

DISCLOSURE 1

PUBLIC ACCESS RIGHTS

Peahi Farms is subject to several public access obligations, including the following:

1. Public shoreline access along an access easement which follows the westerly boundary of Lot 16, includes a small parking area and pedestrian access shoreward along Peahi Farms and abutting properties to the shoreline.
2. Public pedestrian access laterally along the entire shore front of Lots 3 through 9, both above (along the top of) the cliff front and also below the top of the cliff, with access points between certain oceanfront lots as shown on the subdivision plan.
3. Also the owners of lands abutting Peahi Farms on the west shall have the right to use an existing access road along the westerly boundary of Lot 16 and along the interior roads of the subdivision, for access to their properties from Hana Highway.
4. The land is subject to the rights under Hawaii law of Native Hawaiians for access for traditional and customary gathering rights, shoreline access and for cultural practices.
5. Peahi Farms will not be a gated community.
6. The entire property is subject to a Right of Entry by the Army Corps of Engineers in connection with any work required by any discovery of unexploded ordinances. (See Disclosure 3)

The public use of these access areas may be inconvenient to the Peahi Farms residents. The members of the public using these access areas will not have any obligation to share in the costs of maintaining, operating and insuring these areas, all of which will be paid for by the Peahi Farms owners through the Peahi Farms Homeowners' Association, Inc., through its common area assessments.

PEAHI FARMS IS NOT A GATED COMMUNITY. EACH LOT OWNER PURCHASES HIS OR HER LOT WITH THE FULL UNDERSTANDING THAT THE INTERNAL ROADWAYS AND PEDESTRIAN ACCESSWAYS WITHIN PEAHI FARMS ARE OPEN AND AVAILABLE TO THE PUBLIC AND THAT THE ASSOCIATION AND

OWNERS OF LOTS OVER WHICH THE PEDESTRIAN ACCESS AREAS EXTEND MAY BE SUBJECT TO THE LOSS OF PRIVACY AND POSSIBLE LIABILITY FOR ACCIDENTS OCCURRING IN THESE AREAS. EACH LOT OWNER IS URGED TO CONSULT WITH HIS OR HER INSURANCE ADVISOR AND ATTORNEY CONCERNING THE POSSIBLE LIABILITY EXPOSURES AND NEED FOR INSURANCE AGAINST POSSIBLE RISKS.

While the Developer believes that HRS Chapter 520 provides some liability protection for private landowners against risks resulting from public recreational use of private lands, the scope of the protection afforded by said law is uncertain.

DISCLOSURE 2

ARCHAEOLOGY

Peahi Farms I, LLC ("Seller") hereby discloses that archaeologically significant remnants may be found on the Peahi Farms Property ("Property") and on any of the lots contained therein.

Haun & Associates conducted a study in 2001 over an area of 527 acres to survey and inventory archaeological findings. A total of eighteen (18) sites were found and catalogued during this inventory study. An earlier study by Garcia and Associates and Aki Sinoto Consulting in 1997 found three (3) sites while the Haun study found an additional fifteen (15) sites. Of these eighteen sites, three exist either on the Property or adjacent to the Property.

Site 5108 lies on Lot 9 over the bluff at Opana Point. During the 2001 study, this area was examined and portable remains were visible on a small shelf on the seaward side of the point on the cliff face. The study concluded that there were very few remnants and that this may have been an observation point. The study authors suggested no further action.

Sites 4434 and 4435 lie within the Opana Gulch that lies to the west of the Property. Since these sites do not exist on the Property, no preservation measure is required of the lot owners. Its disclosure is made to raise awareness of archaeological remnants that may exist in gulches across the Property that have not been found by any person to date.

A subsequent study was completed by Buffum/Spear in December 2003. This study was in the form of a preservation plan for these sites. The authors recommended that Site 5108 be preserved as a cultural deposit. The form of preservation is avoidance and protection. An orange barrier has been placed approximately fifty feet (50') from the cliff edge below which exists the small shelf described in the Haun study. Construction is prohibited within one hundred feet (100') of this location and an orange barrier shall remain through any construction on Lot 5.

Under the terms of the SMA approval for this project, all lot owners are required to terminate any work if any archaeological remnants are found at any time.

DISCLOSURE 3

UNEXPLODED ORDNANCE

Peahi Farms I, LLC ("Seller") hereby discloses the use of the Peahi Farms Property ("Property") by the U.S. Military for training purposes prior to the ownership of the land by the Seller.

