



APPRAISAL REPORT

ESTIMATION OF MARKET RENTS DIVISION OF BOATING AND OCEAN RECREATION

HAWAII COUNTY REVOCABLE PERMITS Kailua-Kona, Hawaii 96740

Facility	Revocable Permit No.	Tax Map Key
Honokohau SBH	6, 14, 15 & 36	3740080030000 (Por.)
	89	3740080710000 (Por.)
Kailua Wharf	124	3750060390000 (Por.)



Prepared for

Mr. Edward R. Underwood
 DOBOR Administrator
 State of Hawaii, Department of
 Land and Natural Resources
 Division of Boating and
 Ocean Recreation

Prospective Date of Value

July 1, 2023



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August 22, 2023

Mr. Edward R. Underwood
DOBOR Administrator
State of Hawaii, Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

Re: Appraisal Report, Real Estate Appraisal
Hawaii County Revocable Permits
Honokohau Small Boat Harbor and Kailua Wharf
Kailua-Kona, Hawaii 96740
Tax Map Keys 3740080030000 (Por.), 3740080710000 (Por.),
3750060390000 (Por.)

Dear Mr. Underwood:

At your request, we have prepared an appraisal involving six subject demised premises located within the Honokohau Small Boat Harbor and Kailua Wharf in Kailua-Kona on the island of Hawaii.

The five subject properties located within the Honokohau Small Boat Harbor site are identified on Hawaii Tax Map Key as portions of 3740080030000 and 3740080710000.

- A 9,975-square-foot rectangular site is encumbered by Revocable Permit (RP) 6 to Hawaii Big Game Fishing Club, Inc. in support of fishing and boating activities, public meetings, tournaments, harbor meetings and continued support of youth groups.
- A 20,000-square-foot rectangular site is encumbered by RP 14 to Keahole Point Fish, LLC for land-based operations in support of an ocean-based aquaculture project.
- A 14,196-square-foot rectangular site is encumbered by RP 15 to The Kona Sailing Club for trailered boat storage, sailing related equipment storage, and boating and ocean safety education and training activities. Permittee may also clear and grade the additional

Mr. Edward R. Underwood

August 22, 2023

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portion of the premises, subject to approval of the Chairperson of the Board of Land and Natural Resources.

- A 3,300-square-foot rectangular site is encumbered by RP 36 to Atlantis Submarine Hawaii, LLC for maritime related activities to supplement submarine tour operations.
- A 85,987-square-foot rectangular site is encumbered by RP 89 to Kona RC Flyers, Inc. as an airfield for radio-controlled aircraft.

A single subject property is located within Kailua Wharf, identified on Hawaii Tax Map Key as a portion of 3750060390000. A 63-square-foot portion of a building owned by the State of Hawaii is encumbered by RP 124 to Kanoa, Inc.dba Body Glove Cruises for maritime related activities including concierge service, providing general island information, maps, restaurant guides, charter and tour information, cruise ship itineraries, trolley and bus schedules, beach rental gear, sunscreen, cold refreshments and snacks, and guest check-in for tour purposes.

Except for RP 124 that estimates building space rent, the appraisal of the underlying lands of all other RPs does not consider the value of existing permittee installed improvements on the properties.

The appraisal Scope of Work requires a determination of fair market rent as of July 1, 2023 for each of the subject RPs, in addition to an annual percentage increase that may be applied in subsequent years. Applicability of percentage rent above base market rent was evaluated in relation to the stated use of the premises. If deemed to be appropriate, the percentage rate to be applied against gross revenue was concluded.

The character of use in the subject RPs vary, however, all pertain to maritime-oriented operations. In most cases, the permittee may also occupy and use the premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes.

In this study, we have estimated the (1) fair market rent for the identified revocable permits under the premise of long-term tenancy, commencing July 1, 2023; (2) annual rent escalations for the subsequent years expressed as a percent increase over the immediately preceding year; and, if applicable, (3) the percentage rate against gross revenues for computation of percentage rent.

Mr. Edward R. Underwood

August 22, 2023

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Based on the analysis described in the accompanying report, subject to the Limiting Conditions and Assumptions, it is our opinion on April 11, 2023 that the prospective market rents for the subject Revocable Permits as of July 1, 2023 are as follows:

MARKET RENT CONCLUSIONS				
Effective July 1, 2023				
Location / Permit No.	Tenant Name	Annual Rent Greater of		Annual Escalation
		Base Rent	Percentage Range*	
<u>Honokohau Small Boat Harbor</u>				
RP 6	Hawaii Big Game Fishing Club, Inc.	\$16,800	N/A	3%
RP 14	Keahole Point Fish, LLC	\$29,600	N/A	3%
RP 15	The Kona Sailing Club	\$22,400	N/A	3%
RP 36	Atlantis Submarine Hawaii, LLC	\$6,400	or 5% of Gross Revenues	3%
RP 89	Kona RC Flyers, Inc.	\$3,200	N/A	3%
<u>Kailua Wharf</u>				
RP 124	Kanoa, Inc.dba Body Glove Cruises	\$18,200	or 10% of Gross Revenues	3%
* Applicable for income producing activities.				

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended user does not extend reliance to any such party, and

Mr. Edward R. Underwood

August 22, 2023

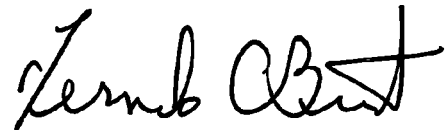
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The Benavente Group LLC will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. Should you have any questions, or we can be of further service, do not hesitate to contact us.

Respectfully submitted,

The Benavente Group LLC



Fernando Benavente, MAI, SRA, MRICS
Manager
Hawaii CGA-663



Brian S. Goto, MAI, SRA
Appraiser/Consultant
Hawaii CGA-62

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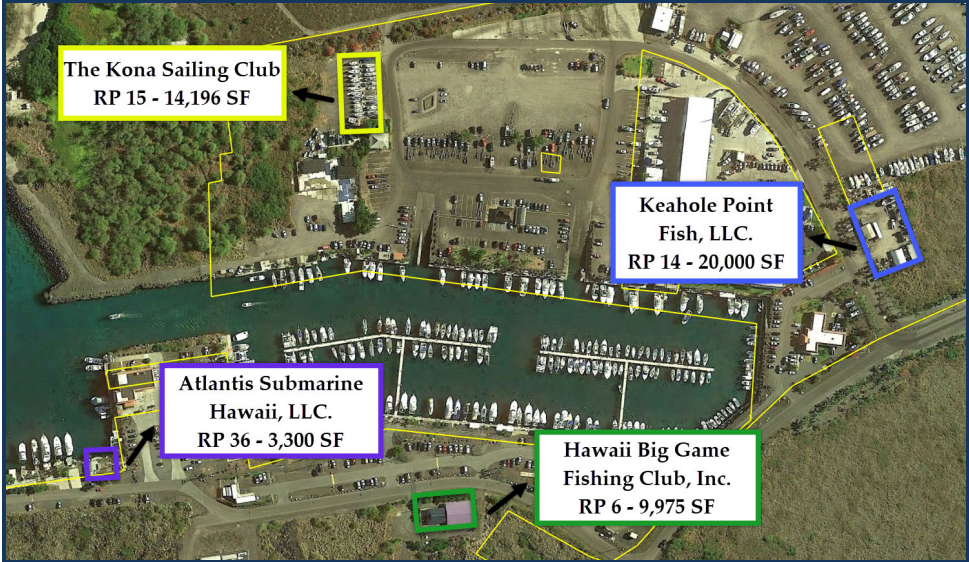
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SUBJECT PHOTOGRAPHS

Honokohau Small Boat Harbor



Google Earth aerial of subject site RPs (approximate) outline.



Google Earth aerial of subject site (approximate) outlined in orange.

Drone Aerial Photographs



RP 6 facing northeasterly.



RP 14 facing northwesterly.



RP 15 facing southeasterly.



RP 36 facing southeasterly.



RP 89 facing northwesterly.

Ground Photographs

RP 6



Site access from Kealakehe Parkway facing northerly



Site interior facing southeasterly.



Site interior facing northeasterly (left photo) and northwesterly (right photo).

RP 14



Left: Kealakehe Parkway facing northwesterly (subject at right).
Right: Kealakehe Parkway facing southeasterly (subject at left).



Site interior facing southeasterly (left photo) and northwesterly (right photo).

RP 15



Left: Kealakehe Parkway facing southeasterly (subject at right).
Right: Kealakehe Parkway facing northwesterly (subject at left).



Site interior facing southwesterly (left photo) and northwesterly (right photo).

RP 36



Left: Kealakehe Parkway facing westerly (subject at right)
Right: Kealakehe Parkway facing easterly (subject at left).



Site interior facing northeasterly (left) and southeasterly (right).



Site interior facing northwesterly (left photo) and southwesterly (right photo).

RP 89

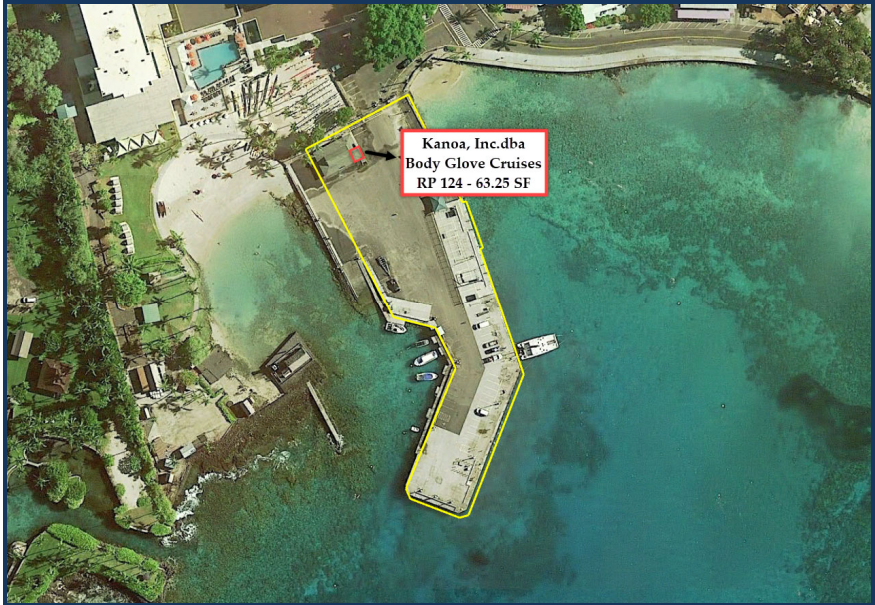


Site interior facing southerly (left photo) and northerly (right photo).



Site interior facing easterly (left photo) and westerly (right photo).

Kailua Wharf



Google Earth aerial of subject site (approximate) outlined in red.

Drone Aerial Photographs



RP 124 facing northwesterly (left) and facing southwesterly (right).

Ground Photographs

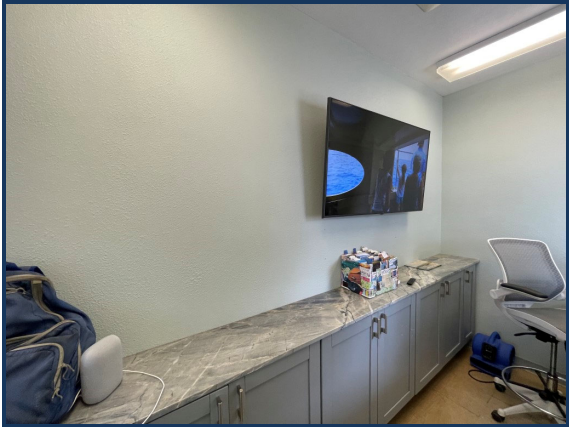
RP 124



Ali'i Drive facing northeasterly (left) and southwesterly (right).



Building exterior facing southwesterly (left) and northwesterly (right).



Interior.

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

GENERAL

Subject: Selected Hawaii County Revocable Permits (RP)
Honokohau Small Boat Harbor and Kailua Wharf
Kailua-Kona, Hawaii 96740

Tax Map Keys: 3740080030000 (Por.),
3740080710000 (Por.),
3750060390000 (Por.)

Ownership: State of Hawaii

Date of Report: August 22, 2023

Sale History: To our knowledge, the fee owner of the subject RP properties has historically been the State of Hawaii. The subject RPs and other portions of the harbor are leased to various tenants for marine, maritime, and maritime-related operations.

We are unaware of a sale or transaction of the subject RP properties during the three years prior to the effective date of value.

SUBJECT SUMMARY					
Location /RP No.	Tax Map Key	Tenant	Zoning	RP Area (SF)	
				Land	Building
<u>Honokohau Small Boat Harbor</u>					
RP 6	3740080030000 (Por.)	Hawaii Big Game Fishing Club, Inc.	Open	9,975	-
RP 14	3740080030000 (Por.)	Keahole Point Fish, LLC	Open	20,000	-
RP 15	3740080030000 (Por.)	The Kona Sailing Club	Open	14,196	-
RP 36	3740080030000 (Por.)	Atlantis Submarine Hawaii, LLC	Open	3,300	-
RP 89	3740080710000 (Por.)	Kona RC Flyers, Inc.	Open	85,987	-
<u>Kailua Wharf</u>					
RP 124	3750060390000 (Por.)	Kanoa, Inc.dba Body Glove Cruises	Open	-	63

Zoning: Open District

Highest and Best Use as Vacant:

Honokohau Small Boat Harbor & Kailua Wharf
 After considering the physically possible, legally permissible, and financially feasible uses, it is our opinion that the highest, best and maximally productive use of the subject RP parcels as vacant are commercial, industrial, and maritime use.

Highest and Best Use as Improved:

Kailua Wharf
 The existing improvements generally represent the highest and best use as improved.

Type of Value:

Market Rent

MARKET RENT CONCLUSIONS				
Effective July 1, 2023				
Location / Permit No.	Tenant Name	Annual Rent Greater of		Annual Escalation
		Base Rent	Percentage Range*	
<u>Honokohau Small Boat Harbor</u>				
RP 6	Hawaii Big Game Fishing Club, Inc.	\$16,800	N/A	3%
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RP 89	Kona RC Flyers, Inc.	\$3,200	N/A	3%
<u>Kailua Wharf</u>				
RP 124	Kanoa, Inc. dba Body Glove Cruises	\$18,200	or 10% of Gross Revenues	3%
* Applicable for income producing activities.				

SCOPE OF WORK

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the appraiser's opinions and conclusions;
- the type and definition of value;
- the effective date of the appraiser's opinions and conclusions;
- the subject of the assignment and its relevant characteristics;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for the State of Hawaii, Department of Land and Natural Resources, Division of Boating and Ocean Recreation (DOBOR).

Purpose of the Appraisal

The purpose of this appraisal is to estimate the current fair market rent for each of the selected State of Hawaii revocable permits managed by DOBOR under the premise of long-term tenancy and percentage increases for subsequent years. For stated uses involving commercial (income producing) activities, the percentage rate to apply against gross revenues is also estimated. The subject properties are located at Honokohau Small Boat Harbor and Kailua Wharf on the island of Hawaii. The effective date of market rent determination is July 1, 2023.

Intended Use

This appraisal is intended to assist the client in determining the fair market rent for the identified revocable permits, effective July 1, 2023, and percentage increase for annual revocable permit rent increases for the subsequent years. No other use is permitted.

Intended Use: the use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.¹

¹ Appraisal Institute, The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020), 40.

Intended User

This appraisal is to be used by the State of Hawaii, Department of Land and Natural Resources, Division of Boating and Ocean Recreation (DOBOR), and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.²

Extraordinary Assumptions

This report employed the following extraordinary assumption:

- Unless otherwise stated in the report, we have employed the extraordinary assumption that the land or building areas contained in the revocable permits are correct and accurate. Land or building areas provided by the client in the inventory list or upon individual inquiry are assumed to update or supersede those contained in the revocable permits
- The prospective fair market rents concluded in this study are projections based on observed historical growth patterns and various local indicators. They do not account for unanticipated local, national, and global events that may impact the subject market. Rent conclusions assume stabilized future market conditions as anticipated in our analysis.

The above extraordinary assumptions may have affected the assignment results.

Definition

Extraordinary Assumption: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.³

² Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), 43-44.

³ Ibid

Hypothetical Conditions

For the purposes of this assignment, the following hypothetical conditions were used in the analysis:

- This study employed the hypothetical condition that revocable permit lands have industrial zonings consistent with their locations within small boat harbors. For the purposes of our analysis, RP 89 at Honokohau Small Boat Harbor was analyzed with the actual Open zoning consistent with its current character of use.
- Our directed scope of work was to estimate the current fair market rent for each of the individual DOBOR properties as if the rent was for a lease under long-term occupancy.

The above hypothetical conditions may have affected the assignment results.

Definition

Hypothetical Condition: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.⁴

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Site Visit:	A site visit was completed on April 11, 2023. The inspection consisted of a walk around the entire properties with photographs taken from various locations.
Highest and Best Use Analysis:	A highest and best use analysis was performed and summarized in the appropriate section.
Type of Value:	Market Rent

⁴ Ibid



Valuation Analyses

Cost Approach:

As the improvements are irrelevant for estimating market ground rent, a cost approach was not applied in the valuation of the subjects.

RP 124 comprises only a small portion of the building at Kailua Wharf, which renders the cost approach not germane for the purpose of estimating market rent.

Sales Comparison Approach:

A sales comparison approach was employed to estimate the value of the underlying land.

Market comparison was employed to estimate the base rental for the 63-square foot commercial space of RP 124.

Income Approach:

An income approach is not relevant in estimating market ground rent or space rent for the subject properties.

LIMITING CONDITIONS AND ASSUMPTIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

Mutual limitation of liability. Appraiser and Client agree that the following mutual limitation of liability is agreed to in consideration of the fees charged and the nature of Appraiser's services under this engagement. Appraiser and Client agree that to the fullest extent permitted by applicable law, each party's and its Personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating to this Agreement or to appraisals or other services under this Agreement shall be limited to the higher of \$25,000 or the total fees and costs charged by Appraiser for the services that are the subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims/causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its Personnel, but excluding claims/causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, partners and shareholders. Appraiser and Client agree that they each have been free to negotiate different terms than stated above or contract with other parties.

All files, work papers and documents developed in connection with this assignment are the property of The Benavente Group LLC. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal



assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) The Benavente Group LLC's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. The Benavente Group LLC has not made a determination regarding the subject's ADA compliance or non-compliance. Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.

SPECIAL STUDY CONDITIONS AND ASSUMPTIONS

The following special study conditions were employed in our analysis:

- The following permitted use language are contained in the subject RPs::

RP 6: “Occupy and use the Premises for the following specified purposes only: occupy and use a portion of open unpaved land in support of fishing and boating activities, public meetings, tournaments, harbor meetings and continued support of youth groups. The Permittee may also occupy and use the Premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee’s compliance with Chapter 343, Hawaii Revised Statutes.”

RP 14: “Occupy and use the Premises for the following specified purposes only: to provide an area for land-based operations in support of an ocean-based aquaculture project. The Permittee may also occupy and use the Premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee’s compliance with Chapter 343, Hawaii Revised Statutes.”

RP 15: “Occupy and use the Premises for the following specified purposes only: (a) Trailered boat storage, sailing related equipment, storage, and boating and ocean safety education and training activities; and (b) Clear and grade the additional portion of the Premises, subject to the prior approval of the Chairperson of the Board and the Permittee’s compliance with Chapter 343, Hawaii Revised Statutes.”

RP 36: “Occupy and use the Premises for the following specified purposes only: maritime related activities to support submarine tour operations. The Permittee may also occupy and use the Premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee’s compliance with Chapter 343, Hawaii Revised Statutes.”

RP 89: “Occupy and use the Premises for the following specified purposes only: for airfield for radio-controlled aircraft and maintenance of the airfield and related structures, subject to the prior approval of the Chairperson of the Board and the Permittee’s compliance with Chapter 343, Hawaii Revised Statutes.”

RP 124: “Occupy and use the Premises for the following specified purposes only: maritime related activities including concierge service, providing general island information, maps, restaurant guides, charter and tour information, cruise ship itineraries, trolley and bus schedules, beach rental gear, sunscreen, cold refreshments and snacks and guest check-in for tour purposes.”

