

Richards Explains Hotel Talks Snag

Atherton Richards, Bishop Estate trustee, denied yesterday that his negotiations with Sheraton hotels for an extension of the Royal Hawaiian hotel lease broke down in the manner explained by Sheraton.

The plan to base a new 60-year lease rental beginning in 1975 partly on \$5 million worth of improvements to be built by Sheraton originated in writing with Sheraton, Richards said.

The estate never has required a return on improvements built by estate lessees unless they have reverted to the estate, he said. Richards had been negotiating with I. J. Shubert, senior vice president, on a lease.

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RICHARDS SAID he also told Shubert that the estate will buy back any improvements Sheraton might construct to

accommodate the Outrigger and Uluniu clubs if the estate and the hotel chain fail to negotiate a lease after 1975, when the present lease expires.

The estate will buy back the club improvements in 1975 at their depreciated value, Richards said. The clubs themselves probably could finance the construction of the improvements, he said.

Richards said he stressed to Shubert the need to keep the two Waikiki institutions on the beach as places where tourists could meet islanders.