During the World War II era, portions of the Hawaiian Islands were used as ordnance training areas. In some cases, live ammunition was used and in other cases, dummy ordnance was employed in the training of airmen.

A portion of the Peahi Farms Property was used as a training facility. The amount and timing of live and dummy ordnance is unknown by the Seller since it purchased the Property in 2001. While performing due diligence prior to the purchase of the Property, Seller learned that the Corps of Engineers was conducting a site assessment and limited clean-up of unexploded ordnance ("UXO") in 2001 and 2002. The Corps completed its initial assessment of the Property and removed materials found during its assessment. They further reported that a potential for additional munitions material on the Property remains.

In light of its work, the Corps issued a letter to Seller dated July 19, 2004 wherein it acknowledged that its right-of-entry ("ROE") approval had expired on March 26, 2004 and it wished to execute another ROE agreement for its ongoing Defense Environment Restoration Program for Formerly Used Defense Sites on the Property. The ROE stipulated a twelve (12) month period to complete their work and was signed by the Seller on July 24, 2004.

The U.S. Army Corps of Engineers ("Corps") completed the survey and removal of unexploded ordnance from Peahi Farms. The work was accomplished over the spring and summer of 2005. Conventional high-resolution metal detection equipment effective to four feet was used by a crew of approximately eight (8) technicians/ordnance specialists. The site was surveyed into grids. The subcontractor's technicians then surveyed each grid and any metal object found was removed. The grid was then audited by a third party for compliance. If it failed the compliance audit then the entire grid was re-surveyed and the process repeated until the audit was successful.

The Corps will leave the project in an "open status", meaning they do not certify the site 100% clean, a statistical impossibility. If suspicious material is discovered in the future the Corps will dispatch an ordnance technician to remove it.

At some future time the Corps will publish a formal report of the survey and removal. That report will be available to future property owners through the Homeowners Association.

BUYER IS URGED TO CONSULT WITH A QUALIFIED ENGINEER AND TO PERFORM ANY NECESSARY TESTS AND SURVEYS TO DETERMINE THE EXISTENCE OF, AND REMOVE, ANY UNEXPLODED ORDNANCE ON HIS OR HER LOT.

DISCLOSURE 4

AGRICULTURAL USES AND LEASES

Peahi Farms is established as an agricultural community designed to provide homes and property ownership surrounded by active and viable farming activities. This both meets the intent of the agricultural zoning ordinance governing the land and also expresses and enhances the traditional use of this beautiful tract of land.

Recognizing that today the economics of agriculture are challenging, particularly when combined with high land costs in Hawaii. Peahi Farms I, LLC has set out to design a structure of ownership and use which will encourage the long-term commitment of a substantial part of the land area in Peahi Farms to an active and viable farming program.

I. THE AGRICULTURAL PROGRAM. Peahi Farms' agricultural program includes the following measures:

1. The largest lot, Lot 16, on which the water wells are located will be the agricultural focal point. The owners of Lot 16 will receive a 50-year agricultural lease, for rent of \$1.00, over large areas located on Lot 1 and on Lots 11 through 15. The total area committed to farming is shown in green on the map attached to this disclosure.

The term of each lease is 50 years. The Lot 16 owner is responsible for fencing, irrigating, farming management and good husbandry. The Lot 16 owner will be entitled to retain all income from the farming activities.

2. The Lot 16 owner will have free water use of up to 800,000 gallons per month from the Peahi Farms Water System, for irrigation and for other non-domestic uses permitted by applicable agricultural zoning and land use laws.

3. The Lot 16 owner will have the power to make all decisions as to what kind of farming activities and agricultural products and businesses will be carried on, and there is no guarantee that such activities will be profitable or even viable in the long run. For that reason, the Lot 16 owner will have the power to relinquish one or more of the agricultural leases at any time in the future, before the end of the 50-year lease term. However, it is hoped that with the elimination of land costs and water costs, the Lot 16's agricultural endeavors will be long-lived.

4. The Lot 16 owner's construction of buildings and improvements

is not regulated by the Peahi Farms Homeowners' Association, Inc. or the Declaration of Covenants, Conditions and Restrictions. Lot 16 is contemplating the installation and operation of one or more windmills on Lot 16.