According to the Client, the purpose of the above language is to acknowledge the Permittee's original intended use of the premises and does not represent a constraint on other potential uses for which approvals may be subsequently requested.

- The availability of land or improved properties within a harbor is particularly scarce due to specialized maritime related uses and the limitation of facilities in the state. Harbor users also benefit from boat repair amenities, retailers, restaurants, and trailer storage that would otherwise be inconvenient or incur additional costs if located off premises. For these reasons, harbor properties are considered valuable holdings with locational advantages compared to interior non-harbor properties.
- DOBOR revocable permits involve harbor properties with direct or proximate ocean frontage that are naturally suited for maritime businesses and recreational users. Other types of businesses may prefer to occupy non-oceanfront locations that are near compatible uses and not subject to SMA and other environmental requirements.

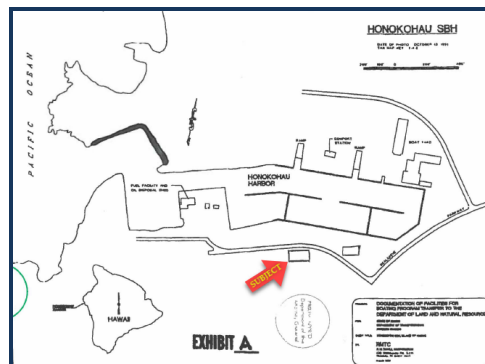
While being near the shoreline is recognized as a valuable amenity among residential and hotel properties, this is not the case for harbor properties where the attribute has an inherent functional purpose required by associated users. Consequently, adjustments for ocean frontage (direct or proximate) were not applied in our valuation analysis.

- Unless otherwise noted, existing improvements were assumed to be owned by the lessee.
- Permittee constructed improvements with economic lives that were determined to exceed the term of a Revocable Permit are assumed to continue to be owned by the permittee.
- For improved properties that are permitted, the overall market rent must first provide a fair return to the underlying land prior to attributing contributory value attributable to the improvements.

SUMMARY OF REVOCABLE PERMITS

Hawaii Big Game Fishing Club, Inc. – Revocable Permit No. 6

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Hawaii Big Game Fishing Club, Inc.
<i>Revocable Permit No.</i>	6
<i>Execution Date</i>	October 11, 2017
<i>Commencement Date</i>	July 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(3) 7-4-008: Portion of 003
<i>Location</i>	Honokohau Small Boat Harbor, Hawaii, Hawaii
<i>Premises</i>	9,975 SF Open Unpaved Land
<i>Use</i>	<p>Occupy and use of the premises for the following specified purposes only: support of fishing and boating activities, public meetings, tournaments, harbor meetings, and continued support for youth groups.</p> <p>The permittee may also occupy and use the premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the permittee’s compliance with Chapter 343, Hawaii Revised Statutes.</p>
<i>Initial Monthly Rent</i>	\$1,080.00
<i>Current Monthly Rent</i>	\$1,212.50 ⁵

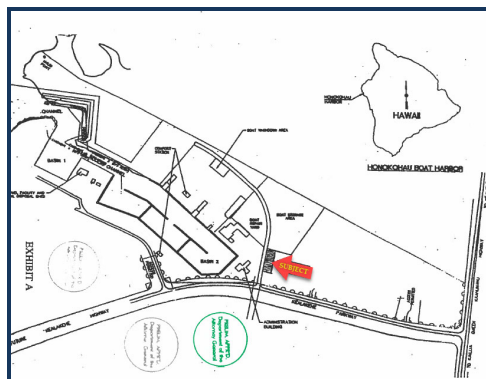


Source: Exhibit A of Revocable Permit No. 6

⁵ FY 2023 Annual Rent of \$14,550.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

Keahole Point Fish, LLC– Revocable Permit No. 14

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Keahole Point Fish, LLC
<i>Revocable Permit No.</i>	14
<i>Execution Date</i>	October 18, 2017
<i>Commencement Date</i>	July 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(3) 7-4-008: Portion of 003
<i>Location</i>	Honokohau Small Boat Harbor, Kealahou, Honokohau, North Kona, Hawaii
<i>Premises</i>	20,000 SF Fast Land
<i>Specified Use Condition</i>	<p>Occupy and use of the premises for the following specified purposes only: land-based operations in support of ocean-based aquaculture projects.</p> <p>The permittee may also occupy and use the premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the permittee’s compliance with Chapter 343, Hawaii Revised Statutes.</p>
<i>Initial Monthly Rent</i>	\$2,046.67
<i>Current Monthly Rent</i>	\$2,297.75 ⁶

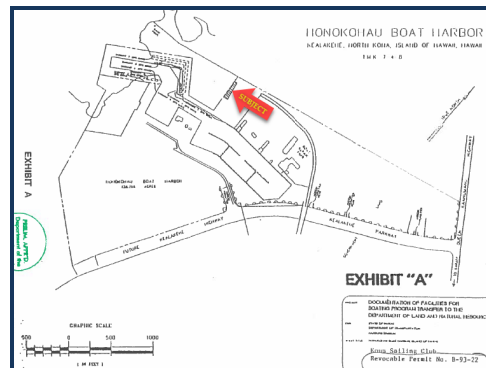


Source: Exhibit A of Revocable Permit No. 14

⁶ FY 2023 Annual Rent of \$27,573.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

The Kona Sailing Club. – Revocable Permit No. 15

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	The Kona Sailing Club
<i>Revocable Permit No.</i>	15
<i>Execution Date</i>	October 25, 2017
<i>Commencement Date</i>	July 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(3) 7-4-008: Portion of 003
<i>Location</i>	Honokohau Small Boat Harbor, Kealakehe, Honokohau, North Kona, Hawaii
<i>Premises</i>	14,196 SF Fast Land
<i>Specified Use Condition</i>	Occupy and use of the premises for the following specified purposes only: trailered boat storage, sailing related equipment, storage, boating and ocean safety education, training activities, and clear and grade the additional portion of the premises with prior approval.
<i>Initial Monthly Rent</i>	\$1,493.33
<i>Current Monthly Rent</i>	\$1,676.50 ⁷



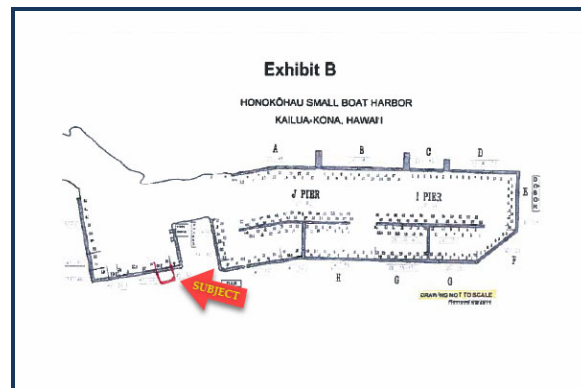
Source: Exhibit A of Revocable Permit No. 15

Atlantis Submarines Hawaii, LLC. – Revocable Permit No. 36

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Atlantis Submarines Hawaii, LLC
<i>Revocable Permit No.</i>	36

⁷ FY 2023 Annual Rent of \$20,118.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

<i>Execution Date</i>	March 15, 2017
<i>Commencement Date</i>	February 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(3) 7-4-008: Portion of 003
<i>Location</i>	Honokohau Small Boat Harbor, Honokohau, North Kona, Hawaii
<i>Premises</i>	3,300 SF Fast Land
<i>Specified Use Condition</i>	<p>Occupy and use of the premises for the following specified purposes only: maritime related activities to support submarine tour operations.</p> <p>The permittee may also occupy and use the premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes.</p>
<i>Initial Monthly Rent</i>	\$3,000.00
<i>Current Monthly Rent</i>	\$3,278.25 ⁸



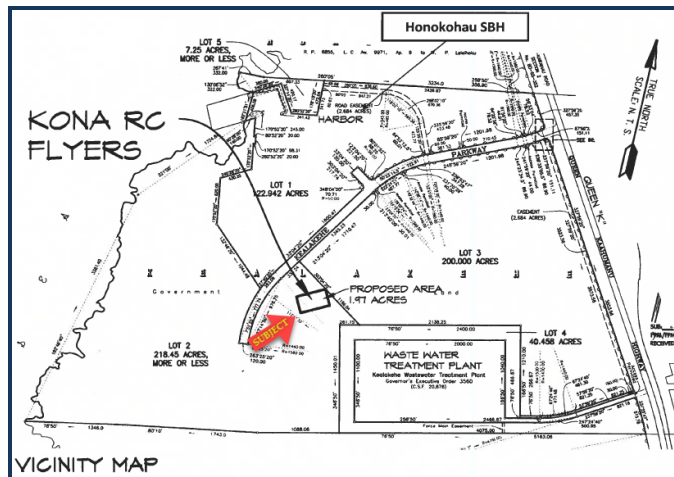
Source: Exhibit A of Revocable Permit No. 36

Kona RC Flyers, Inc. – Revocable Permit No. 89

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Kona RC Flyers, Inc.
<i>Revocable Permit No.</i>	89
<i>Execution Date</i>	December 26, 2019

⁸ FY 2023 Annual Rent of \$39,339.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

<i>Commencement Date</i>	January 1, 2020
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(3) 7-4-008: Portion of 071
<i>Location</i>	Honokohau Small Boat Harbor, Kealakehe, North Kona, Hawaii
<i>Premises</i>	1.974 Acre Airfield
<i>Specified Use Condition</i>	Occupy and use of the premises for the following specified purposes only: airfield for radio-controlled aircraft and maintenance of airfield and related structures, subject to the prior approval of the Board.
<i>Initial Monthly Rent</i>	\$135.00
<i>Current Monthly Rent</i>	\$139.00 ⁹



Source: Exhibit A of Revocable Permit No. 89

Kanoa, Inc.– Revocable Permit No. 124

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Kanoa, Inc.
<i>Revocable Permit No.</i>	124
<i>Execution Date</i>	April 8, 2022
<i>Commencement Date</i>	May 1, 2022
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(3) 7-5-006: Portion of 039

⁹ FY 2023 Annual Rent of \$1,668.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

<i>Location</i>	Kailua Kona Wharf, Kailua Village, North Kona, Hawaii
<i>Premises</i>	63.25 SF
<i>Specified Use Condition</i>	Occupy and use of the premises for the following specified purposes only: maritime related activities including concierge service, providing general island information, maps, restaurant guides, charter and tour information, cruise ship itineraries, trolley and bus schedules, beach rental gear, sunscreen, cold refreshments and snacks, and guest check-in for tour purposes.
<i>Initial Monthly Rent</i>	\$1,500.00 ¹⁰ or 10% of monthly gross receipts, whichever is greater (3% ticket sales from permittee's cruise boats paid to DOBOR under permittee's commercial use permit is not included in gross receipts).

¹⁰ FY 2023 Annual Rent currently not available. Presented figures have been extracted from FY 2022 Annual Rent Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.



Source: Exhibit A of Revocable Permit No. 124

SUMMARY OF SWOT ANALYSIS

Strengths/Opportunities

- Situated within a primary tourism center, Kailua-Kona, with a dense concentration of uses and developments catering to visitors.
- Significant resident and visitor traffic to the Harbor/Wharf for fishing, diving, and ocean tours/recreation.
- Rebounding domestic visitor arrivals and tourism market demonstrate Hawaii's economic conditions are starting to show signs of recovery and growth.

Honokohau Small Boat Harbor

- Location within the Honokohau Small Boat Harbor provides a convenient facility for recreational and commercial boaters.
- Good access from Kealakehe Parkway.

Kailua Wharf

- Location within Kailua Wharf provides a convenient location for recreational boaters and commercial boaters.
- Good access from Ali'i Drive.

Weaknesses/Threats

- We acknowledge the Central Bank's efforts to control inflation, which are designed to inhibit spending, borrowing, expansion, and investment. These actions will serve to soften growth in the real estate markets and potentially cause some price corrections.
- Rising interest rates, high inflation, the Ukrainian war, and volatile global conflicts have economists concerned of an impending recession.

Honokohau Small Boat Harbor

- Interior location within Honokohau Small Boat Harbor with limited exposure from Queen Kaahumanu Highway.

Kailua Wharf

- Interior location within Kailua Wharf with limited exposure from Ali'i Drive.

MARKET AREA ANALYSIS

Location Map



Location Map

Location

The subject properties are located in Hawaii County on the west side of Hawaii Island, regionally referred to as The Big Island, in the town of Kailua-Kona. The location of the subjects is within the North Kona district and is generally bounded by Kalaoa to the north, Holualoa to the south and to the west by the Pacific Ocean from Honokohau Bay to Kailua Bay. The 35.6 square mile inland area of Kailua-Kona is located up the southern slope of Hualalai volcano, one of five major volcanoes responsible for the creation of Hawaii Island. Both subject locations benefit from convenient access through the major road passing through the neighborhoods, Hawaii Belt Road and through Ali'i Drive for the subject located at Kailua Wharf

Resident Population

Kailua-Kona is the population center of West Hawaii. According to the 2020 Census, the population of this neighborhood was 43,313 persons, a 13% increase from the 2010 census. The resident population tends to be composed of owner-occupants or long-term renters, as well as short and long-term visiting tourists.

Land Uses

Kailua-Kona is the center of commerce and tourism in west Hawaii. The pristine beaches along the Coast as well as historic and geographical sites such as the Hulihee Palace and Mauna Kea attract several tourists to this area. Within the area are major shopping centers such as Kona Inn Shopping Village, Kona Coast Shopping Center, Lanikai Center and Akona Kai Shopping Mall Shopping Center and several other retail stores especially along Alii Drive. There are also several schools within the area, many of which are operated by the Hawaii Department of Education.

Growth Patterns

Growth patterns in Kailua-Kona have occurred along Queen Kaahumanu Highway, which passes through the town. Commercial and retail growth has occurred south

of the highway up to the western coast of the island. Retail growth has mainly been centered along Alii Drive.

Access

Honokohau Small Boat Harbor

Primary access to the subject neighborhood is through the Queen Kaahumanu Highway. The Mamalahoa Highway Bypass Road opened in November of 2016 and connects to Alii Drive, which is a major thoroughfare along the Kailua-Kona coastline. The road was completed to ease traffic through the small towns along the major Mamalahoa Highway from Captain Cook to Kailua-Kona.

Kailua Wharf

Primary access to the subject neighborhood is through Ali'i Drive. Regional and local access from adjacent communities is attained through Mamalahoa Highway.

Key State Economic Indicators

First quarter 2023 projections produced by the State of Hawaii’s Department of Business, Economic Development and Tourism (DBEDT) and by the University of Hawaii Economic Research Organization (UHERO) both published in March 2023.

Economic Indicators	2021	2022 ¹	2023	2024	2025	2026
	Actual		Forecast			
Total population (thousands) ²	1,447	1,440	1,440	1,441	1,443	1,445
Visitor arrivals (thousands) ³	6,778	9,248	9,799	10,130	10,369	10,530
Visitor days (thousands) ³	65,312	85,265	88,697	90,528	92,037	93,130
Visitor expenditures (million dollars) ³	13,154	19,315	20,825	21,791	22,623	23,364
Honolulu CPI-U (1982-84=100)	296.8	316.1	326.0	333.7	341.0	348.1
Personal income (million dollars)	87,858	87,206	89,822	92,607	95,293	98,151
Real personal income (millions of 2012\$)	67,312	64,272	64,917	65,768	66,457	67,290
Personal income deflator (2012=100)	130.5	135.7	138.4	140.8	143.4	145.9
Non-agricultural wage & salary jobs (thousands)	583.5	609.9	632.5	645.7	658.0	667.2
Civilian unemployment rate	6.0	3.5	3.2	2.9	2.7	2.6
Gross domestic product (million dollars)	91,096	97,745	102,060	106,269	110,203	114,107
Real gross domestic product (millions of 2012\$)	74,547	75,846	77,135	78,755	80,251	81,696
Gross domestic product deflator (2012=100)	122.2	128.9	132.3	134.9	137.3	139.7

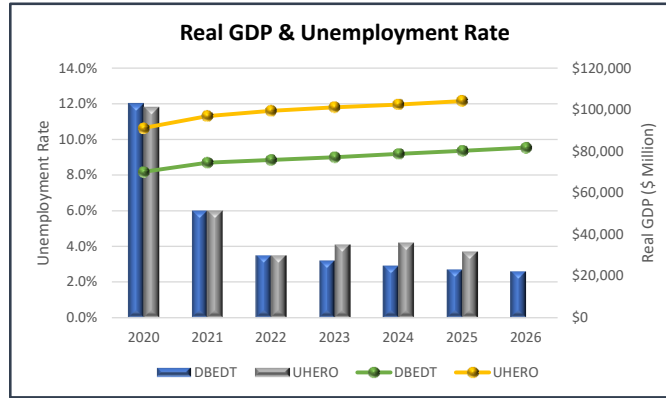
Annual Percentage Change						
Total population	-0.3	-0.5	0.0	0.1	0.1	0.1
Visitor arrivals	150.3	36.4	6.0	3.4	2.4	1.6
Visitor days	127.9	30.6	4.0	2.1	1.7	1.2
Visitor expenditures	154.8	46.8	7.8	4.6	3.8	3.3
Honolulu CPI-U	3.8	6.5	3.1	2.4	2.2	2.1
Personal income	5.7	-0.7	3.0	3.1	2.9	3.0
Real personal income	1.1	-4.5	1.0	1.3	1.0	1.3
Personal income deflator (2012=100)	4.5	4.0	2.0	2.2	2.0	1.9
Non-agricultural wage & salary jobs	4.2	4.5	3.7	2.1	1.9	1.4
Civilian unemployment rate ⁴	-5.7	-2.5	-0.3	-0.3	-0.2	-0.1
Gross domestic product	10.4	7.3	4.4	4.1	3.7	3.5
Real gross domestic product	6.3	1.7	1.7	2.1	1.9	1.8
Gross domestic product deflator (2012=100)	3.8	5.5	2.7	2.0	1.8	1.7

U.S. and Global Prospects

Although the global outlook has improved over the past few months, challenges still remain. Energy prices in Europe have improved with lower-than-expected winter energy prices, alleviating economic slowdown. China’s reopening also pledges to boost global trade over the upcoming year. Japan’s decrease in the value of the yen has impacted household purchasing power, however, government policies have stepped in to provide offsetting support. Even with the following improvements, recession risks hold steady for many countries. Despite the International Monetary Fund marking up their forecast for global growth for the first time in this business cycle to 2.9% for 2023, growth thereafter is expected to further be constrained by the attempt to moderate inflation.

Progress has been made in the US as a result of declining inflation and there have been no signs of sharp falloff in economic activity. Despite this, persistently tight labor markets pose a challenge to the Fed and inflation rates remain high in comparison to historical data. Inflation has generally continued to decrease and is now at approximately 4.2%. Consumer prices year-on-year growth has also decreased from nearly 9% in July to 6.4% in December and January. Rate hikes have caused downturns in the housing market as resales and prices begin to move downward after the pandemic-era expansion. Economic slowing is expected to cause a mild recession for the US while Hawaii is projected to slow without undergoing a recession.

Real GDP and Unemployment



Based on their assumptions, UHERO projects that overall, the 2023 annual unemployment rate will reach 4.1%, increase to 4.2% in 2024, and decrease to 3.7% by 2025.¹¹ DBEDT projects that the overall 2023 annual unemployment rate will be at 3.2%, then decrease to 2.9% in 2024, 2.7% in 2025, and 2.6% in 2026, which steadily gets closer to Hawaii’s 2017 to 2019 average unemployment rate of 2.5%.¹²

Hawaii's economy is closely tied to economic conditions in the U.S. and, according to the February 2023 Blue Chip Economic Consensus Forecasts, U.S. real GDP is expected to increase by 0.7% in 2023, then 1.2% for 2024. Based on this, DBEDT projects that Hawaii’s economic growth, as measured by real GDP, will increase by 1.7% in 2023, then will increase by 2.1% in 2024, 1.9% in 2025, and 1.8% in 2026.

