structures, our management

and financial team will strive to keep fees at the level necessary to protect and preserve our collective investment.

The primary expenditure of reserve funds in 2012 went to resurfacing of the six tennis hard-courts and included new posts, nets and windscreens, plus maintenance building roof repairs, seal coating of Linaka and Kelaukia Streets; and new employee bathrooms. In 2013 the major expense items are focused on the swimming pool and spa, involving the replacement and sealing of the decking and mosaic tile; asphalt overlay of the parking lot; and re-roofing of the maintenance building.

2013 ANNUAL PARTY

Your Board continues to encourage communications and participation from owners during the year; we look forward to hearing from you. At the present time, we anticipate moving the owners Annual Meeting back to the Grand Hyatt, to be held April 20, 2013. Registration has been changed to 10:00 a.m. and the Annual Homeowner's meeting will begin promptly at 11:00 a.m. This will be followed by a buffet lunch for owners and spouses in place of the evening party. This was done to encourage more interaction at the meeting as well as to significantly reduce expenditures from the past event, which has risen to unsustainable cost levels.



Adrian M. Beltran, President

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