

**Credit Suisse, Cayman Islands Branch
Eleven Madison Avenue
New York, New York 10010**

August 31, 2007

**Via Facsimile and Certified
Mail, Return Receipt Requested**

Kuilima Resort Company
c/o Oaktree Capital Management, LLC
1301 Avenue of the Americas, 34th Floor
New York, New York 10019

Attention: Russell S. Bernard and Marc Porosoff

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064

Attention: Mitchell L. Berg, Esq.

Hennigan, Bennett & Doman LLP
865 South Figueroa Street, Suite 2900
Los Angeles, CA 90017

Attention: Bruce Bennett, Esq.

Kuilima Resort Company
57-091 Kamehameha Highway
Kahuku, Hawaii 96731

Attention: Hy Adelman

Re: NOTICE OF FURTHER EVENTS OF DEFAULT AND ACCELERATION

Gentlemen:

Please refer to the First Lien Credit Agreement, dated as of September 30, 2006, as amended by that certain Waiver and Amendment dated as of May 30, 2007 ("Waiver and Amendment") (together, the "Credit Agreement"), by and among Kuilima Resort Company ("Borrower"), the Lenders (as defined in the Credit Agreement), and Credit Suisse, Cayman Islands Branch, in its capacity as administrative agent, collateral agent, lead arranger and sole book runner for the Lenders ("Agent"). Capitalized terms not otherwise defined in this letter have the meanings given them in the Credit Agreement.

In a letter of July 25, 2007, our counsel, Sidley Austin LLP, notified Borrower of certain Events of Default, including, without limitation, Borrower's failure to pay interest and principal due on June 29, 2007. As of the date of this letter, Borrower has failed to pay the principal amortization payment of \$687,500.00 that was due on June 29, 2007, which failure is an Event of Default that has not been cured and is continuing.

In addition, inasmuch as the Waiver Period expired on July 29, 2007, the Events of Default referenced in the Waiver and Amendment have not been cured and are continuing. Borrower has also failed to pay Agent and the Lenders the amendment fee of \$1,016,781.25 required under Section 12(b) of the Waiver and Amendment and which was due on July 30, 2007. Borrower's obligation to pay such fee is one of the Obligations. Borrower's failure to pay such fee as and when required by the Waiver and Amendment constitutes an Event of Default.

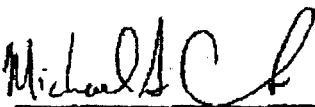
Therefore, in light of these continuing Events of Default and at the written request of the Requisite Lenders, we hereby declare each of (a) the unpaid principal amount of and accrued interest on the Loans, and (b) all other Obligations to be immediately due and payable.

Kuilima Resort Company
Paul, Weiss, Rifkind, Wharton & Garrison LLP
Hennigan, Bennett & Dorman LLP
August 31, 2007
Page 2

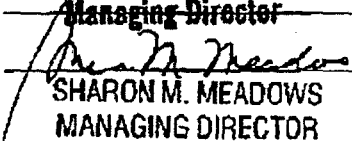
Nothing herein shall be deemed an admission of any fact or a waiver or relinquishment of any claims, defenses, rights or remedies, all of which we hereby reserve on behalf of Agent and the Lenders.

Sincerely,

Credit Suisse, Cayman Islands Branch,
in its capacity as administrative agent, collateral agent, lead arranger and
sole book runner for the Lenders under the Credit Agreement

By: 

Name: Michael A. Criscito
Managing Director

Title: 
SHARON M. MEADOWS
MANAGING DIRECTOR

cc: Mr. Dana Klein
Paul R. Walker, Esq.
Richard W. Havel, Esq.
George M. Means, Esq.
Mr. Cary Kleinman