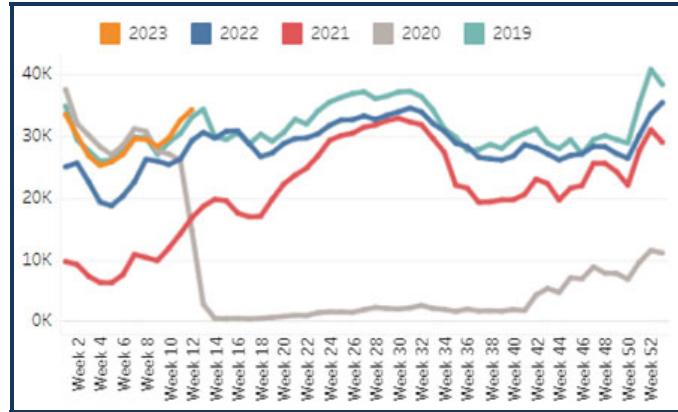
Inflation in Hawaii

Inflation in Hawaii is beginning to cool; currently it is averaging below 3% and is predicted to fall to 2.5% in 2024, and even further to 2.3% in 2025. Purchasing power pressures are also beginning to ease. Oil prices have also reversed all of their 2022 gains. Shelter costs have begun to improve, rent growth has declined, and resale home prices have dropped to 10% from their previous peak. As global supply conditions continue to improve food price appreciation is also expected to slow. Japanese tourism recovery continues to remain slower than expected although this is projected to gradually recover with the slightly strengthening yen and government aid. There is also a mild US recession projected for the coming year, but despite slowing growth Hawaii will remain immune to its impacts.

¹¹ UHERO 2023 Q1 – UHERO Hawaii Forecast (March 10, 2023)

¹² Department of Business, Economic Development & Tourism (DBEDT) 1st Quarter 2023 Report (March 2, 2023)

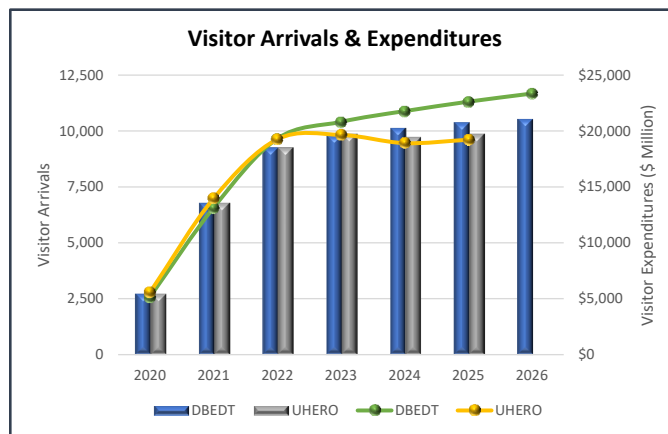
Tourism



Source: DBEDT Research Division

On March 23, 2023, the state welcomed 32,258 total visitor arrivals: 28,133 domestic passengers and 4,125 international passengers. Visitor arrivals to the state during the fourth quarter of 2022 totaled 2,309,637, an increase of 20.4% visitors from the same quarter in 2021, and the average daily visitor census increased 16.1%. According to DBEDT, total visitor arrivals in 2022 had reached 9.2 million, representing an 89.4% recovery from the same period in 2019.

By the end of 2023, visitors will increase to approximately 9.8 million, then to 10.1 million in 2024, 10.4 million in 2025 and 10.5 million in 2026. Visitor expenditures will increase by 7.8% in 2023, then will increase 4.6% in 2024, and 3.8% and 3.3% in 2025 and 2026, respectively.

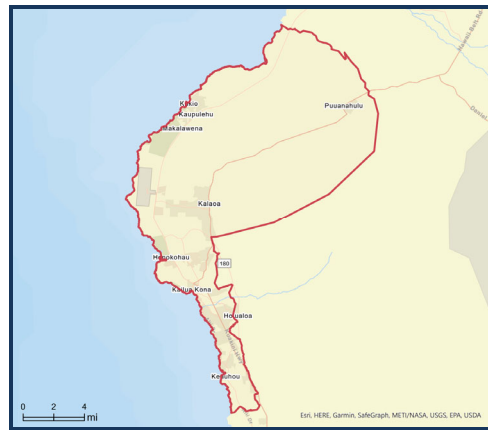


Bookings by domestic visitors have continued to rebound back to pre-pandemic levels and the removal of Japanese travel restrictions have improved Japanese visitor arrivals to a quarter of their pre-pandemic level. Overall, international visitors have recovered 30.3% and through 2022, visitor spending totaled \$19.3 billion, representing an increase of 8.9% in comparison to 2019.

While recession risks remain for many countries, the US and global economies have shown improvements over the past few months. The US has thus far postponed a recession due to resilience in employment and consumer spending, but growth is expected to come to a standstill later in the year. Hawaii continues to exhibit economic slowing but is projected to avoid a recession as the visitor industry continues to recover, new construction fills the pipeline, and spending of flush state government funds continue.

Demographics

Selected demographics encompassing the Kailua-Kona neighborhood are summarized in the following tables and charts. The information is obtained from the Site to Do Business and ESRI.



Population

Population	
2010 Population	33,588
2020 Population	38,850
2022 Population	39,650
2027 Population	40,804
2010-2020 Annual Rate	1.47%
2020-2022 Annual Rate	0.91%
2022-2027 Annual Rate	0.58%
2022 Male Population	50.0%
2022 Female Population	50.0%
2022 Median Age	42.9

- In the identified area, the current year population is 39,650.
- In 2020, the Census count in the area was 38,850. The rate of change since 2020 was 0.91% annually. The five-year projection for the population in the area is 40,804 representing a change of 0.58% annually from 2022 to 2027.
- Currently, the population is 50.0% male and 50.0% female.

Households

Households	
2022 Wealth Index	129
2010 Households	12,365
2020 Households	14,044
2022 Households	14,298
2027 Households	14,712
2010-2020 Annual Rate	1.28%
2020-2022 Annual Rate	0.80%
2022-2027 Annual Rate	0.57%
2022 Average Household Size	2.74

- The household count in this area has changed from 14,044 in 2020 to 14,298 in the current year, a change of 0.80% annually. The five-year projection of households is 14,712, a change of 0.57% annually from the current year total.
- Average household size is currently 2.74, compared to 2.74 in the year 2020.
- The number of families in the current year is 9,211 in the specified area.

Household Income

Mortgage Income	
2022 Percent of Income for Mortgage	34.0%
Median Household Income	
2022 Median Household Income	\$102,459
2027 Median Household Income	\$112,059
2022-2027 Annual Rate	1.81%
Average Household Income	
2022 Average Household Income	\$126,421
2027 Average Household Income	\$142,352
2022-2027 Annual Rate	2.40%
Per Capita Income	
2022 Per Capita Income	\$45,682
2027 Per Capita Income	\$51,424
2022-2027 Annual Rate	2.40%

- Current median household income is \$102,459 in the area, compared to \$72,414 for all U.S. households. Median household income is projected to be \$112,059 in five years, compared to \$84,445 for all U.S. households.
- Current average household income is \$126,421 in this area, compared to \$105,029 for all U.S. households. Average household income is projected to be \$142,352 in five years, compared to \$122,155 for all U.S. households.
- Current per capita income is \$45,682 in the area, compared to the U.S. per capita income of \$40,363. The per capita income is projected to be \$51,424 in five years, compared to \$47,064 for all U.S. households.

Housing Unit Summary

Housing	
2022 Housing Affordability Index	77
2010 Total Housing Units	16,769
2010 Owner Occupied Housing Units	7,289
2010 Renter Occupied Housing Units	5,075
2010 Vacant Housing Units	4,404
2020 Total Housing Units	18,566
2020 Vacant Housing Units	4,522
2022 Total Housing Units	18,893
2022 Owner Occupied Housing Units	9,385
2022 Renter Occupied Housing Units	4,914
2022 Vacant Housing Units	4,595
2027 Total Housing Units	19,388
2027 Owner Occupied Housing Units	9,849
2027 Renter Occupied Housing Units	4,863
2027 Vacant Housing Units	4,676

- Currently, 49.7% of the 18,893 housing units in the area are owner occupied; 26.0%, renter occupied; and 24.3% are vacant.
- Currently, in the U.S., 58.2% of the housing units in the area are owner occupied; 31.8% are renter occupied; and 10.0% are vacant.
- In 2020, there were 18,566 housing units in the area and 24.4% vacant housing units. The annual rate of change in housing units since 2020 is 0.78%.
- Median home value in the area is \$661,670, compared to a median home value of \$283,272 for the U.S. In five years, median value is projected to change by 1.74% annually to \$721,394.

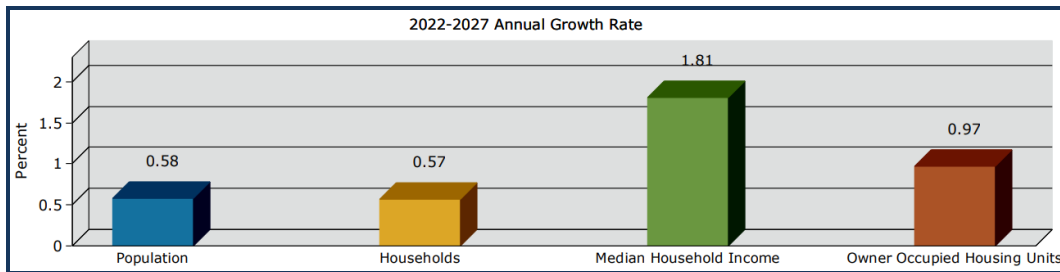
	Spending Potential Index	Average Amount Spent	Total	Percent
Total Expenditures	121	\$108,201.44	\$1,547,064,228	100.0%
Food	120	\$12,607.99	\$180,269,002	11.7%
Food at Home	121	\$7,480.55	\$106,956,916	6.9%
Food Away from Home	119	\$5,127.44	\$73,312,086	4.7%
Alcoholic Beverages	122	\$866.66	\$12,391,469	0.8%
Housing	121	\$34,454.25	\$492,626,873	31.8%
Shelter	121	\$27,690.72	\$395,921,877	25.6%
Utilities, Fuel and Public Services	120	\$6,763.53	\$96,704,996	6.3%
Household Operations	121	\$3,037.82	\$43,434,713	2.8%
Housekeeping Supplies	121	\$1,069.28	\$15,288,632	1.0%
Household Furnishings and Equipment	119	\$3,056.25	\$43,698,261	2.8%
Apparel and Services	118	\$2,835.85	\$40,546,990	2.6%
Transportation	119	\$12,320.76	\$176,162,213	11.4%
Travel	122	\$3,515.21	\$50,260,468	3.2%
Health Care	122	\$8,648.84	\$123,661,131	8.0%
Entertainment and Recreation	122	\$4,482.51	\$64,090,969	4.1%
Personal Care Products & Services	119	\$1,211.20	\$17,317,806	1.1%
Education	118	\$2,305.11	\$32,958,510	2.1%
Smoking Products	121	\$527.90	\$7,547,944	0.5%
Lotteries & Pari-mutuel Losses	122	\$72.80	\$1,040,870	0.1%
Legal Fees	118	\$216.04	\$3,088,910	0.2%
Funeral Expenses	118	\$111.15	\$1,589,162	0.1%
Safe Deposit Box Rentals	126	\$6.61	\$94,454	0.0%
Checking Account/Banking Service Charges	117	\$42.43	\$606,692	0.0%
Cemetery Lots/Vaults/Maintenance Fees	111	\$15.77	\$225,518	0.0%
Accounting Fees	124	\$156.59	\$2,238,952	0.1%
Miscellaneous Personal Services/Advertising/Fines	122	\$103.46	\$1,479,228	0.1%
Occupational Expenses	120	\$79.34	\$1,134,373	0.1%
Expenses for Other Properties	188	\$225.46	\$3,223,562	0.2%
Credit Card Membership Fees	118	\$11.65	\$166,558	0.0%
Shopping Club Membership Fees	122	\$54.08	\$773,167	0.0%
Support Payments/Cash Contributions/Gifts in Kind	129	\$3,511.08	\$50,201,354	3.2%
Life/Other Insurance	120	\$823.87	\$11,779,635	0.8%
Pensions and Social Security	119	\$11,239.73	\$160,705,666	10.4%



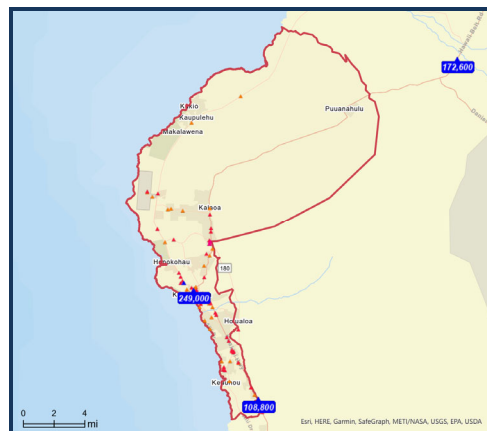
The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2022 and 2027; Consumer Spending data are derived from the 2018 and 2019 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Annual Growth Rate Patterns



Average Daily Traffic Volume



PROPERTY DESCRIPTION

There are six subject RP properties located within the Honokohau Small Boat Harbor and Kailua Wharf in Kailua-Kona on the island of Hawaii.

The five subject properties located within the Honokohau Small Boat Harbor site are identified on Hawaii Tax Map Key as portions of 3740080030000 and 3740080710000.

- A 9,975-square-foot rectangular site is encumbered by Revocable Permit (RP) 6 to Hawaii Big Game Fishing Club, Inc. in support of fishing and boating activities, public meetings, tournaments, harbor meetings and continued support of youth groups.
- A 20,000-square-foot rectangular site is encumbered by RP 14 to Keahole Point Fish, LLC for land-based operations in support of an ocean-based aquaculture project.
- A 14,196-square-foot rectangular site is encumbered by RP 15 to The Kona Sailing Club for trailered boat storage, sailing related equipment storage, and boating and ocean safety education and training activities. Permittee may also clear and grade the additional portion of the premises, subject to approval of the Chairperson of the Board of Land and Natural Resources.
- A 3,300-square-foot rectangular site is encumbered by RP 36 to Atlantis Submarine Hawaii, LLC for maritime related activities to supplement submarine tour operations.
- An 85,987-square-foot rectangular site is encumbered by RP 89 to Kona RC Flyers, Inc. as an airfield for radio-controlled aircraft.

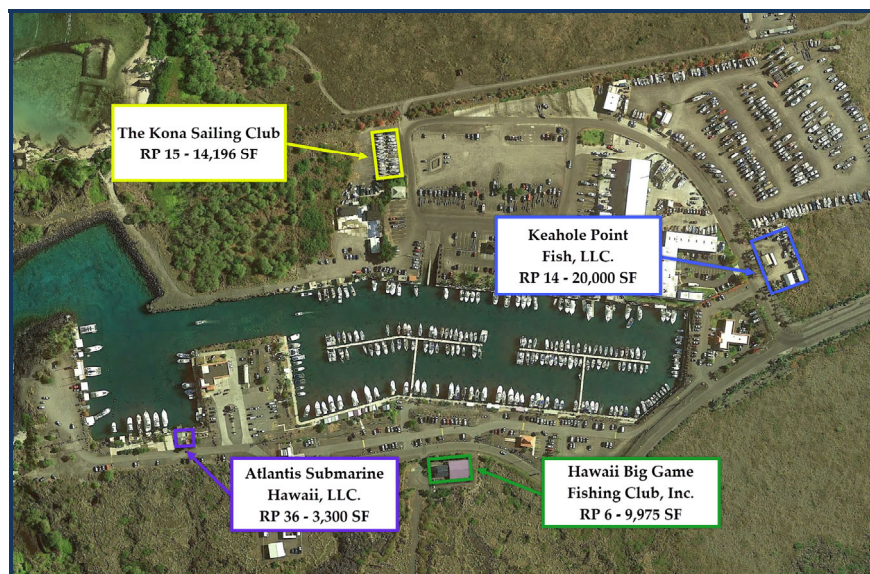
A single subject property is located within Kailua Wharf, identified on Hawaii Tax Map Key as a portion of 3750060390000. A 63-square-foot portion of a building owned by the State of Hawaii is encumbered by RP 124 to Kanoa, Inc. dba Body Glove Cruises for maritime related activities including concierge service, providing general island information, maps, restaurant guides, charter and tour information, cruise ship itineraries, trolley and bus schedules, beach rental gear, sunscreen, cold refreshments and snacks, and guest check-in for tour purposes.

Except for RP 124 that estimates building space rent, the appraisal of the underlying lands of all other RPs does not consider the value of existing permittee installed improvements on the properties.

Honokohau Small Boat Harbor

The Honokohau Small Boat Harbor, located in Kailua-Kona, is a manmade port that primarily serves recreational boaters. Located on the west side of Hawaii Island, the Honokohau Small Boat Harbor consists of 262 moorings, three ramps, Piers A-H, 2T-piers, outer basin, fueling station, vessel washdown, and two comfort stations. Additional facility improvements include an asphalt paved road and paved and unpaved parking areas.

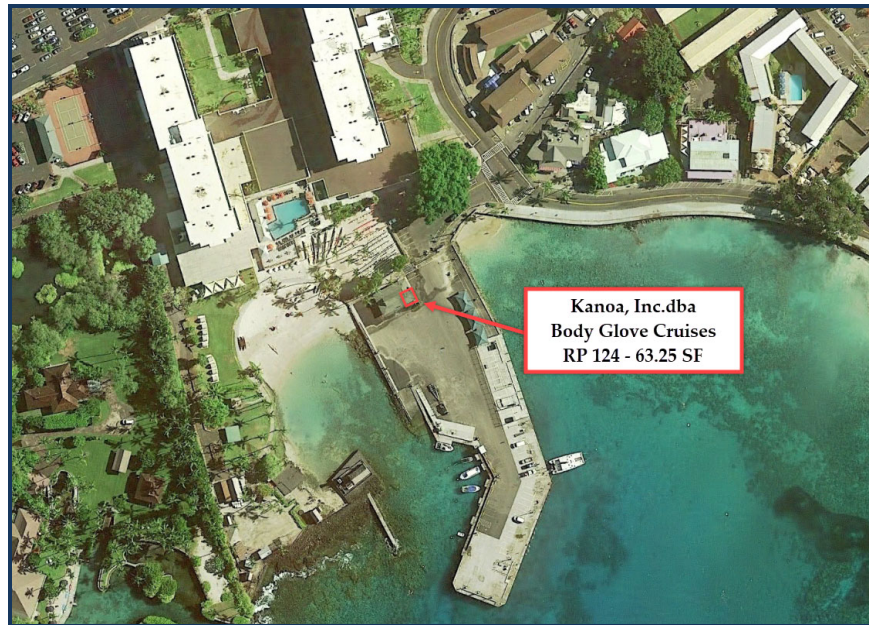
The subject sites are located interior as well as near the shoreline and feature level and modest sloped topography.



Kailua Wharf

The Kailua-Kona Wharf, located in Central Kona, is a manmade port that primarily serves recreational boaters. Located on the west side of Hawaii Island, the Kailua-Kona Wharf consists of a cruise ship port, offshore mooring area, 16-foot wide commercial ramp, three loading and unloading areas, vessel washdown, and a comfort station with outside showers. Additional facility improvements include an asphalt paved road and a marked, paved parking lot.

The subject site is located near the shoreline and features level topography.



Site Characteristics

Unless otherwise specified, the following descriptions refer to all subject properties.

SITE

Location: Honokohau Small Boat Harbor and Kailua Wharf
Kailua-Kona, Hawaii

Current Use: Marine business, and other maritime and harbor related use.

SUMMARY OF SITE CHARACTERISTICS						
Location	Honokohau Small Boat Harbor					Kailua Wharf
Tax Map Key	3740080030000 (Por.)			3740080710000 (Por.)		3750060390000 (Por.)
Permit No.	RP 6	RP 14	RP 15	RP 36	RP 89	RP 124
RP Area (SF)	9,975	20,000	14,196	3,300	85,987	63 (<i>Building Area</i>)
Shape	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular
Frontage/Access	Kealakehe Parkway	Kealakehe Parkway	Kealakehe Parkway	Kealakehe Parkway	Kealakehe Parkway	Ali'i Drive
Visibility	Average	Average	Average	Average	Interior	Average
Topography	Gentle slope	Generally level	Generally level	Gentle slope	Generally level	Generally level

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and adequate to support development.

Utilities: No sewer connection.