The Lot 16 owner has the right to mortgage, pledge or assign one or more of the agricultural leases, in its discretion.

In conclusion, the success of the Peahi Farms agricultural program is not guaranteed, but the Developers hope that by establishing it with all the features outlined above it will have a reasonable chance of success. We hope that all of our lot buyers will appreciate the importance and value of agriculture and appreciate the style and feeling of living in an active agricultural community.

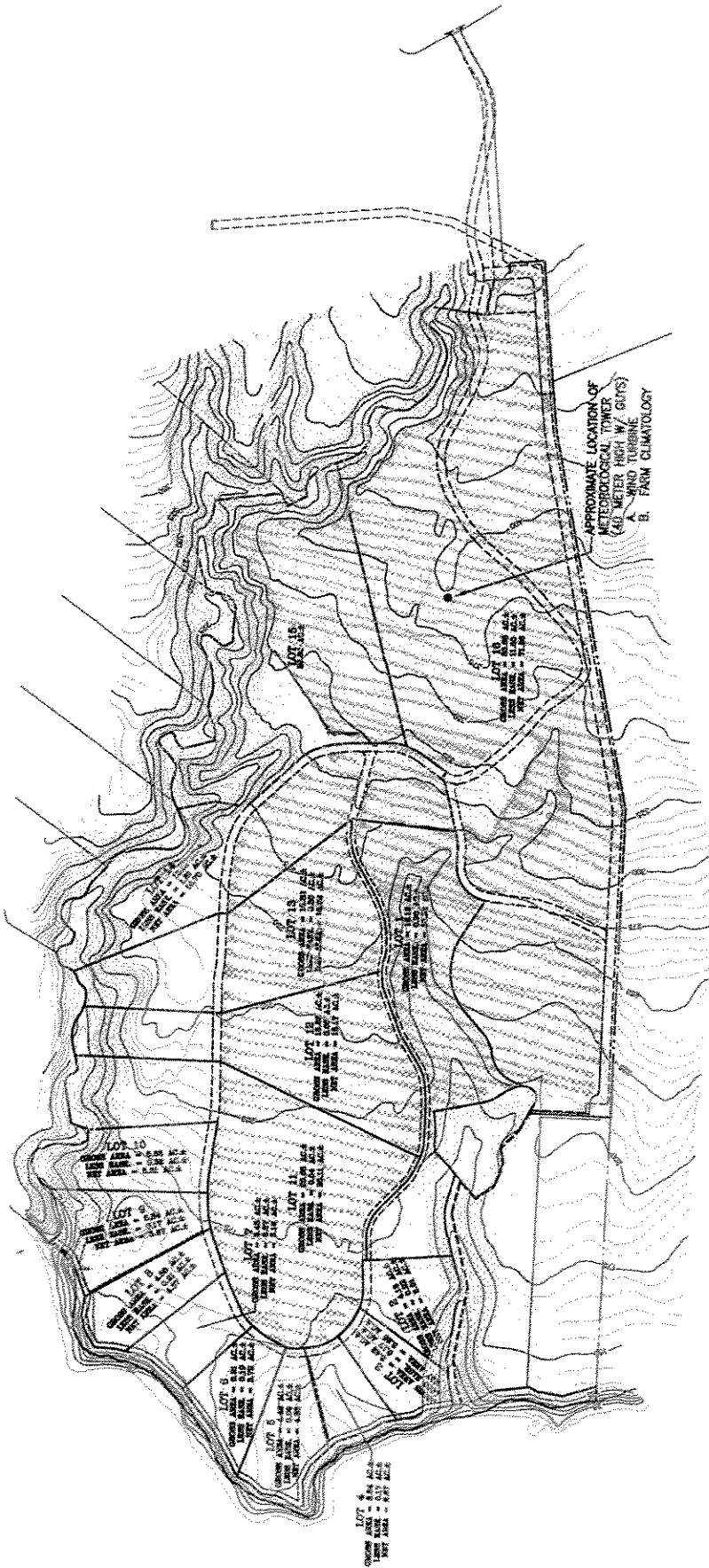
II. AGRICULTURAL ACTIVITIES ON OTHER LOTS. Also, buyers of Lots 2 through 10 should also understand that some degree of individual agricultural activity may be required by the County of Maui on their own lots as a condition of obtaining a building permit for a home. This will be the lot owner's own responsibility. These lots are not within Lot 16's agricultural leases described above.