Site Improvements: Street Lighting: Yes
Sidewalks: No (RP 124 has a sidewalk)
Curbs: No
Landscaping: Average landscaping

Flood Zone: The subjects are in an area mapped by the Federal Emergency Management Agency (FEMA). A summary table of the subjects follows:

FLOOD ZONE SUMMARY			
Location / Subject	Flood Zone	FEMA	
		Map No.	Date
<u>Honokohau Small Boat Harbor</u>			
RP 6, 14, 15, 89	X	1551660717F	9/29/2017
RP 36	X, VE	1551660716F; 1551660717F	9/29/2017
<u>Kailua Wharf</u>			
RP 124	VE	1551660738F	9/29/2017

The subjects flood zones can be described as:

Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

Zone VE: Coastal flood zone with velocity hazard (wave action); BFE determined.

Wetlands/Watershed: No wetlands were observed during our site inspection.

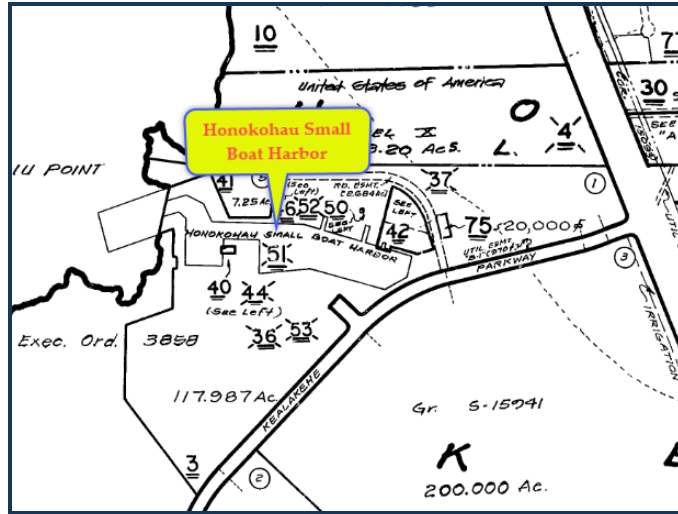
Special Management Area (SMA) The subject is located In SMA.
 The Office of Planning administers Hawaii Revised Statutes (HRS) Chapter 205A, the Coastal Zone Management (CZM) law. The purpose of HRS Chapter 205A is to “provide for the effective management, beneficial use, protection, and development of the Coastal Zone.” The SMA permitting system is part of the CZM Program approved by Federal and State agencies.

Environmental Issues: The Benavente Group LLC is not qualified to detect the existence of potentially hazardous materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

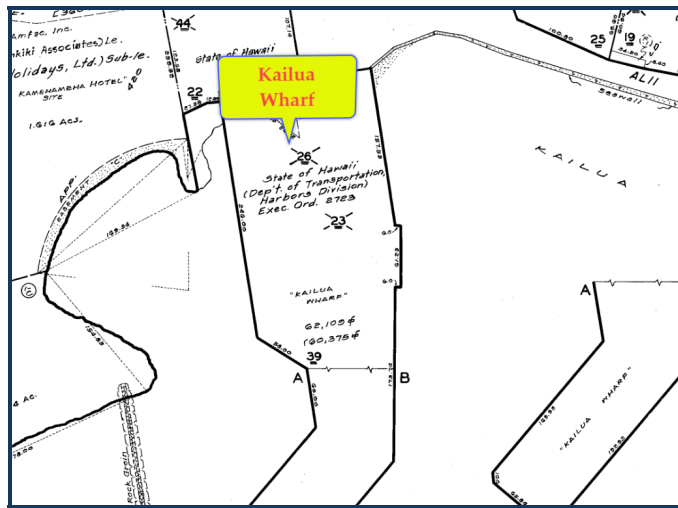
Encumbrances/ Easements There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.



Tax Assessment Map



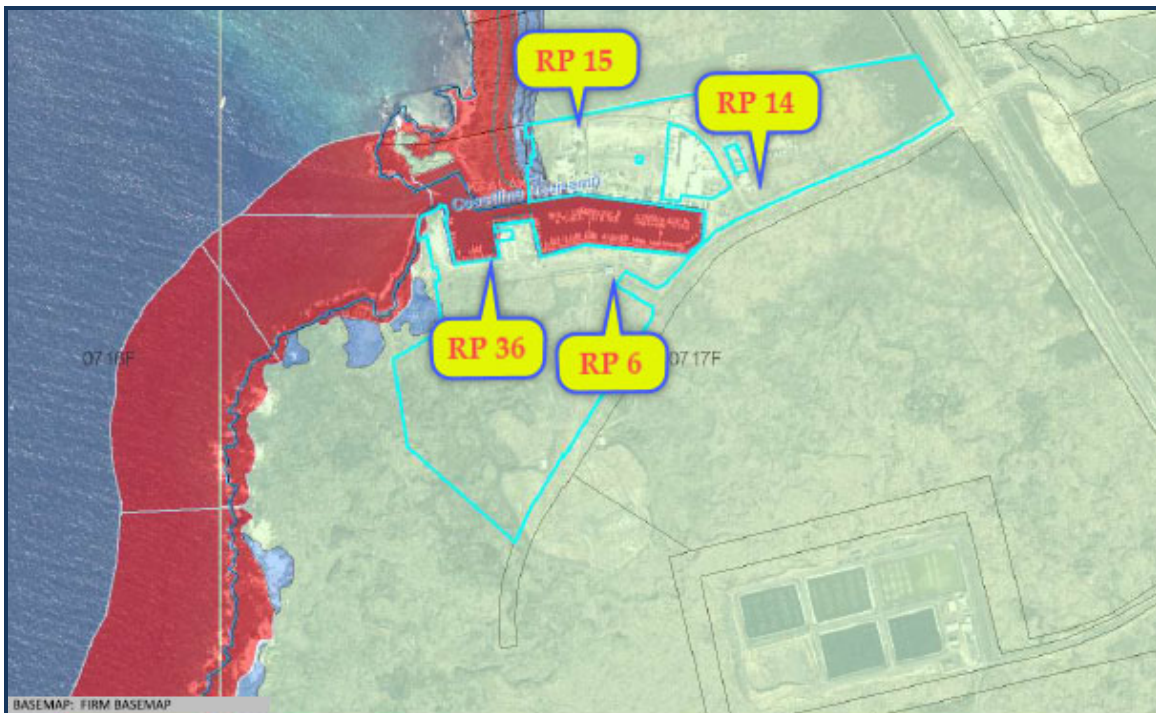
Third Division Hawaii Tax Map 74008.




Third Division Hawaii Tax Map 75006.

Flood Hazard Assessment Report

Honokohau Small Boat Harbor





Flood Hazard Assessment Report

www.hawaiiinfip.org

Property Information


COUNTY: HAWAII
 TMK NO: (3) 7-4-008.003
 WATERSHED: HONOKOHAU
 PARCEL ADDRESS: 74-429 KEALAKEHE PKWY
 KAILUA KONA, HI 96740

Flood Hazard Information

FIRM INDEX DATE: SEPTEMBER 29, 2017
 LETTER OF MAP CHANGE(S): NONE
 FEMA FIRM PANEL: 3551660717F
 PANEL EFFECTIVE DATE: SEPTEMBER 29, 2017

THIS PROPERTY IS WITHIN A TSUNAMI EVACUATION ZONE: YES
 FOR MORE INFO, VISIT: <http://www.scd.hawaii.gov/>

THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: NO
 FOR MORE INFO, VISIT: <http://dlnr.hawaii.gov/dam/>



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If this map has been identified as 'PRELIMINARY', please note that it is being provided for informational purposes and is not to be used for flood insurance rating. Contact your county floodplain manager for flood zone determinations to be used for compliance with local floodplain management regulations.

FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND
 (Note: legend does not correspond with MFHL)

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD - The 1% annual chance flood (100-year), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. SFHAs include Zone A, AE, AH, AO, V, and VE. The Base Flood Elevation (BFE) is the water surface elevation of the 1% annual chance flood. Mandatory flood insurance purchase applies in these zones:

	Zone A: No BFE determined.
	Zone AE: BFE determined.
	Zone AH: Flood depths of 1 to 3 feet (usually areas of ponding); BFE determined.
	Zone AO: Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined.
	Zone V: Coastal flood zone with velocity hazard (wave action); no BFE determined.
	Zone VE: Coastal flood zone with velocity hazard (wave action); BFE determined.
	Zone AEP: Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

NON-SPECIAL FLOOD HAZARD AREA - An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

	Zone XS (X shaded): Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
	Zone X: Areas determined to be outside the 0.2% annual chance floodplain.


OTHER FLOOD AREAS

	Zone D: Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase apply, but coverage is available in participating communities.
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<http://gis.hawaiiinfip.org/FHAT/>







Flood Hazard Assessment Report

www.hawaiiinfip.org

FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND
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	Zone VE: Coastal flood zone with velocity hazard (wave action); BFE determined.
	Zone AEP: Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

NON SPECIAL FLOOD HAZARD AREA - An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

	Zone XS (X shaded): Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 3 square mile; and areas protected by levees from 1% annual chance flood.
	Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

OTHER FLOOD AREAS

	Zone D: Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase apply, but coverage is available in participating communities.
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Property Information

COUNTY: HAWAII
 TMK NO: (3) 7-4-008-071
 WATERSHED: HONOKOHAU; WAIAHA
 PARCEL ADDRESS: ADDRESS NOT FOUND
 KAILUA KONA, HI 96740

Flood Hazard Information

FIRM INDEX DATE: SEPTEMBER 29, 2017
 LETTER OF MAP CHANGE(S): NONE
 FEMA FIRM PANEL - EFFECTIVE DATE: 1551660716F - SEPTEMBER 29, 2017
 1551660717F - SEPTEMBER 29, 2017

THIS PROPERTY IS WITHIN A TSUNAMI EVACUATION ZONE: YES
 FOR MORE INFO, VISIT: <http://www.scd.hawaii.gov/>

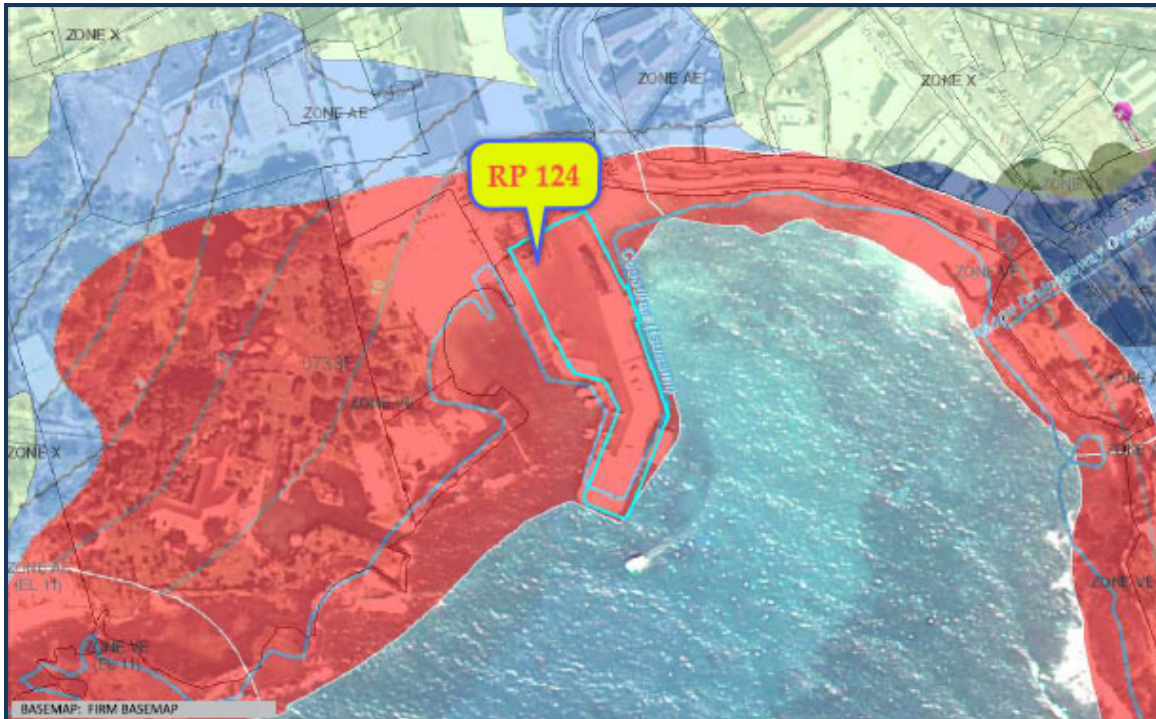
THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: NO
 FOR MORE INFO, VISIT: <http://dlnreng.hawaii.gov/dam/>


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<http://gis.hawaiiinfip.org/FHAT/>

Kailua Wharf





Flood Hazard Assessment Report
www.hawaiiinfip.org

Property Information


COUNTY: HAWAII
 TMK NO.: (3) 7-5-006:039
 WATERSHED: WAIAHA
 PARCEL ADDRESS: 75-5664 KAAHUMANU PL
 KAILUA KONA, HI 96740

Flood Hazard Information

FIRM INDEX DATE: SEPTEMBER 29, 2017
 LETTER OF MAP CHANGE(S): NONE
 FEMA FIRM PANEL: 1551660738F
 PANEL EFFECTIVE DATE: SEPTEMBER 29, 2017

THIS PROPERTY IS WITHIN A TSUNAMI EVACUATION ZONE: YES
 FOR MORE INFO, VISIT: <http://www.scd.hawaii.gov/>

THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: NO
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FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND
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	Zone V: Coastal flood zone with velocity hazard (wave action); no BFE determined.
	Zone VE: Coastal flood zone with velocity hazard (wave action); BFE determined.
	Zone AEF: Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

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	Zone XS (X shaded): Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
	Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

OTHER FLOOD AREAS

	Zone D: Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase apply, but coverage is available in participating communities.
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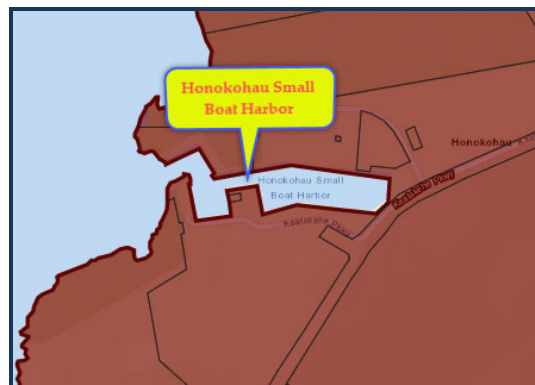
<http://gis.hawaiiinfip.org/FHAT/>

Special Management Area

The subject parcels fall within the County of Hawaii Special Management Area (SMA) established to regulate development along the shoreline in order to preserve; protect; and where possible, restore the natural resources of the coastal zone. Development is permitted within this area subject to oversight by the County of Hawaii.

The SMA was adopted through a series of legislation and amendments between 1975 and 1980. Any significant development of the property requires SMA approval.

Honokohau Small Boat Harbor



Source: Hawaii State GIS Map (by ESRI)
(Areas shaded in red are within SMA).

Kailua Wharf



Source: Hawaii State GIS Map (by ESRI)
(Areas shaded in red are within SMA).

State Land Use

The State Land Use (SLU) classifications establish the basic legal framework of land uses within the state. The SLU classifies land into four broad use districts--

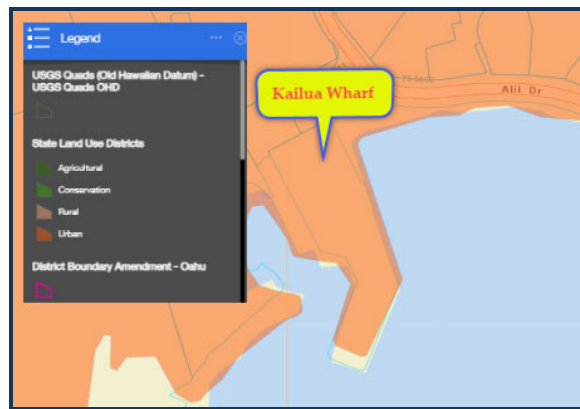
Conservation, Agricultural, Rural, and Urban. The counties are required to confine their land use designations within the broad intent of the SLU district designations. The subject is SLU classified as "Urban", under the jurisdiction of the State of Hawaii.

Honokohau Small Boat Harbor



Source: State of Hawaii Land Use District Boundaries Map, January 2018

Kailua Wharf



Source: State of Hawaii Land Use District Boundaries Map, January 2018

Improvements

The following improvements only apply to RP 124, Body Glove Cruises office space located at Kailua Wharf.

DESCRIPTION OF OVERALL IMPROVEMENTS

Property Name:	Kailua Wharf - Body Glove Cruises
Property Type:	Office
RP Area:	63 SF
Building Class:	C
Construction:	Class C
Construction Quality:	Average
Year Built	1997
Effective Age:	35 years
Remaining Economic Life:	30 years. As a result of limited usable and entitled lands in the subject market, improvements are frequently extended significantly beyond the typical economic life through ongoing repairs, maintenance, and replacement of curable physical components.
Deferred Maintenance:	Material deferred maintenance was not observed during our site inspection on April 11, 2023.
Condition:	Average
Appeal/Appearance:	Average

FOUNDATION, FRAME & EXTERIOR

Foundation:	Poured concrete slab
Structural Frame:	Masonry

Exterior:	Stone
Windows:	Fixed/Sliding Casement
Roof/Cover:	Combination / Asphalt Shingles

INTERIOR

Interior Layout:	Average
Floor Cover:	Wood Vinyl
Walls:	Brick
Ceilings & Ceiling Height:	Painted drywall
	Tax Office: 10'
	Physical Measurements: Approx. 9'
Lighting:	A mix of fluorescent and incandescent lighting.

Americans With Disabilities Act (ADA)

An ADA compliance study was not available.

Hazardous Substances

The Benavente Group LLC is not qualified to detect the existence of potentially hazardous materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

ASSESSMENT AND TAXES

Taxing Authority County of Hawaii

Assessment Year 2023

Real Estate Assessment and Taxes						
Tax ID	Land	Exemption	Improvements	Total Assessment	Tax Rate	Taxes
3740080030000	\$3,339,600	\$4,375,700	\$1,036,100	\$8,751,400	\$11.10 / \$1,000	\$0
3740080710000	\$6,183,200	\$6,183,200	\$0	\$12,366,400	\$11.10 / \$1,000	\$0
3750060390000	\$2,393,700	\$2,562,700	\$169,000	\$5,125,400	\$11.55 / \$1,000	\$0

The assessments and taxes included above are for the entire tax map parcels of which the subjects represent portions.

The next re-assessment of the parcels is scheduled for 2024. If the parcels sold for the value estimate in this report, a reassessment at that value would be considered by the assessor, but not automatically occur. According to the assessor’s website, there are no delinquent property taxes encumbering the subject.

According to the County of Hawaii Tax Assessor’s records, all subject parcels are Government owned (State of Hawaii) and are Non-Taxable Status. The parcels received a 100% property tax exemption for 2023, resulting in no real property taxes.

ZONING

LAND USE CONTROLS	
State Land Use	<p>Urban</p> <p>The State Land Use Law (Chapter 205, Hawai`i Revised Statutes) was adopted in 1961, establishing a framework of land use management and regulation in which all lands in the State of Hawai`i are classified into one of four land use districts.</p>
Zoning Code	<p><u>Open District</u> (Actual zoning)</p> <p><u>MG-1a General Industrial District</u> (Assumed for analysis at Honokohau Harbor based on yacht harbors and boating facilities being permitted uses.)</p>
Zoning Description	<p><u>Open District</u> The object of this district is to encourage development around it such as a golf course and park, and to protect investments which have been or shall be made in reliance upon the retention of such open type use, to buffer an otherwise incompatible land use or district, to preserve a valuable scenic vista or an area of special historical significance, or to protect and preserve submerged land, fishing ponds, and lakes.</p> <p><u>MG-1a General Industrial District</u> The MG General Industrial District applies to areas for uses that are generally considered to be offensive or have some element of danger.</p>
Building Height Limit	<p><u>Open District</u> None (1)</p> <p><u>MG-1a General Industrial District</u> 50' (1)</p>

Minimum Lot Area	<p><u>Open District</u> None (1)</p> <p><u>MG-1a General Industrial District</u> 20,000 SF</p>
Minimum Lot Width	<p><u>Open District</u> None (1)</p> <p><u>MG-1a General Industrial District</u> 100'</p>
Front Setback Distance	<p><u>Open District</u> N/A</p> <p><u>MG-1a General Industrial District</u> 20' (1)</p>
Side and Rear Yard Distance	<p><u>Open District</u> None (1)</p> <p><u>MG-1a General Industrial District</u> 0' (2)</p>
Zoning Comments	<p><u>Open District</u> (1) Except as specified as a condition of approval attached to any use permit or plan approval. For this purpose, the height limit in the adjoining districts shall be used as guides.</p> <p><u>MG-1a General Industrial District</u> (1) An industrial structure may be built to a height of one hundred feet, provided the extra height is determined by the director to be functionally necessary.</p> <p>(2) Where the side or rear property line adjoins the side or rear yard of a building site in an RS, RD, RM or RCX district, there shall be a side or rear yard which conforms to the side or rear yard requirements for dwelling use of the adjoining district.</p>

Permitted Uses

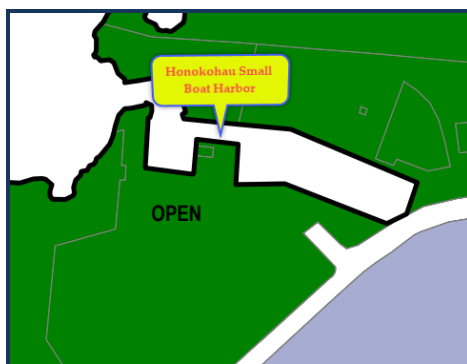
Open District

Aquaculture facilities, cemeteries and mausoleums, community buildings, existing churches and temples of historical significance, forestry, game preserves, growing of plants, heiaus, historical areas, structures, and monuments, natural features, phenomena, and vistas as tourist attractions, public parks.

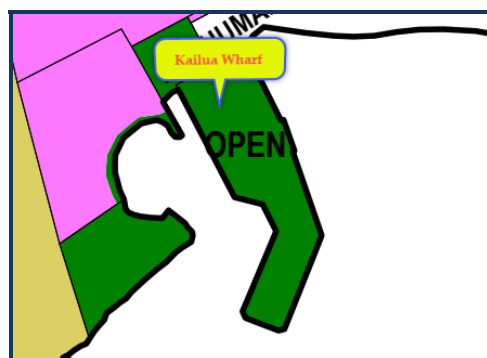
MG-1a General Industrial District

Selected permitted uses include minor agricultural products processing, automobile service stations, bakeries, bars, bulk storage of flammable products, catering establishments, financial institutions, food manufacturing and processing, freight movers, heavy equipment sales and service, medical laboratories, manufacturing, repair establishments, restaurants, warehousing, and yacht harbors and boating facilities.

Zoning Maps



Source: County of Hawaii Planning Department Zoning Map



Source: County of Hawaii Planning Department Zoning Map

HIGHEST AND BEST USE

Highest and best use of a property is achieved when its advantages are maximized, and its disadvantages minimized by the nature of its development or utilization. In evaluating potential uses, consideration is given to the four elements of highest and best use. These include whether the use is physically possible, legally permissible, financially feasible, and maximally productive. Other pertinent considerations should include the potential demand for the use in that location relative to the cost of improving the property, and whether the use is consistent with community development goals.

Legally Permissible

As Vacant – Honokohau Small Boat Harbor & Kailua Wharf

The subject RPs are portions of the Honokohau Small Boat Harbor Tax Map Keys 3740080030000 and 3740080710000 and Kailua Wharf Tax Map Key 3750060390000, which are all zoned Open District. While the actual subject zoning is restricted to mostly preservation, aquaculture, game preserves, public parks, and public uses and structures, Hawaii Revised Statutes 200-2.5 allows for any use that will complement or support the ocean-recreation or maritime activities of state boating facilities.

As such, we have assumed an MG-1a General Industrial District zoning (save for RP 89 on Parcel 71), which is consistent with the general character of the permitted uses contained in the RPs. Under this premise, industrial and commercial use of the properties are legally permissible.

As Improved – Kailua Wharf

To our knowledge, the current improvements are not in violation of current zoning and building regulations and are legally permissible uses.

Physically Possible

As Vacant – Honokohau Small Boat Harbor & Kailua Wharf

The subject properties are judged physically capable of accommodating a variety of land uses. Located within Honokohau Small Boat Harbor and Kailua Wharf, the sites are particularly suited for maritime use given their adequate utilities and access. Historically, the properties have been improved and used to support marine activities, youth groups, public meetings, tournaments and harbor meetings. Considering surrounding uses and facilities, commercial, industrial, and maritime use of the subject is judged physically possible.

As Improved – Kailua Wharf

The existing improvements represent a 63-square foot portion of an 1,100-square foot masonry commercial building at the Kailua Wharf. The improvements are considered to be in average condition based on its age, location, and quality relative to competing supply. Retail and commercial uses are prevalent in the neighborhood. The existing improvements are physically adequate to support the existing use.

Financially Feasible and Maximally Productive**As Vacant – Honokohau Small Boat Harbor and Kailua Wharf**

Honokohau Small Boat Harbor and Kailua Wharf serve as maritime-oriented recreational facilities along the West Hawaii Coast. They are utilized by charter boats offering ocean recreation, sightseeing, fishing, and sailing along the coast. The subjects have served the boating community for many years and demand is anticipated to continue into the foreseeable future. Historical and sustained operation of the facilities demonstrates that the existing operations are financially feasible and maximally productive.

As Improved – Kailua Wharf

The financial feasibility of a commercial property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount exists, then the land is being put to a productive use. Based upon its historical and sustained operations for maritime-oriented recreation, continued utilization of the improvements for their existing uses are considered financially feasible and maximally productive.

Highest and Best Use Conclusion**As Vacant – Honokohau Small Boat Harbor and Kailua Wharf**

After considering the physically possible, legally permissible, and financially feasible uses, it is our opinion that the highest, best and maximally productive use of the subject RP parcels as vacant are commercial, industrial, and maritime use.

As Improved – Kailua Wharf

The existing improvements generally represent the highest and best use as improved.

VALUATION METHODOLOGY

The purpose of this appraisal is to estimate the annual fair market rental (market rent) for the identified revocable permits under the premise of long-term tenancy, commencing July 1, 2023. In addition to the market rent, the assignment includes the estimation of annual rent escalations for the subsequent years expressed as a percent increase over the immediately preceding year. The market rent determination for RPs involving commercial (income generating) activities included the estimation of a market supported percentage for purposes of computing percentage rent payable in excess of minimum rent.

“Market rent” is defined as “The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (Tis).” Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th Ed. (Chicago: Appraisal Institute, 2022).

Direct comparison with other similar annual rent indicators is the primary methodology when data is available. When adequate data is unavailable or if stipulated by contractual lease terms, annual rent is estimated as the product of fee simple land value and a market supported land rate of return. Depending on a specific appraisal assignment, any of the following four methods may be used to determine the market value of the fee simple interest of land:

- Sales Comparison Approach;
- Income Capitalization Procedures;
- Allocation; and
- Extraction.

The following summaries of each method are paraphrased from the text.

Sales Comparison

The sales comparison approach is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price.

This is the primary and most reliable method used to value land (if adequate data exists).

Income Capitalization

The income capitalization procedure includes three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

Land Residual

The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production—i.e., labor, capital, coordination, and land. The land residual technique can be used to estimate land value when: 1) building value is known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.

Subdivision Development

The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.

Ground Rent Capitalization

The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

Allocation

The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject property includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

Extraction

The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable and the extraction method does not reflect market considerations.

Analyses Applied

Adequate market rent comparables for similar small boat harbor commercial properties are not available on Hawaii Island. Therefore, we have employed the product of fee simple land value and a land rate of return methodology to estimate annual rents in this study. The fee simple land value of the subject properties are estimated in the following section.

Market comparison was employed to estimate the base rental for the 63-square foot commercial space of RP 124.

LAND VALUATION

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principle of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Subject Revocable Permits

While the subject sites are zoned Open District, they have been used for many years for the purposes more consistent with permitted uses of the MG-1A General Industrial District zoning. The subject Revocable Permits have characters of use consistent with their historical use. Consequently, our analysis assumes an MG-1A General Industrial District zoning consistent with the RP character of use criteria for valuation purposes.

The exception to the aforementioned zoning assumption is the Kona RC Flyers, Inc. (RP 89) site, which has been valued with its current Open District zoning due to its non-maritime character of use and location on the fringe of Honokohau Small Boat Harbor.

Harbor properties very rarely transact, and this is especially true in Hawaii whereby these critical centers of transportation, commerce, and supplies for the islands are controlled by the state government. Consequently, the sales comparison utilizes comparable off harbor land transactions (i.e., fast land) to estimate the value of the subject properties. The benefits provided by the Honokohau Small Boat Harbor site improvements are accounted for and added to our value estimates of the unimproved land areas in the following section.

Research Parameters

Revocable Permits 6, 14, 15, and 36

A search for comparable land transactions was completed within the subject's neighborhood (Tax Map Zone 7) and surrounding area (Tax Map Zone 6) during the time period from January 1, 2016, to the effective date of value. There is a dearth of directly comparable and recently transacted industrial land sales. Consequently, our search was expanded to include mixed-use industrial and commercial zoned (MCX-1A Industrial-Commercial Mixed Use District) land transactions with differences accounted for in our adjustment schedule.

Revocable Permit 89

A search for comparable land transactions was completed within the subject's neighborhood (Tax Map Zone 7) during the time period from January 1, 2013, to the effective date of value. There is a dearth of directly comparable and recently transacted Open District zoned land sales. Consequently, our search was expanded to include Open District zoned land transactions across Hawaii County with differences accounted for in our adjustment schedule.

RP 6 – Hawaii Big Game Fishing Club, Inc.

The subject property is identified as TMK 3740080030000 (Por.) containing 9,975 square feet. This rectangular site is improved with permittee constructed improvements utilized by Hawaii Big Game Fishing Club, Inc. in support of fishing and boating activities, public meetings, tournaments, harbor meetings and continued support of youth groups. The subject site is accessible from Kealahou Parkway. For purposes of this study, we have valued the 9,975-square-foot site consistent with our scope of work and the intent of the State in its annual revocable permit use.

This appraisal of the underlying land parcel does not consider the value of existing permittee constructed improvements.

Land Comparables

The three land sales used in the analysis represent the best data available for comparison and were chosen from within a circa two-mile radius of Honokohau Small Boat Harbor. They were selected based on the relative timeliness of transaction dates, locational proximity, highest and best characteristics, and overall comparability to the subject. The land areas of the comparables range tightly between 51,531 SF and 52,490 SF, and are all larger than the subject's land area of 9,975 SF (0.23-acres).

The following map and table summarize the comparable data used in the sales comparison approach.



Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land SF
Subject	RP 6	MG-1A	50'	Hawaii Big Game Fishing Club, Inc.		9,975
	3740080030000 (Por.)	Gentle slope	X			
1	Kamanu Street	MCX-1A Industrial- Commercial Mixed District	45'	Vacant Land	8/16/21	51,531
	3730511030000	Level at Street Grade	X	Sale	\$927,566	\$18.00
2	73-5628 Maiiau Street	MCX-1A Industrial- Commercial Mixed District	45'	Vacant Land	4/26/21	52,490
	3730511200000	Level	X	Sale	\$787,347	\$15.00
3	Kamanu Street	MCX-1A Industrial- Commercial Mixed District	45'	Vacant	2/4/21	52,490
	3730511230000	Level at Street Grade	X	Sale	\$755,000	\$14.38

Transacting between February and August 2021, the properties traded at land prices ranging between \$14.38 PSF to \$18.00 PSF, averaging \$15.79 PSF.

Additional information on each comparable can be found on the following pages:

Land Comparable 1



Transaction

ID	3746	Date	8/16/2021
Address	Kamanu Street	Price	\$927,566
City	Kailua-Kona	Price per Acre	\$784,079
Tax ID	3730511030000	Price Per Land SF	\$18.00
Grantor	Kaloko Commercial Center LLC	Property Rights	Fee Simple
Grantee	SJA Partnership LLP	Verification	Gregory Ogin, SVN GO Commercial

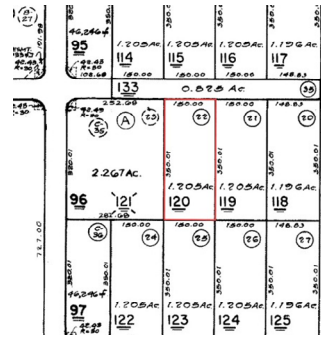
Site

Acres	1.1830	Topography	Level at Street Grade
Land SF	51,531	Zoning	MCX-1A Industrial-Commercial Mixed District
Shape	Rectangular	Height Limit	45'
Topography	Level at Street Grade	Flood Zone	X
Current Use	Vacant Land		

Comments

Lot 5 in the Kaloko Commercial Center subdivision was acquired by an owner-user purchaser in August 2021. Comprising 1.183 acres (51,531 SF), Lot 5 traded for \$927,566 or \$18.00 PSF. The property is rectangular, graded, and has a single frontage along Olowalu Street.

Land Comparable 2



Transaction

ID	2429	Date	4/26/2021
Address	73-5628 Maiiau Street	Price	\$787,347
City	Kailua-Kona	Price per Acre	\$653,400
Tax ID	3730511200000	Price Per Land SF	\$15.00
Grantor	Kaloko Commercial Center LLC	Property Rights	Fee Simple
Grantee	Kaloko SJA LLC	Verification	Gregory Ogin, SVN GO Commercial

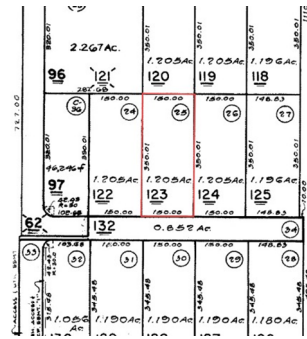
Site

Acres	1.2050	Topography	Level
Land SF	52,490	Zoning	MCX-1A Industrial-Commercial Mixed District
Shape	Rectangular	Height Limit	45'
Topography	Level	Flood Zone	X
Current Use	Vacant Land		

Comments

Lot 22 in the Kaloko Commercial Center subdivision was acquired by an owner-user purchaser on April 26, 2021. Comprising 1.205 acres (52,490 SF), Lot 22 traded for \$787,347 or \$15.90 PSF. Zoned MCX-1A, the property is subject to a 20-foot front yard setback totaling circa 3,000 SF. The property is rectangular and has been terraced and graded level. Lot 22 has a single frontage on the east end of Maiiau Street.

Land Comparable 3



Transaction

ID	2428	Date	2/4/2021
Address	Kamanu Street	Price	\$755,000
City	Kailua-Kona	Price per Acre	\$626,556
Tax ID	3730511230000	Price Per Land SF	\$14.38
Grantor	Kaloko Commercial Center LLC	Property Rights	Fee Simple
Grantee	P16:3 LLC	Verification	Gregory Ogin, SVN/Go Commercial

Site

Acres	1.2050	Topography	Level at Street Grade
Land SF	52,490	Zoning	MCX-1A Industrial-Commercial Mixed District
Shape	Rectangular	Height Limit	45'
Topography	Level at Street Grade	Flood Zone	X
Current Use	Vacant		

Comments

Lot 25 in the Kaloko Commercial Center subdivision was acquired by an owner-user purchaser on February 4, 2021. Comprising 1.205 acres (52,490 SF), Lot 25 traded for \$755,000 or \$14.38 PSF. The property is rectangular and has been terraced and graded level. Lot 25 has a single frontage on an unnamed interior roadway.

Analysis Grid

The above sales have been analyzed and compared with the subject property. If warranted, adjustments for the following transaction and property characteristics were applied to the respective comp:

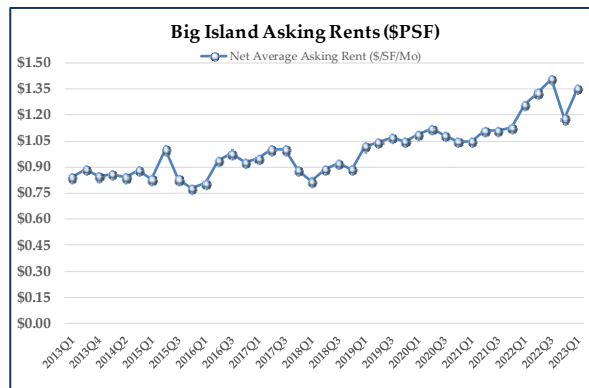
- Market Conditions
- Location
- Corner/Frontage
- Zoning/Height
- Flood Zone
- Harbor /SMA
- Physical Characteristics
- Utilities
- Land Size

On a following page is a sales comparison grid displaying the subject property, the comparables, and the adjustments applied.

Comparable Land Sale Adjustments

Market Trends

This adjustment accounts for appreciation or depreciation between the comparable transaction dates and effective date of value. The best indicators of market changes are sale and resale data for the same property or similar types of properties. Our research failed to uncover adequate paired sales data.



As a collateral indicator of market trends, we have analyzed local rent statistics across the Hawaii island industrial market published by CBRE. Market reports indicate a slight down-period in the latter half of 2020 and the first quarter of 2021, followed by a swift recovery through the rest of the year and continuing through Q3 2022. As of late, market conditions appear to have generally stabilized in the subject’s industrial submarket.



INTEREST RATE HIKES

Following the pandemic and inflation driven by pent-up consumer demand, the Fed's sought to curb inflation beginning the first quarter of 2022 by aggressively raising interest rates. Over the last five years, 30-year fixed mortgage rates averaged circa 4.0%. Rates surpassed 5.0% in mid-April 2022, and was the highest since November 2018. Through the remainder of 2022, mortgage rates fluctuated, but generally increased.



Brokers indicated that the volume of investor sales involving commercial properties in the state materially slowed due to rising borrowing costs affecting affordability.

We recognize the secondary nature of these rent statistics and that quarterly changes in rental rates may not directly correspond to a change in overall property values. Considering the timeliness of the comps between February 2021 and August 2021, we conclude a **market conditions adjustment was not warranted**.

Location

The components comprising the location factor include quality of immediate neighborhood, quality of harbor, general accessibility to the property, commercial exposure, and convenience to supportive services.

- No adjustment was necessary for this criterion as the comparables were judged to have location characteristics similar to the subject.

Corner/Frontage

The corner/frontage factor considers the quantity and quality of street frontage relative to parcel size and the added benefits inherent with a corner orientation in terms of increased immediate access and design flexibility. The subject is an interior parcel with single frontage on Kealakehe Parkway.

- No adjustment for this factor was required as all comparables have similar single roadway frontages.

Zoning/Height Limit

The zoning adjustment accounts for differences in use potentials and the added development flexibility associated with increased height limits. As stated earlier, the subject is assumed to be zoned MG-1A.

- All comparables are zoned MCX-1A, a zoning that is considered superior due to greater permitted uses, such as commercial uses, and were adjusted downward.

Flood Zone

Special Flood Hazard Areas (SFHAs) are subject to inundation and includes Zones A, AE, AH, AO, V, and VE, which require the mandatory purchase of flood insurance. Non-Special Flood Hazard Areas include Zones XS, X, and D are considered to be low-to-moderate risk flood zones that do not require owners to purchase flood insurance. Depending on the physical area and severity, market participants may perceive properties in flood-zone areas as inferior based on risk and associated costs (i.e. flood insurance). The subject is designated Zone X.

- Like the subject, all comparables are situated within Zone X which are areas determined to be outside the 0.2% annual chance floodplain, requiring no adjustment.

Harbor Orientation/SMA

This adjustment recognizes the subject's exposure and orientation in the small boat harbor. Lands within the harbor premises are scarce and also allow for maritime uses. Users of lands adjacent to the harbor also benefit from their nearby location which may facilitate boat repair, convenience shopping and trailer storage that would otherwise render an inconvenience or incur additional costs if located further from the harbor locale. Additionally, the subject is located within the SMA which introduces an additional layer of governmental regulation and oversight.