III. FARM DWELLING REQUIREMENT. The only homes which are permitted by law within Peahi Farms are "farm dwellings". "Farm dwellings" are defined as dwellings used in connection with a farm or dwellings which are occupied by persons, a portion of whose income is derived from farming activities. These rules are often unclear and inconsistently applied. ALL LOT BUYERS ARE URGED TO CONSULT WITH THEIR ATTORNEYS OR THE COUNTY OF MAUI PLANNING DEPARTMENT FOR A FULL UNDERSTANDING OF THE APPLICABLE RULES AND HOW THEY APPLY TO EACH LOT OWNER AND EACH LOT OWNER'S PLANS TO CONSTRUCT AND OCCUPY A DWELLING ON HIS OR HER LOT.

IV. NUISANCES FROM AGRICULTURAL AND OTHER OPERATIONS. All owners and occupants of properties are hereby notified that lands within the agricultural zoning district are used for agricultural purposes as well as construction and site work on individual properties and common areas. Owners, residents and other users of such property or neighboring properties may be subject to inconvenience, discomfort and the possibility of injury to property and health arising from normal and accepted agricultural practices and other operations. Such normal and accepted agricultural practices and operations include but are not limited to noise, odors, dust, smoke, the operation of machinery of any kind, including aircraft, and the storage and disposal of manure. Owners, occupants and users of such property or neighboring properties shall be prepared to accept such inconveniences, discomfort and the possibility of injury from normal agricultural and

other operations. The Developer and the Lot 16 owner and their respective officers, directors, employees and agents of each, shall not have any liability or responsibility for any such noise, dust, emissions and nuisances. Each owner of a property, by taking title to said property, thereby waives all such rights and claims.

TRUE NORTH
NOT TO SCALE



METEOROLOGICAL TOWER PLAN
NOT TO SCALE

DISCLOSURE 5

WATER SYSTEM

Peahi Farms is served by a private water system, and is NOT SERVED BY COUNTY OF MAUI. All water use at Peahi Farms for all purposes, including domestic use, fire protection and irrigation for agricultural activities and landscaping must be provided by this private water system.

1. Risks of Private System. The private water system consists of two wells, pumps, pipes and a distribution system providing water to each lot which have been designed and constructed by the Developer's engineers and contractors, and which is not connected to the County of Maui water system. While the Developer believes the system is adequate for these general purposes, there are no guarantees. There is a risk of shortages, interruption of service, and contamination.

Extensive testing of the water system has revealed the presence of some DBCP contaminants in the water. These contaminants are below the maximum level for drinking water safety determined by the State of Hawaii Department of Health Clean Water Branch. The State Department of Health and the Developer have agreed that the portion of the water system which will provide drinking water for domestic use shall be treated by a carbon-filtering system which will treat the water and remove contaminants if and when they reach a level of 50% of the State of Hawaii standard. Also, the system's professional operator will conduct routine, ongoing water testing to monitor water quality. The non-potable, irrigation water, however, will not be treated.

EACH PURCHASER IN BUYING HIS OR HER LOT ACKNOWLEDGES AND UNDERSTANDS THAT AS WITH ANY PRIVATE SYSTEM, THERE IS A RISK THAT WATER MAY NOT BE SUFFICIENT WHEN NEEDED OR THAT WATER QUALITY MAY BE AFFECTED BY CONTAMINATION, OVER-PUMPING OR OTHER MANAGEMENT PROBLEMS. EACH LOT OWNER ACCEPTS THESE RISKS AND WAIVES ALL CLAIMS AGAINST THE DEVELOPER, THE OFFICERS, DIRECTORS, MEMBERS, OWNERS AND AGENTS OF DEVELOPER, AND PEAHI FARMS WATER ASSOCIATION, INC. AND ITS OFFICERS, DIRECTORS, MEMBERS AND AGENTS, FOR ANY LOSSES OR CLAIMS WHICH MAY ARISE OUT OF ANY FAILURE BY THE WATER SYSTEM OR THE ASSOCIATION TO SUPPLY ANY REQUIRED VOLUME OR QUALITY OF WATER, AT ANY TIME OR FROM TIME TO TIME IN THE FUTURE.

With regard to fire protection, the County of Maui Fire Department, the

homeowner's insurers or prudent risk management may require that a certain quantity of water be stored onsite to be usable and available in the event of fire. The Developer makes no representations as to what is required. EACH LOT BUYER IS URGED TO CONSULT WITH THE COUNTY OF MAUI, THE BUYER'S ATTORNEY, THE BUYER'S INSURANCE UNDERWRITER AND A QUALIFIED ENGINEER FOR INFORMATION CONCERNING BOTH MINIMUM LEGAL REQUIREMENTS IN ORDER TO OBTAIN BUILDING PERMITS AND ALSO THE SCOPE OF FIRE PROTECTION IMPROVEMENTS DICTATED BY PRUDENT RISK MANAGEMENT.

EACH BUYER ACCEPTS HIS OR HER LOT WITH THE FULL KNOWLEDGE OF THE FOREGOING RISKS AND REQUIREMENTS AND ACKNOWLEDGES THAT IT IS INCUMBENT UPON HIMSELF OR HERSELF TO PLAN FOR AND MITIGATE ANY SUCH RISKS IN CONNECTION WITH THE WATER SYSTEM, BY CONSTRUCTING THE NECESSARY ONSITE WATER STORAGE OR OTHER IMPROVEMENTS, BY OBTAINING ADEQUATE INSURANCE COVERAGES OR OTHER MITIGATION MEASURES.

2. The Water Association. The Developer has established the Peahi Farms Water Association, Inc. which is a non-profit corporation of which all owners of properties in Peahi Farms will be members. At such time as the Developer shall turn over control of the Association to its members, each Peahi Farms property owner will be a voting member and shall elect its board of directors and officers. Initially, however, the Developer, Peahi Farms I, LLC, has full control of the Association up to the time when it decides in its discretion to turn over management and operation of the Association to its members. Developer retains the right to control the Association for up to three (3) years, at the Developer's election but it is expected that the Developer's turnover will occur much sooner. After the Developer turns over control, the Association will be managed by a board of directors elected by the members from its members, who in turn will appoint officers.

Day to day operations will be managed by an independent company experienced and qualified in managing private water systems. The rules and regulations of the State of Hawaii Department of Health shall apply to the management and operation of the system.

3. Costs of Water Service. All costs of operating and maintaining the water system, including reserves, will be paid for by the Peahi Farms lot owners, as assessed by the Association on a monthly or other periodic basis.

The basis for allocating water charges is provided for in the

Association documents and to a great extent is in the control of the board of directors of the Association. Initially it is proposed that each lot owner shall receive an allocation of up to 30,000 gallons per month of irrigation (non-potable) water use and 15,000 gallons per month of domestic (potable) water, in return for a flat "base charge". These monthly allocations may change over time, under the control of the board of directors, based on circumstances and operating experience, but then may not be reduced without a vote of the lot owners. All water use by the owners of Lots 1 through 16 will be metered by individual water meters which will be read periodically by the Association. The Association may charge additional assessments over the monthly base charge for any water use in excess of the monthly allocations.

However this system is only as initially proposed and established by the Developer. As operating experience is gained, the Developer (or the board of directors after the Developer turns over control) may establish a different system which could include either the full meter-based assessments or a straight flat fee assessment plan, or any other combination of the two.

Lot 16's use of non-potable (irrigation) water for its agricultural activities on Lot 16 and on other lots which will be farmed by the Lot 16 Owner, shall be allocated among all of the sixteen (16) lots in 1/16 equal shares. Lot 16's initial monthly allocation is 800,000 gallons per month. If Lot 16 uses more than 800,000 gallons in any month, Lot 16 may be subject to a surcharge to cover the Association's incremental electrical cost of pumping said excess. Lot 16's allocation may not be reduced without Lot 16's consent.

The Developer will provide to Buyer a proposed annual budget for the Water Association for its first years of operation. This budget is a rough estimate only and no warranties or guarantees are given as to its accuracy.

4. Additional Members. Other properties in the area of Peahi Farms may be admitted to the Association as non-voting members and may receive water service from the Association for fire protection purposes, as set forth in more detail in the Association documents.

THE FOREGOING IS A SUMMARY ONLY AND EACH LOT BUYER IS URGED TO REVIEW THE ASSOCIATION DOCUMENTS IN DETAIL AND TO CONSULT WITH HIS OR HER ATTORNEY AS TO ALL OF THE PROVISIONS, RISKS AND COVENANTS RELATING TO THE WATER SYSTEM.