- All transactions were rated inferior to the subject for harbor orientation by a positive ten percent (10%), and superior for not being in the SMA by negative five percent (-5%), resulting in composite adjustments of five percent upwards.

Physical Characteristics

An adjustment for physical characteristics is intended to compensate for shape and topographical differences as they relate to site utility. Typically, the more standard

a property's shape the easier it is to use or develop. However, the larger a property the smaller the impact shape has on its utility.

- Like the subject, all of transactions are rectangular with generally level topography. No adjustments were required for this factor.

Utilities




Honokohau Small Boat Harbor lacks sewer service, however, electricity and water are available as evident by the surrounding uses.

- All transactions were deemed superior to the subject as Honokohau Small Boat Harbor lacks sewer service.

Size

The size adjustment, applied last, is derived utilizing an exponential curve (Dilmore Curve) which reflects the commonly accepted real estate premise that larger parcels have a tendency toward lower units values—small parcels, high values. This analytical tool is used almost universally in Hawaii by appraisers and other market participants for similar land valuations.

Adjustment Grid

Land Analysis Grid		Comp 1	Comp 2	Comp 3
				
Revocable Permit No.	RP 6			
Name	Hawaii Big Game Fishing Club, Inc.	Kaloko Commercial Center Lot 5	Kaloko Commercial Center Lot 22	Kaloko Commercial Center Lot 25
Address	Honokohau Small Boat Harbor	Kamanu Street	73-5628 Maiiau Street	Kamanu Street
Transaction		Sale	Sale	Sale
Tax ID	3740080030000 (Por.)	3730511030000	3730511200000	3730511230000
Date	7/1/2023	8/16/2021	4/26/2021	2/4/2021
Price		\$927,566	\$787,347	\$755,000
Land SF	9,975	51,531	52,490	52,490
Land SF Unit Price		\$18.00	\$15.00	\$14.38
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple
			0.0%	Fee Simple
			0.0%	Fee Simple
			0.0%	Fee Simple
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Market Trends Through	7/1/2023	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Location	Honokohau Small Boat Harbor	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Corner/Frontage	No / Single	No / Single	No / Single	No / Single
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Zoning/Height Limit	MG-1A ⁽¹⁾ / 50'	MCX-1A / 45'	MCX-1A / 45'	MCX-1A / 45'
% Adjustment		-5%	-5%	-5%
\$ Adjustment		(\$0.90)	(\$0.75)	(\$0.72)
Flood Zone	X	X	X	X
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Harbor/SMA	Yes / Yes	No / No	No / No	No / No
% Adjustment		5%	5%	5%
\$ Adjustment		\$0.90	\$0.75	\$0.72
Physical Characteristics	Rectangular / Level; Above road-grade	Rectangular / Level	Rectangular / Level	Rectangular / Level
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Utilities	No sewer	All utilities available	All utilities available	All utilities available
% Adjustment		-3%	-3%	-3%
\$ Adjustment		(\$0.54)	(\$0.45)	(\$0.43)
Adjusted Unit Price Before Size Adjustment		\$17.46	\$14.55	\$13.95
Land SF	9,975	51,531	52,490	52,490
% Adjustment		37%	38%	38%
\$ Adjustment		\$6.66	\$5.70	\$5.47
<i>(1) Actual zoning is "Open". Appraisal assumes MG-1A zoning consistent with existing use characteristics and Honokohau Small Boat Harbor location.</i>				
Adjusted Land SF Unit Price		\$24.12	\$20.25	\$19.42
Net Adjustments		34.0%	35.0%	35.0%
Gross Adjustments		50.0%	51.0%	51.0%



Fee Simple Land Value Conclusion: RP 6 – Hawaii Big Game Fishing Club, Inc.

Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall characteristics relative to the subject. The comparable sales were assigned weightings based on overall comparability with the subject with greatest emphasis given to Comps 1 and 2 based on timeliness and overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 6			
Tenant	Hawaii Big Game Fishing Club, Inc.			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$14.38	\$19.42	35%
	High:	\$18.00	\$24.12	34%
	Average:	\$15.79	\$21.26	35%
	Median:	\$15.00	\$20.25	35%
Reconciled Value/Unit Value:			\$21.40	
Subject Usable Land Area in SF:			9,975	
Indicated Value:			\$213,465	
Reconciled Final Value:			\$210,000	
	Two Hundred Ten Thousand Dollars			

Collateral Indicators

Our research uncovered the 2019 sale of a property in the Honokohau Industrial Park, situated directly east of the subject Honokohau Small Boat Harbor across Queen Kaahumanu Highway. Identified as Tax Map Key 7-4-24-8, the 2.88-acre parcel sold on June 24, 2019 for \$2,100,000, or \$16.74 PSF to an owner/user of an adjacent lot. The large parcel size and older sale date were our reasons for not selecting this land indicator as a primary comparable.

RP 14 – Keahole Point Fish, LLC

The subject property is identified as TMK 3740080030000 (Por.) containing 20,000 square feet. This rectangular shaped site is improved with permittee constructed improvements utilized by Keahole Point Fish, LLC for land-based operations in support of an ocean-based aquaculture project. The subject site is accessible from Kealakehe Parkway. For purposes of this study, we have valued the 20,000-square-foot site consistent with our scope of work and the intent of the State in its annual revocable permit use.

This appraisal of the underlying land parcel does not consider the value of existing permittee constructed improvements.




Except where noted, the methodology, rationale, and analysis applied in the 20,000-square foot Keahole Point Fish, LLC (RP 14) site valuation are identical to the preceding Hawaii Big Game Fishing Club, Inc. (RP 6) site valuation. All adjustments remain the same except for size, which was based on an exponential curve analysis.

Land Comparables

Please reference the land comparable map depicting the general location of Honokohau Small Boat Harbor in the preceding section.

Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land SF
Subject	RP 14 3740080030000 (Por.)	MG-1A Generally level	50' X	Keahole Point Fish, LLC		20,000
1	Kamanu Street 3730511030000	MCX-1A Industrial-Commercial Mixed District Level at Street Grade	45' X	Vacant Land Sale	8/16/21 \$927,566	51,531 \$18.00
2	73-5628 Maiiau Street 3730511200000	MCX-1A Industrial-Commercial Mixed District Level	45' X	Vacant Land Sale	4/26/21 \$787,347	52,490 \$15.00
3	Kamanu Street 3730511230000	MCX-1A Industrial-Commercial Mixed District Level at Street Grade	45' X	Vacant Sale	2/4/21 \$755,000	52,490 \$14.38

Adjustment Grid

Land Analysis Grid		Comp 1	Comp 2	Comp 3
				
Revocable Permit No.	RP 14			
Name	Keahole Point Fish, LLC	Kaloko Commercial Center Lot 5	Kaloko Commercial Center Lot 22	Kaloko Commercial Center Lot 25
Address	Honokohau Small Boat Harbor	Kamanu Street	73-5628 Maiiau Street	Kamanu Street
Transaction		Sale	Sale	Sale
Tax ID	3740080030000 (Por.)	3730511030000	3730511200000	3730511230000
Date	7/1/2023	8/16/2021	4/26/2021	2/4/2021
Price		\$927,566	\$787,347	\$755,000
Land SF	20,000	51,531	52,490	52,490
Land SF Unit Price		\$18.00	\$15.00	\$14.38
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple
			0.0%	Fee Simple
			0.0%	Fee Simple
			0.0%	Fee Simple
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Market Trends Through	7/1/2023	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Location	Honokohau Small Boat Harbor	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Corner/Frontage	No / Single	No / Single	No / Single	No / Single
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Zoning/Height Limit	MG-1A ⁽¹⁾ / 50'	MCX-1A / 45'	MCX-1A / 45'	MCX-1A / 45'
% Adjustment		-5%	-5%	-5%
\$ Adjustment		(\$0.90)	(\$0.75)	(\$0.72)
Flood Zone	X	X	X	X
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Harbor/SMA	Yes / Yes	No / No	No / No	No / No
% Adjustment		5%	5%	5%
\$ Adjustment		\$0.90	\$0.75	\$0.72
Physical Characteristics	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Utilities	No sewer	All utilities available	All utilities available	All utilities available
% Adjustment		-3%	-3%	-3%
\$ Adjustment		(\$0.54)	(\$0.45)	(\$0.43)
Adjusted Unit Price Before Size Adjustment		\$17.46	\$14.55	\$13.95
Land SF	20,000	51,531	52,490	52,490
% Adjustment		20%	20%	20%
\$ Adjustment		\$3.60	\$3.00	\$2.88
<i>(1) Actual zoning is "Open". Appraisal assumes MG-1A zoning consistent with existing use characteristics and Honokohau Small Boat Harbor location.</i>				
Adjusted Land SF Unit Price		\$21.06	\$17.55	\$16.83
Net Adjustments		17.0%	17.0%	17.0%
Gross Adjustments		33.0%	33.0%	33.0%



Fee Simple Land Value Conclusion: RP 14 – Keahole Point Fish, LLC

Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall characteristics relative to the subject. The comparable sales were assigned weightings based on overall comparability with the subject with greatest emphasis given to Comps 1 and 2 based on timeliness and overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 14			
Tenant	Keahole Point Fish, LLC			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$14.38	\$16.83	17%
	High:	\$18.00	\$21.06	17%
	Average:	\$15.79	\$18.48	17%
	Median:	\$15.00	\$17.55	17%
Reconciled Value/Unit Value:			\$18.60	
Subject Usable Land Area in SF:			20,000	
Indicated Value:			\$372,000	
Reconciled Final Value:			\$370,000	
Three Hundred Seventy Thousand Dollars				

RP 15 – The Kona Sailing Club

The subject property is identified as TMK 3740080030000 (Por.) containing 14,196 square feet. This rectangular shaped site is improved with permittee constructed improvements utilized by The Kona Sailing Club for trailered boat storage, sailing related equipment storage, and boating and ocean safety education/training. The subject site is accessible from Kealakehe Parkway. For purposes of this study, we have valued the 14,196-square-foot site consistent with our scope of work and the intent of the State in its annual revocable permit use.

This appraisal of the underlying land parcel does not consider the value of existing permittee constructed improvements.

Except where noted, the methodology, rationale, and analysis applied in the 14,196-square foot The Kona Sailing Club (RP 15) site valuation are identical to the preceding site valuations. All adjustments remain the same except for size, which was based on an exponential curve analysis.




Land Comparables

Please reference the land comparable map depicting the general location of Honokohau Small Boat Harbor in the preceding section.



Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land SF
Subject	RP 15	MG-1A	50'	The Kona Sailing Club		14,196
	3740080030000 (Por.)	Generally level	X			
1	Kamanu Street	MCX-1A Industrial-Commercial Mixed District	45'	Vacant Land	8/16/21	51,531
	3730511030000	Level at Street Grade	X	Sale	\$927,566	\$18.00
2	73-5628 Maiiau Street	MCX-1A Industrial-Commercial Mixed District	45'	Vacant Land	4/26/21	52,490
	3730511200000	Level	X	Sale	\$787,347	\$15.00
3	Kamanu Street	MCX-1A Industrial-Commercial Mixed District	45'	Vacant	2/4/21	52,490
	3730511230000	Level at Street Grade	X	Sale	\$755,000	\$14.38

Adjustment Grid

Land Analysis Grid		Comp 1	Comp 2	Comp 3
				
Revocable Permit No.	RP 15			
Name	The Kona Sailing Club	Kaloko Commercial Center Lot 5	Kaloko Commercial Center Lot 22	Kaloko Commercial Center Lot 25
Address	Honokohau Small Boat Harbor	Kamanu Street	73-5628 Maiiau Street	Kamanu Street
Transaction		Sale	Sale	Sale
Tax ID	3740080030000 (Por.)	3730511030000	3730511200000	3730511230000
Date	7/1/2023	8/16/2021	4/26/2021	2/4/2021
Price		\$927,566	\$787,347	\$755,000
Land SF	14,196	51,531	52,490	52,490
Land SF Unit Price		\$18.00	\$15.00	\$14.38
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Market Trends Through	7/1/2023	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Location	Honokohau Small Boat Harbor	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Corner/Frontage	No / Single	No / Single	No / Single	No / Single
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Zoning/Height Limit	MG-1A ⁽¹⁾ / 50'	MCX-1A / 45'	MCX-1A / 45'	MCX-1A / 45'
% Adjustment		-5%	-5%	-5%
\$ Adjustment		(\$0.90)	(\$0.75)	(\$0.72)
Flood Zone	X	X	X	X
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Harbor/SMA	Yes / Yes	No / No	No / No	No / No
% Adjustment		5%	5%	5%
\$ Adjustment		\$0.90	\$0.75	\$0.72
Physical Characteristics	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Utilities	No sewer	All utilities available	All utilities available	All utilities available
% Adjustment		-3%	-3%	-3%
\$ Adjustment		(\$0.54)	(\$0.45)	(\$0.43)
Adjusted Unit Price Before Size Adjustment		\$17.46	\$14.55	\$13.95
Land SF	14,196	51,531	52,490	52,490
% Adjustment		28%	29%	29%
\$ Adjustment		\$5.04	\$4.35	\$4.17
<i>(1) Actual zoning is "Open". Appraisal assumes MG-1A zoning consistent with existing use characteristics and Honokohau Small Boat Harbor location.</i>				
Adjusted Land SF Unit Price		\$22.50	\$18.90	\$18.12
Net Adjustments		25.0%	26.0%	26.0%
Gross Adjustments		41.0%	42.0%	42.0%



Fee Simple Land Value Conclusion: RP 15 – The Kona Sailing Club

Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall characteristics relative to the subject. The comparable sales were assigned weightings based on overall comparability with the subject with greatest emphasis given to Comps 1 and 2 based on timeliness and overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 15			
Tenant	The Kona Sailing Club			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$14.38	\$18.12	26%
	High:	\$18.00	\$22.50	25%
	Average:	\$15.79	\$19.84	26%
	Median:	\$15.00	\$18.90	26%
Reconciled Value/Unit Value:			\$19.90	
Subject Usable Land Area in SF:			14,196	
Indicated Value:			\$282,500	
Reconciled Final Value:			\$280,000	
Two Hundred Eighty Thousand Dollars				

RP 36 – Atlantis Submarine Hawaii, LLC

The subject property is identified as TMK 3740080030000 (Por.) containing 3,300 square feet. This rectangular shaped site is improved with permittee constructed improvements utilized by Atlantis Submarine Hawaii, LLC for maritime related activities to supplement submarine tour operations. The subject site is accessible from Kealakehe Parkway. For purposes of this study, we have valued the 3,300-square-foot site consistent with our scope of work and the intent of the State in its annual revocable permit use.

This appraisal of the underlying land parcel does not consider the value of existing permittee constructed improvements.

Except where noted, the methodology, rational, and analysis applied in the 3,300-square foot (RP 36) site valuation are identical to the preceding site valuations. All adjustments remain the same except for flood zone and size, which was based on an exponential curve analysis.

Land Comparables

Please reference the land comparable map depicting the general location of Honokohau Small Boat Harbor in the preceding section.



Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land SF
Subject	RP 36 3740080030000 (Por.)	MG-1A Generally level	50' X, VE	Atlantis Submarine Hawaii, LLC		3,300
1	Kamanu Street 3730511030000	MCX-1A Industrial-Commercial Mixed District Level at Street Grade	45' X	Vacant Land Sale	8/16/21 \$927,566	51,531 \$18.00
2	73-5628 Maiau Street 3730511200000	MCX-1A Industrial-Commercial Mixed District Level	45' X	Vacant Land Sale	4/26/21 \$787,347	52,490 \$15.00
3	Kamanu Street 3730511230000	MCX-1A Industrial-Commercial Mixed District Level at Street Grade	45' X	Vacant Sale	2/4/21 \$755,000	52,490 \$14.38

Comparable Land Sale Adjustments

Zoning/Height Limit

As stated earlier, the subject is assumed to be zoned MG-1A. At 3,300 square feet, the subject’s small size may limit development potential and uses.




- All comparables are zoned MCX-1A, a zoning that is considered superior due to greater permitted uses, such as commercial uses. In addition to having more permitted uses, the comparables have increased use potentials considering their larger lot size relative to the subject. A compensating downward adjustment was applied to all comparables, which recognizes their increased use potential and permitted uses.

Flood Zone

The subject is designated Zones X, VE, that latter being a flood hazard area.

- All comparables are situated within Zone X which are areas determined to be outside the 0.2% annual chance floodplain. As the subject is situated within a flood hazard area, the comps were deemed superior relative to the subject and adjusted downward.

Adjustment Grid

Land Analysis Grid		Comp 1	Comp 2	Comp 3
				
Revocable Permit No.	RP 36			
Name	Atlantis Submarine Hawaii, LLC	Kaloko Commercial Center Lot 5	Kaloko Commercial Center Lot 22	Kaloko Commercial Center Lot 25
Address	Honokohau Small Boat Harbor	Kamanu Street	73-5628 Maiiau Street	Kamanu Street
Transaction		Sale	Sale	Sale
Tax ID	3740080030000 (Por.)	3730511030000	3730511200000	3730511230000
Date	7/1/2023	8/16/2021	4/26/2021	2/4/2021
Price		\$927,566	\$787,347	\$755,000
Land SF	3,300	51,531	52,490	52,490
Land SF Unit Price		\$18.00	\$15.00	\$14.38
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Market Trends Through	7/1/2023	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$18.00	\$15.00	\$14.38
Location	Honokohau Small Boat Harbor	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.	Kaloko Commercial Ctr.
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Corner/Frontage	No / Single	No / Single	No / Single	No / Single
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Zoning/Height Limit	MG-1A ⁽¹⁾ / 50'	MCX-1A / 45'	MCX-1A / 45'	MCX-1A / 45'
% Adjustment		-10%	-10%	-10%
\$ Adjustment		(\$1.80)	(\$1.50)	(\$1.44)
Flood Zone	X, VE	X	X	X
% Adjustment		-5%	-5%	-5%
\$ Adjustment		(\$0.90)	(\$0.75)	(\$0.72)
Harbor/SMA	Yes / Yes	No / No	No / No	No / No
% Adjustment		5%	5%	5%
\$ Adjustment		\$0.90	\$0.75	\$0.72
Physical Characteristics	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Utilities	No sewer	All utilities available	All utilities available	All utilities available
% Adjustment		-3%	-3%	-3%
\$ Adjustment		(\$0.54)	(\$0.45)	(\$0.43)
Adjusted Unit Price Before Size Adjustment		\$15.66	\$13.05	\$12.51
Land SF	3,300	51,531	52,490	52,490
% Adjustment		70%	70%	70%
\$ Adjustment		\$12.60	\$10.50	\$10.07
<i>(1) Actual zoning is "Open". Appraisal assumes MG-1A zoning consistent with existing use characteristics and Honokohau Small Boat Harbor location.</i>				
Adjusted Land SF Unit Price		\$28.26	\$23.55	\$22.58
Net Adjustments		57.0%	57.0%	57.0%
Gross Adjustments		93.0%	93.0%	93.0%



Fee Simple Land Value Conclusion: RP 36 – Atlantis Submarine Hawaii, LLC

Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall characteristics relative to the subject. The comparable sales were assigned weightings based on overall comparability with the subject with greatest emphasis given to Comps 1 and 2 based on timeliness and overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 36			
Tenant	Atlantis Submarine Hawaii, LLC			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$14.38	\$22.58	57%
	High:	\$18.00	\$28.26	57%
	Average:	\$15.79	\$24.80	57%
	Median:	\$15.00	\$23.55	57%
	Reconciled Value/Unit Value:		\$24.90	
	Subject Usable Land Area in SF:		3,300	
	Indicated Value:		\$82,170	
	Reconciled Final Value:		\$80,000	
	Eighty Thousand Dollars			

RP 89 – Kona RC Flyers, Inc.

The subject property is identified as TMK 3740080710000 (Por.) containing 85,987 square feet. This rectangular shaped site is nominally improved with an open-sided wood-framed shed utilized by Kona RC Flyers, Inc. as an airfield for radio-controlled aircraft. The subject site is accessible via a gravel road from Kealakehe Parkway. For purposes of this study, we have valued the 85,987-square-foot site consistent with our scope of work and the intent of the State in its annual revocable permit use.

This appraisal of the underlying land parcel does not consider the value of existing ancillary improvements.

Despite its location within Honokohau Small Boat Harbor, RP 89 is situated south of the small boat harbor and in an area principally composed of volcanic rock and natural vegetation. It does not have direct frontage along a paved road and is more than a quarter-mile from the harbor waters and further from the coastline. Thus, its location was considered inconsequential for most harbor uses and likely to be used as an ancillary open storage area. Consequently, we have valued the 85,987-square-foot Kona RC Flyers, Inc. site consistent with its existing Open zoning district given its remote location within the small boat harbor coupled with its inferior accessibility.

Except where noted, the methodology, rationale, and analysis applied in the 85,987-square foot Kona RC Flyers, Inc. (RP 89) site valuation are identical to the preceding site valuations.

Land Comparables

The three land sales used in the analysis represent the best data available for comparison and were chosen from within a circa twenty-mile radius of Honokohau Small Boat Harbor. They were selected based on their similar Open District zoning, relative timeliness of transaction dates, locational proximity, highest and best characteristics, and overall comparability to the subject. The land areas of the comparables range between 6,970 SF (0.16 acres) and 9,477,175 SF (217.56 acres) bracketing the subject’s land area of 85,987 SF (1.97-acres).


The following map and table summarize the comparable data used in the sales comparison approach.


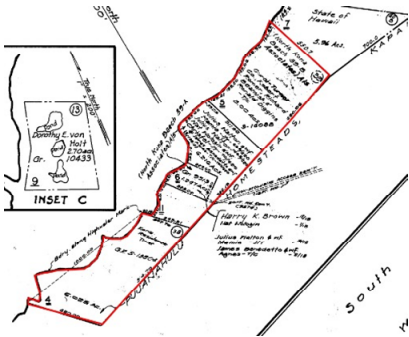


Comp	Address Tax ID	Zoning Topography	State Land Use Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land SF
Subject	RP 89	MG-1A	50'	Kona RC Flyers, Inc.		85,987
	3740080710000 (Por.)	Generally level	X			
4	North Kona	Open District	Urban	Vacant Land	5/23/22	6,970
	3780130200000	Moderate Slope	X, VE, AE	Sale	\$250,000	\$35.87
5	Anaehoomalu Bay	Open District	Conservation	Vacant Land	10/25/19	926,347
	3710030040000, 3710030050000, 3710030060000, 3710030050000 (por.)	Mild Slopes	VE, X, AE	Sale	\$16,000,000	\$17.27
6	Ooma Kaloko	Open District	Conservation	Vacant Land	12/31/13	9,477,175
	3730090040000	Undulating	X, VE	Sale	\$6,200,000	\$0.65

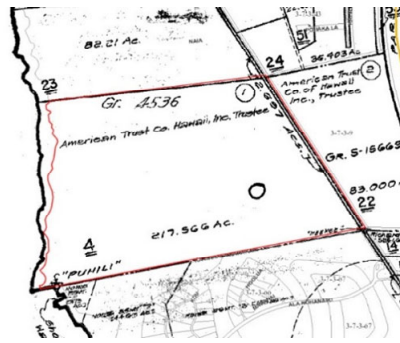
Transacting between December 2013 and May 2022, the properties traded at land prices ranging between \$0.65 PSF to \$35.87 PSF, averaging \$17.93 PSF.

Additional information on each comparable can be found on the following pages:

Land Comparable 4			
			
Transaction			
ID	5261	Date	5/23/2022
Address	North Kona	Price	\$250,000
City	Kailua-Kona	Price per Acre	\$1,562,500
Tax ID	3780130200000	Price Per Land SF	\$35.87
Grantor	JOan Kimie Arakaki and Miles Takeshi Arakaki	Property Rights	Fee Simple
Grantee	Lokelanikuulei Makamae McMichael	Verification	Lovette Llantos, Hawaii Life
Site			
Acres	0.1600	SMA	In SMA
Land SF	6,970	Zoning	Open District
Shape	Rectangular	Height Limit	There shall be no height limit in the O district, except as specified as a condition of approval attached to any use permit or plan approval. For this purpose, the height limit in the adjoining districts shall be used as guide.
Topography	Moderate Slope	Flood Zone	X, VE, AE
Current Use	Vacant Land		
Comments			
<p>This transaction represents the May 2022 sale of the 0.16-acre vacant agricultural land property in Kailua-Kona for \$250,000 or \$1,562,500 per acre. The property is accessed via Ali'i Drive and is Open zoned . The property had no onsite water or electricity; however, utilities are available along the county road. The buyer plans to keep the property as a vacant lot. According to the listing agent, the property sold at an arm's length at market value with no unusual conditions.</p>			

Land Comparable 5			
			
Transaction			
ID	1883	Date	10/25/2019
Address	Anaehoomalu Bay	Price	\$16,000,000
City	Kamuela	Price per Acre	\$752,375
Tax ID	3710030040000, 3710030050000, 3710030060000, 3710030050000 (por.)	Price Per Land SF	\$17.27
Grantor	Allen D. Israel	Property Rights	Fee Simple
Grantee	Nani Wale O' Puako LLC, Nani Wale O' Anahulu LLC, Nani Wale O' Anaeho'omaluu LLC, Nani Wale O' Laika LLC	Verification	Pacific Business News
Site			
Acres	21.2660	SMA	In SMA
Land SF	926,347	Zoning	Open District
Shape	Irregular	Height Limit	There shall be no height limit in the O district, except as specified as a condition of approval attached to any use permit or plan approval. For this purpose, the height limit in the adjoining districts shall be used as guides
Topography	Mild Slopes	Flood Zone	VE, X, AE
Current Use	Vacant Land		
Comments			
<p>The property consists of four oceanfront vacant land parcels located at Anaehoomalu Bay, south of Waikoloa Beach Resort. The 21.3-acre site, previously owned by the estate of the late Microsoft co-founder Paul Allen, was sold to Hawaii developer Brian Anderson for \$16MM on October 25, 2019. The transaction was unique deal in that the buyer was able to secure 114% financing on raw land, providing an interest reserve and additional funds for him to execute his business plan.</p> <p>The buyer's plan is to clean up the existing anchialine ponds and maximize value by consolidating and re-subdividing the land into parcels, to be sold individually. One of the parcels will be kept by the buyer for private use. He is also in the process of subdividing the northernmost parcel into 2 four-acre parcels which will be marketed for sale, in addition to the southernmost parcel. Anderson is developing a 252-acre subdivision with 420 single-family homes on the northern end of Waikoloa Beach Resort.</p>			

Land Comparable 6



Transaction

ID	5256	Date	12/31/2013
Address	Ooma Kaloko	Price	\$6,200,000
City	Kailua-Kona	Price per Acre	\$28,497
Tax ID	3730090040000	Price Per Land SF	\$0.65
Grantor	Ooma Beachside Village, LLC	Property Rights	Fee Simple
Grantee	County of Hawaii	Verification	John Miller, MacArthur Sotheby's International Realty

Site

Acres	217.5660	SMA	In SMA
Land SF	9,477,175	Zoning	Open District
Shape	Rectangular	Height Limit	There shall be no height limit in the O district, except as specified as a condition of approval attached to any use permit or plan approval. For this purpose, the height limit in the adjoining districts shall be used as guide.
Topography	Undulating	Flood Zone	X, VE
Current Use	Vacant Land		

Comments

This transaction represents the December 2013 sale of the circa 217.57-acre vacant agricultural land property in Ooma Kaloko for \$6,200,000 or \$28,497 per acre. The property is accessed via Kohanaiki Road. The property had no onsite water or electricity; however, electricity was available along the county road and to adjacent properties. The county purchased the open zoned property to keep as open space/conservation land. According to the listing agent, the property sold to the State of Hawaii at an arm's length at market value with no unusual conditions.

Analysis Grid

The above sales have been analyzed and compared with the subject property. If warranted, adjustments for the following transaction and property characteristics were applied to the respective comp:

- Market Conditions
- Location
- Corner/Frontage
- Zoning/Height
- Flood Zone
- Harbor /SMA
- Physical Characteristics
- State Land Use
- Land Size

On a following page is a sales comparison grid displaying the subject property, the comparables, and the adjustments applied.

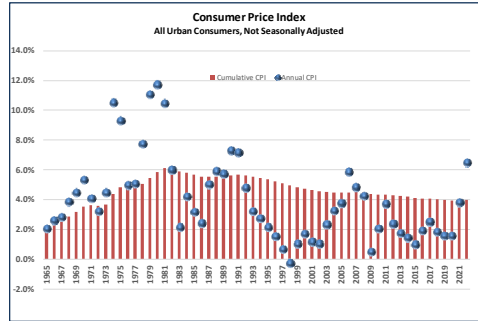
Comparable Land Sale Adjustments

Market Trends

This adjustment accounts for appreciation or depreciation between the comparable transaction dates and effective date of value. The best indicators of market changes are sale and resale data for the same property or similar types of properties. Our research failed to uncover adequate paired sales data. Owing to the limited potential uses of Open zoned properties, sales infrequently occur. Most purchasers of Open zoned properties seek land use and zoning changes in order to develop the property for commercial or residential use. However, these entitlement may take years and would require the buyer of such properties to be willing to accept the risks and potential protracted holding period before the property would be profitable. Other uses for open zoned comps have historically been for conservation land or as a buffer to other developed sites.

Prices for Open zoned properties are disparate and a trend in pricing over the last ten years of sales surveyed in our analysis did not reveal an observable change. However, to account for the general market changes over the transaction period of the selected comparables we have analyzed changes in the Consumer Price Index over this period.

The Consumer Price Index, All Items, All Urban Consumers for Honolulu is shown below for the 55-year period from 1968 to 2022.



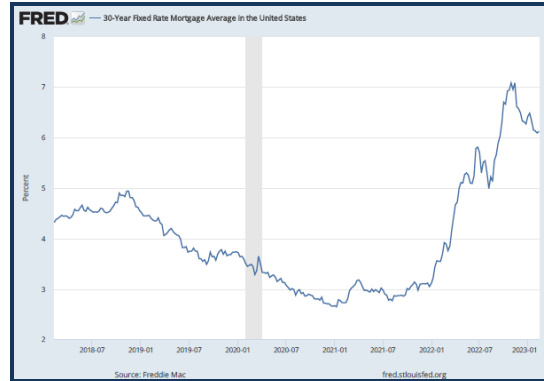
CPI CHANGE STATISTICS		
Historical Period	Annual Change	
	Average	CAGR
Last 55 Years	4.05%	4.01%
Last 30 Years	2.41%	2.40%
Last 25 Years	2.41%	2.47%
Last 20 Years	2.86%	2.85%
Last 10 Years	2.41%	2.39%
Last 5 Years	3.07%	3.05%
Last 3 Years	3.97%	3.93%
CAGR: Compounded Average Growth Rate		

Reflecting several economic cycles, the average annual change over the 55-year period was 4.05% with a 4.01% compounded annual rate of change (CAGR). Over the last 10 years it averaged 2.41% with a CAGR of 2.39%

The average annual change over the last 5 years was 3.07% with a 3.05% CAGR; for the last 3 years it was 3.97% with a CAGR of 3.93%.

INTEREST RATE HIKES

Following the pandemic and inflation driven by pent-up consumer demand, the Fed’s sought to curb inflation beginning the first quarter of 2022 by aggressively raising interest rates. Over the last five years, 30-year fixed mortgage rates averaged circa 4.0%. Rates surpassed 5.0% in mid-April 2022, and was the highest since November 2018. Through the remainder of 2022, mortgage rates fluctuated, but generally increased.



Brokers indicated that the volume of investor sales involving commercial properties in the state materially slowed due to rising borrowing costs affecting affordability.

We recognize the secondary nature of these CPI statistics and that overall changes in these rates may not directly correspond to a change in overall property values. However, considering the timeliness of the comps between December 2013 and May 2022, we have applied a general **market conditions allowance of 2.0% per annum to the comparable sales.**

Location

The subject is situated away from the main harbor area and accessed from a gravel road off of Kealakehe Parkway. It is located in an area comprised of lava rock and natural vegetation.

- Comp 4 is located adjacent to Kahaluu Beach Park and a short distance from the coastline. It is proximate to the resort areas in Keauhou. Judged superior relative to the subject, a downward adjustment was applied to Comp 4.
- Comp 5 is located near Anaehoomalu Bay and proximate to the resort areas of Mauna Lani and Waikoloa. It is also located along the coastline in an area historically in high demand for its location in Hawaii County's premier resort area. A large downward adjustment was applied to Comp 5.
- Comp 6 is situated north of the subject's Honokohau Small Boat Harbor location and proximate to the Ellison Onizuka Kona International Airport and adjacent to Kohanaiki Beach Park. Comp 6's location fronting the coastline was judged superior relative to the subject and adjusted downward for this factor.

Corner/Frontage

The subject is an interior parcel with single frontage on Kealakehe Parkway.

- No adjustment for this factor was required as all comparables similarly lack frontage along a county road.

Zoning/Height Limit

- All comparables are zoned Open District requiring no adjustment.

Flood Zone

The subject is designated Zone X.

- Each of the comparables are located at least partially within a designated flood hazard area. The same upward adjustment was applied to the comparables for this inferior characteristic relative to the subject.

Harbor Orientation/SMA

As previously mentioned, the subject is located outside of the principal small boat harbor area and lacks direct street frontage. Additionally, it is within the SMA which introduces an additional layer of governmental regulation and oversight.

- Lacking harbor orientation and within the SMA, all transactions were judged similar to the subject and were not adjusted for this factor.

Physical Characteristics

- Comps 4 and 6 were judged similar relative to the subject and were not adjusted for this factor.
- A small upward adjustment was applied to Comp 5 given its irregular shape.

State Land Use





This adjustment accounts for differences in the use potential pursuant to their State Land Use (SLU) District designation. Prior to any county zoning district amendments, a property owner would be required to petition for a district boundary amendment/reclassification before the Land Use Commission.

- Similar to the subject, Comp 4 is SLU Urban District and was not adjusted.
- Comps 5 and 6 are SLU Conservation District and deemed inferior to the subject. A large upward adjustment was applied to the comps in recognition of the requirements, time, and costs associated with obtaining entitlements similar to the subject's Urban District classification.

Size

The size adjustment, applied last, is derived utilizing an exponential curve (Dilmore Curve) which reflects the commonly accepted real estate premise that larger parcels have a tendency toward lower units values—small parcels, high values. This analytical tool is used almost universally in Hawaii by appraisers and other market participants for similar land valuations.

Adjustment Grid

Land Analysis Grid	Comp 4		Comp 5		Comp 6	
						
Revocable Permit No.	RP 89					
Name	Kona RC Flyers, Inc.	North Kailua-Kona Land	Anaehoomalu Bay Land	Ooma Kaloko Land		
Address	Honokohau Small Boat Harbor	North Kona	Anaehoomalu Bay	Ooma Kaloko		
Transaction		Sale	Sale	Sale		
Tax ID	3740080710000 (Por.)	3780130200000	3710030040000, 3710030050000, 3710030060000,	3730090040000		
Date	7/1/2023	5/23/2022	10/25/2019	12/31/2013		
Price		\$250,000	\$16,000,000	\$6,200,000		
Land SF	85,987	6,970	926,347	9,477,175		
Acres	1.9740	0.1600	21.2660	217.5660		
Land SF Unit Price		\$35.87	\$17.27	\$0.65		
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple
Adjusted Land SF Unit Price		\$35.87		\$17.27		\$0.65
Market Trends Through	7/1/2023	2.0%	2.2%	7.6%		20.7%
Adjusted Land SF Unit Price		\$36.66		\$18.58		\$0.79
Location	Honokohau Small Boat Harbor	North Kona	Waikoloa	Ooma		
% Adjustment		-15%	-40%	-30%		
\$ Adjustment		(\$5.50)	(\$7.43)	(\$0.24)		
Corner/Frontage	No / None	No / None	No / None	No / None		
% Adjustment		0%	0%	0%		
\$ Adjustment		\$0.00	\$0.00	\$0.00		
Zoning/Height Limit	O ⁽¹⁾ / -	O / -	O / -	O / -		
% Adjustment		0%	0%	0%		
\$ Adjustment		\$0.00	\$0.00	\$0.00		
Flood Zone	X	X, VE, AE	VE, X, AE	X, VE		
% Adjustment		5%	5%	5%		
\$ Adjustment		\$1.83	\$0.93	\$0.04		
Harbor/SMA	No / Yes	No / Yes	No / Yes	No / Yes		
% Adjustment		0%	0%	0%		
\$ Adjustment		\$0.00	\$0.00	\$0.00		
Physical Characteristics	Rectangular / Undulating	Rectangular / Mild Slopes	Irregular / Mild Slopes	Rectangular / Undulating		
% Adjustment		0%	5%	0%		
\$ Adjustment		\$0.00	\$0.93	\$0.00		
State Land Use	Urban	Urban	Conservation	Conservation		
% Adjustment		0%	20%	20%		
\$ Adjustment		\$0.00	\$3.72	\$0.16		
Adjusted Unit Price Before Size Adjustment		\$32.99	\$16.73	\$0.75		
Land SF	85,987	6,970	926,347	9,477,175		
% Adjustment		-32%	44%	104%		
\$ Adjustment		(\$11.73)	\$8.18	\$0.82		
<i>(1) Actual zoning</i>						
Adjusted Land SF Unit Price		\$21.26	\$24.90	\$1.57		
Net Adjustments		-39.8%	41.6%	119.7%		
Gross Adjustments		54.2%	121.6%	179.7%		



Fee Simple Land Value Conclusion: RP 89 – Kona RC Flyers, Inc.

Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall characteristics relative to the subject. The comparable sales were assigned weightings based on overall comparability with the subject with greatest emphasis given to Comps 6 based on location and highest and best use potential.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 89			
Tenant	Kona RC Flyers, Inc.			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$0.65	\$1.57	140%
	High:	\$35.87	\$24.90	-31%
	Average:	\$17.93	\$15.91	-11%
	Median:	\$17.27	\$21.26	23%
Reconciled Value/Unit Value:			\$3.70	
Subject Usable Land Area in SF:			85,987	
Indicated Value:			\$318,152	
Reconciled Final Value:			\$320,000	
	Three Hundred Twenty Thousand Dollars			

CURRENT BASE GROUND RENT

Market rent is traditionally estimated by multiplying fee simple land value by the contractual or prevailing land rate of return. Our search of industrial/commercial state ground rent leases that have been reset/renewed over the last several years in Hilo confirm that a 6.00% rate of return has historically and typically been applied. Some variances to this prevailing practice have occurred due to differing investment viewpoints among landlord and tenants; and divergencies between prior and current rent estimates and those established by more recent arbitration awards.

In the county of Honolulu and the Hawaii County's Kailua-Kona district, privately owned lands in urban locations have typically leased based on higher rates of return in the 7.0% to 8.0% range.

Open zoned and conservation lands are infrequently, if ever, ground leased as they have limited economic uses. We have also considered the prevailing rate of return of agricultural zoned lands to facilitate our selection of an appropriate rate of return for Open zoned Kona RC Flyers, Inc. (RP 89) site.

To establish rent for agricultural properties, the State of Hawaii Department of Agriculture obtains an independent appraisal of the fee simple interest and typically employs a rate of return of 1.0% to 2.0%. Discussions with the Department of Land and Natural Resources revealed a similar process with the land rate of return ranging between 1.0% and 3.0%. Additionally, consultations with market participants indicated rates of return on agriculture properties closer to 1.0% to 2.0% when land uses were restricted, corroborating our discussions with the aforementioned State agencies. However, a 4.0% rate of return was typical when residential uses were allowed and is consistent with typical residential land leases. Other landowners who were interviewed refused to provide a rate of return or indicated rents were based on comparison of annual rent per acre per year.

A discussion with a CBRE appraiser in California specializing in large agricultural land brokerage and appraisal confirmed a land capitalization rate range of 2.5% to 3.5% is consistent with indicators in his practice as well as published data sources.

Land Rate of Return for RP 6, RP 14, RP 15, and RP 36

Considering the foregoing discussion, an 8.00% prevailing rate of return was concluded as being most appropriate based on the subject's characteristics.

Land Rate of Return for RP 89

Considering the foregoing discussion, an 1.00% prevailing rate of return was concluded as being most appropriate based on the subject’s characteristics.

The resulting annual ground rents, effective April 11, 2023, were estimated as follows:

ESTIMATION OF ANNUAL BASE RENT						
Permit No.	Tenant Name	Estimated Fee Simple Market Value		Land Rate of Return		Annual Base Market Rent (Rounded)
RP 6	Hawaii Big Game Fishing Club, Inc.	\$210,000	x	8.00%	=	\$16,800
RP 14	Keahole Point Fish, LLC	\$370,000	x	8.00%	=	\$29,600
RP 15	The Kona Sailing Club	\$280,000	x	8.00%	=	\$22,400
RP 36	Atlantis Submarine Hawaii, LLC	\$80,000	x	8.00%	=	\$6,400
RP 89	Kona RC Flyers, Inc.	\$320,000	x	1.00%	=	\$3,200

COMMERCIAL SPACE RENT VALUATION

The structural improvements on TMK 3750060390000 (Por.) are owned by the State of Hawaii. The Revocable Permit for the 63-square foot portion of the building at Kailua Wharf is currently utilized by Kanoa, Inc. dba Body Glove Cruises for the use of the property as improved. In this section, we have estimated the current market rent for the 63-square foot commercial unit employing direct market comparison with comparable commercial space rent indicators.

Comparable Commercial Rent Survey

There is a dearth of comparable small commercial space rents in the subject's Kailua-Kona neighborhood; thus, we have expanded our survey to include the comparable oceanfront neighborhoods of Kihei and Kapaa on the islands of Maui and Kauai, respectively.

The results of our survey are presented in the schedule below and keyed to the accompanying map.



COMPARABLE COMMERCIAL SPACE RENT SURVEY								
No.	Address	Year Built	Unit Size (SF)	Lease Term	Base Rent (\$/SF)	CAM (\$/SF)	Gross Rent (\$/SF)	Space Type
1	Confidential - Alii Dr.	-	60	Current	-	-	\$21.67	Retail/Office
2	Confidential Hualalai Rd.	-	18	Current	-	-	\$44.44	Retail/Office
3	Confidential Alii Dr.	-	32	Current	-	-	\$25.00	Retail/Office
4	Confidential Kahakai Rd.	-	30	Current	-	-	\$43.33	Retail/Office
5	 Alii Gardens Marketplace 75-6129 Alii Dr.	1999	100	MTM	-	-	\$7.00	Kiosk/Booth - Interior (1-10'x10')
			200	MTM	-	-	\$5.25	Kiosk/Booth - Interior (2-10'x10')
6	 Waterfront Row Kiosk 75-5770-76 Alii Dr.	1990	50	Current	-	-	\$15.00	Kiosk - Interior (Umbrella)
7	 Kona Square 75-5667 Alii Dr.	1971	193	Current	\$7.00	\$1.90	\$8.90	Small Attached Café
8	 Kona Inn Shopping Village 75-5744 Alii Dr.	1949	96	9/20 - 9/21	-	-	\$5.21	Specialty Retail
			90	7/20 - 7/21	-	-	\$5.56	Specialty Retail
			60	4/20 (MTM)	-	-	\$18.33	Specialty Retail
9	 Kona International Market 74-5533 Luhia St.	2005	600	2016 (MTM)	\$2.79	\$0.84	\$3.63	Booth - Interior (3-10'x20' booths)
			400	2004 (MTM)	\$4.27	\$0.84	\$5.11	Booth - Food Court (2-10'x20' booths)
Maui								
10	Confidential - Kihei Rd., Kihei	1940's (2000's)	165	2/22 - 1/27	\$10.60	\$2.60	\$13.20	Kiosk - Kihei Rd.
			85	3/22 - 2/25	\$18.86	\$2.60	\$21.46	Kiosk - Interior
			200	3/22 - 2/25	\$10.03	\$2.60	\$12.63	Kiosk - Interior
11	 Aloha Open Market 1794 S. Kihei Rd., Kihei	2003	200	3/20 (MTM)	-	-	\$4.00	Specialty Retail
12	 Kamaole Shopping Center 2463 S Kihei Rd., Kihei	1986	100	2018	\$75.00	\$1.06	\$76.06	Kiosk - Interior
13	 Kukui Mall 1819 S Kihei Rd., Kihei	1990	192	9/15	\$4.20	-	\$4.20	Kiosk
Kauai								
14	 Noka Fair 4-1613 Kuhio Hwy., Kapaa	2018	160	Current (MTM)	-	-	\$4.06	Container Kiosk - Front
			160		-	-	\$6.25	Container Kiosk - Front
			160		-	-	\$4.38	Container Kiosk - Interior
			160		-	-	\$5.00	Container Kiosk - Interior

As shown in the table above, monthly net rents for small commercial spaces in our survey widely range between \$2.79 PSF to \$75.00 PSF, averaging \$16.59 PSF.

Inasmuch as data for small commercial space is limited, most of the indicators in our survey were provided as gross rents. In order to estimate a net rent for the subject RP 124, we have considered the average monthly common area maintenance



expense in our comparable data set of \$1.78 PSF and subtracted this from gross rent indicators to extrapolate a net rent.

In reconciliation, Kailua-Kona indicators 1 through 9 were given greatest weight and ranged from 18 SF to 600 SF with monthly net rents between circa \$2.79 PSF and \$42.67 PSF, averaging \$13.85 PSF. Of the nine Kailua-Kona indicators, seven spaces are proximate in size to the 63-square foot subject space and comprise areas between 50 SF and 100 SF, with monthly net rents ranging from \$3.43 PSF and \$19.89 PSF, averaging \$9.84 PSF. Given the subject’s location at Kailua Wharf, a market rent at the mid to upper end of the comparable range was deemed appropriate.

Current Market Rent Conclusion

Based on the above analysis and discussion, the following annual market rent for the 63-square foot portion of the building, currently utilized by Kanoa, Inc.dba Body Glove Cruises, effective April 11, 2023, was estimated as follows:

ESTIMATION OF ANNUAL BASE RENT Commercial Space Kailua-Kona, Hawaii				
Permit No.	Tenant Name	Size (SF)	Monthly Rent (\$PSF)	Annual Rent (Rounded)
RP 124	Kanoa, Inc.dba Body Glove Cruises	63	\$24.00	\$18,200

MARKET RENT CONCLUSIONS

In its May 2023 meeting, the Federal Open Market Committee (FOMC) announced another 25-basis point increase in the federal funds target range to 5.00% to 5.25%, though future increases are now less certain. In addition, the FOMC continues to reduce its holdings of Treasury securities, agency debt, and agency mortgage-backed securities. With appropriate firming in the stance of monetary policy the committee seeks to achieve maximum employment with inflation at the rate of 2% over the long run. The committee will determine the magnitude of future increases based on the cumulative tightening of monetary policy, lags with which monetary policy affects economic activity and inflation, and economic and financial developments.

Economic activity expanded at a modest pace through the first quarter while job gains remained robust and unemployment low. Inflation, however, remains elevated. The FOMC once again reiterates that the US banking system is sound and resilient and that tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation.

As COVID-19 shifts toward an endemic stage, governments are now focused on surging inflation exacerbated by the continuing war in Ukraine and destabilized global supply chains and shipping networks. In the US, minor progress in combating inflation has been overshadowed by concerns in the private sector as wage inflation and rising supply and construction costs pressure businesses' bottom lines and recent bank failures raise alarms about the industry's overall stability. Governments, businesses, and investors remain vigilant as both monetary and fiscal policy continue to shift in relation to elevated inflation, recessionary concerns, and global developments.

The fair market rents as of April 11, 2023 were concluded in the preceding sections. Considering the uncertainty of forthcoming market conditions and the near-term rent reopening in 0.2 year on July 1, 2023, no escalation is required to the April 11, 2023 rent conclusions.

ESCALATION OF MARKET RENT

Our assignment has been to estimate the annual fair market rental (market rent) for the identified revocable permits under the premise of long-term tenancy, commencing July 1, 2023, including the estimation of annual rent escalations for the subsequent years expressed as a percent increase over the immediately preceding year.

Long-term ground leases are typically structured with rents known for the initial 30-year term to facilitate mortgage financing. The initial rents are fixed in ten-year increments with contractual increases (step ups) scheduled over the first 30 years. Discussions with major landowners indicate that step-up increases are increasingly prominent in newer leases at rates that are generally negotiable.

Rent Escalation Rate

For purposes of estimating applicable step-up increases, we have researched industrial and commercial leases in various locations on Oahu where ground leases are prevalent. The selected leases are for land owned by both small and large landowners and is thought to be representative of the market in general. The available data indicates annual increases ranging between 10% over ten years to 30% over five years, or 1% to 6% per annum. Properties in prime urban locations are at the upper end of the range at 5% to 6% per annum, while suburban locations indicate predominantly 3% % per annum.

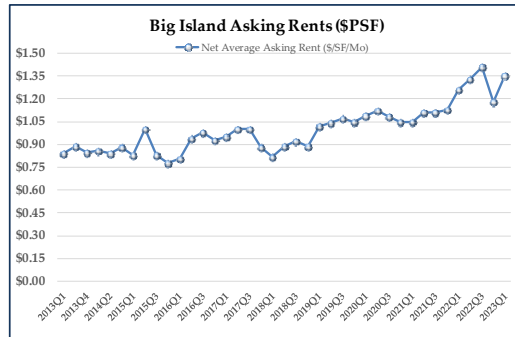
Another indicator of escalation rates may be obtained from commercial and industrial space rents which are typically shorter-term contracts of three to ten years. Our research indicates rents for space leases employ escalation factors based on the change in the Consumer Price Index, a stated annual increase of say \$0.05 PSF per month, or a percentage increase typically in the 2% to 5% range.

Leased space rents typically escalate at 3.00% annually, with some remaining fixed throughout the initial two to three year term and escalating at the subsequent option period, if provided in the contract. Our projections of future fair market rents are based on historical growth patterns observed in selected local indicators. They do not account for unanticipated local, national, and global events that may impact the subject market and our rent conclusions.

Presented below, several methods were considered in estimating an appropriate escalation rate.

Big Island Industrial Asking Rates

Industrial asking rates on the Big Island as compiled by CBRE has been reviewed as a secondary source of gauging real estate market trends.



As reflected in the chart above, over the ten-year period from Q1 2013 through Q1 2023, Big Island industrial asking rates **have grown at a compounded annual rate of 5.0%**.

Residential Transactions

Island-wide median sale prices of single-family houses and condominium, apartment and townhouse units as compiled in the April 2023 Monthly Economic Indicators report¹³ published by the Department of Business, Economic Development & Tourism (DBEDT) have been reviewed as a secondary source of gauging real estate market trends.



As reflected in the chart above, median prices for single family homes and condominium, apartment and townhouse units started recovering by 2013. Over the ten-year period from 2013 through 2022, both residential property segments have achieved record-breaking price levels almost annually. For the five-year period beginning in 2018 through 2022, median sale prices have grown at a compounded annual rate of **7.0% for single family houses, and 11.2% for**

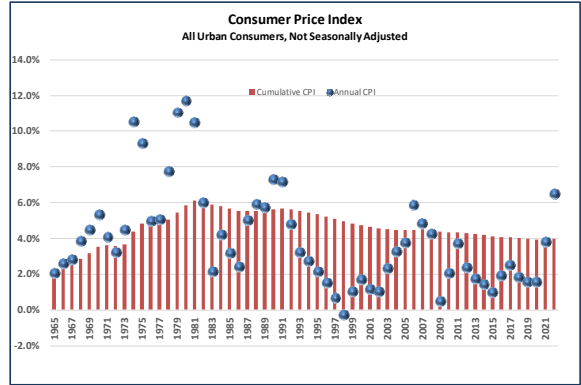
¹³ Released on May 30, 2023.



condominium, apartment and townhouse units; over 10-years from 2013 through 2022 the rate was 5.6% and 9.1%, respectively.

Consumer Price Index

The Consumer Price Index, All Items, All Urban Consumers for Honolulu is shown below for the 55-year period from 1968 to 2022.



CPI CHANGE STATISTICS		
Historical Period	Annual Change	
	Average	CAGR
Last 55 Years	4.05%	4.01%
Last 30 Years	2.41%	2.40%
Last 25 Years	2.41%	2.47%
Last 20 Years	2.86%	2.85%
Last 10 Years	2.41%	2.39%
Last 5 Years	3.07%	3.05%
Last 3 Years	3.97%	3.93%
CAGR: Compounded Average Growth Rate		

Reflecting several economic cycles, the average annual change over the 55-year period was **4.05%** with a **4.01% compounded annual rate of change (CAGR)**. Over the last 30 years it averaged **2.41%** with a **CAGR of 2.40%**.

The average annual change over the last 5 years was **3.07%** with a **3.05% CAGR**; for the last 3 years it was **3.97%** with a **CAGR of 3.93%**.

Escalation Rates in Harbor Leases

We are also aware of two State Harbor leases at Nawiliwili Harbor on the island and county of Kauai, that contain renegotiation clauses that stipulate not less than escalation rates for application to the second five years of each ten-year term. Harbor Lease H-01-08 to Aloha Petroleum for 35 years commencing January 1, 2022,



and ending December 31, 2036, contains a not less than 25 % escalation factor for the second five years of each ten-year period. Another Harbor Lease H-91-07 to Hawaiian Cement for 35 years commencing November 1, 1991, and ending October 31, 2026, contains a not less than 30% escalation factor for the second five years of each ten-year period. These not less than factors indicate escalation rates of 5 to 6 % per annum.

Escalation Rate Conclusion

In considering the foregoing appreciation trends we opine a ground rent escalation rate range of 2% to 4%. A predominant market escalation rate of 3% per annum was indicated in our survey of industrial warehouse space. For the purposes of this assignment, we conclude an escalation rate of **3% per annum** for the subsequent years.

PERCENTAGE RENT

The Hawaii County Revocable Permits being appraised in this assignment has historically been occupied and generally used in support of fishing and boating activities, public meetings, tournaments, harbor meetings and continued support of youth groups. These uses are typically non-revenue generating and percentage rent would not be applicable.

In contrast, RP 36 and RP 124 have historically been used for maritime related activities to support tour operations by the permittees. Therefore, the base rents estimated earlier are considered the minimum rents, and inclusion of a precedented percentage rent appears reasonable and appropriate considering the commercial character of use contained in the RPs.

Similar long-term lease and revocable permit contracts require payment of base rent or a percentage of gross receipts, whichever is greater. Percentage rent provisions in DOBOR leases and revocable permits for activities involving vessel activity sales, sales of outdoor activities, fuel dock, marine services, passenger rest stop, and ice sales range between 5.0% and 8.0%, with the predominant rate range being 5%. For trailer storage and moorings, the typical percentage rate is 10%. For activities deemed “other income” – typically inclusive of vending machine income for beverages, snack, and laundry – generally ranges between 5% and 15% of gross sales with the lower end predominant for the neighbor island indicators. These market indicators have been included in the addenda. We note that the existing permittee of RP 124 has historically been assessed a percentage rent provision of 10.0%.

Considering this data and historic precedent, we conclude a percentage of **5.0%** to be reasonable to apply against gross revenues for RP 36. The existing **10%** percentage rental rate against gross revenues for RP 124 was deemed reasonable.

SUMMARY OF CONCLUSIONS

We conclude the annual market rents and applicable percentage rate against gross revenues are as follows:

MARKET RENT CONCLUSIONS				
Effective July 1, 2023				
Location / Permit No.	Tenant Name	Annual Rent Greater of		Annual Escalation
		Base Rent	Percentage Range*	
<u>Honokohau Small Boat Harbor</u>				
RP 6	Hawaii Big Game Fishing Club, Inc.	\$16,800	N/A	3%
RP 14	Keahole Point Fish, LLC	\$29,600	N/A	3%
RP 15	The Kona Sailing Club	\$22,400	N/A	3%
RP 36	Atlantis Submarine Hawaii, LLC	\$6,400	or 5% of Gross Revenues	3%
RP 89	Kona RC Flyers, Inc.	\$3,200	N/A	3%
<u>Kailua Wharf</u>				
RP 124	Kanoa, Inc.dba Body Glove Cruises	\$18,200	or 10% of Gross Revenues	3%
* Applicable for income producing activities.				



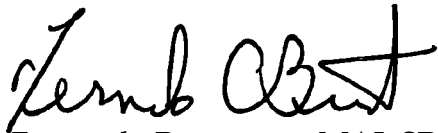
CERTIFICATION STATEMENT

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirement of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Fernando Benavente and Brian S. Goto have completed the continuing education program for Designated Members of the Appraisal Institute.
11. As of the date of this report, Matt Flores has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- 14. Fernando Benavente and Brian S. Goto previously appraised RPs 6, 15, and 36 for the Client on March 8, 2021 with an effective date of value of January 1, 2021. Matt Flores has not performed any prior services regarding the subjects within the three previous years of the appraisal date.
- 15. Fernando Benavente, Brian S. Goto, and Matt Flores have inspected the subject properties.



Fernando Benavente, MAI, SRA, MRICS
 Hawaii CGA-663
 Expiration: December 31, 2023



Brian S. Goto, MAI, SRA
 Hawaii CGA-62
 Expiration: December 31, 2023



Matt Flores
 Hawaii REAT-1338
 Expiration: December 31, 2023

ADDENDUM

REVOCABLE PERMITS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION

REVOCABLE PERMIT NO. 6

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this _____ day of _____, 20____, (the Permit is a continuation pursuant to section 171-55, Hawaii Revised Statutes, and in accordance with the standard terms and conditions of the most recent revocable permit form, as may be amended from time to time), by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and HAWAII BIG GAME FISHING CLUB, INC., a Hawaii nonprofit corporation, hereinafter called the "Permittee," whose mailing address is Post Office Box 3106, Kahului, Hawaii 96740. The parties agree that commencing on the 1st day of July, 2017, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Honokohau Small Boat Harbor, Island of Hawaii, Hawaii, tax map key no. (3) 7-4-008:003, as indicated on the map attached hereto, if any, and made a part hereof, being a portion of Governor's Executive Order No. 4334, containing an area of 9,975 square feet, more or less, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the Premises for the following specified purposes only: occupy and use a portion of open unpaved land in support of fishing and boating activities, public meetings, tournaments, harbor meetings and continued support of youth groups. The Permittee may also occupy and use the Premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawaii Revised Statutes.
2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent in the sum of ONE THOUSAND EIGHTY AND NO/100 DOLLARS (\$1,080.00), payable in advance by the first of each and every month.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

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persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.

8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.
9. Obtain the prior written consent of the Board before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A- VIII" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy of the policy or other documentation required by the State shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the Premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a policy(s) or other documentation required by the State showing the policy(s) to be initially in force, keep the policy(s) or other documentation required by the State on deposit during the entire Permit term, and furnish a like policy(s) or other documentation required by the State upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the

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If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions. The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.
4. At the Permittee's own cost and expense, keep any government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and loss payee and shall be filed with the DLNR. In the event of loss, damage, or destruction of those improvements, the DLNR shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay all real property taxes assessed against the Premises from the commencement date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to

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Permittee to provide the State with copies of the insurance policy(s) that are or were in effect during the permit period.

The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or other documentation required by the State thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

The insurance policy(s) or other documentation required by the State shall be mailed to:

State of Hawaii
Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

15. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
16. The Permittee shall pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

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B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.
4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
6. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee

7. shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period the Board in its discretion may allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.
7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.
11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
12. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent, which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to release, indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless



from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

13. Prior to termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee.
14. Permittee shall release, indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, officers, or invitees under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
15. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.

16. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawaii shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawaii 96813 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawaii 96813. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.
17. For any sizable events held on the Premises, the Permittee must provide adequate security, additional trash service with sufficient container capacity on site for all such events. Advance notice must be provided to the Honokahau Harbor Office of all sizable events held on the Premises.
18. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
19. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.



IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

STATE OF HAWAII)
) SS.
COUNTY OF)

Approved by the Board of Land and Natural Resources at its meeting held on May 26, 2017.

STATE OF HAWAII

By _____
SUZANNE D. CASE
Chairperson of the Board of Land and Natural Resources

On this ____ day of _____, 20____, before me personally appeared _____ and _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

APPROVED AS TO FORM:

STATE

Notary Public, State of Hawaii



JULIE H. CHINA
Deputy Attorney General

My commission expires: _____

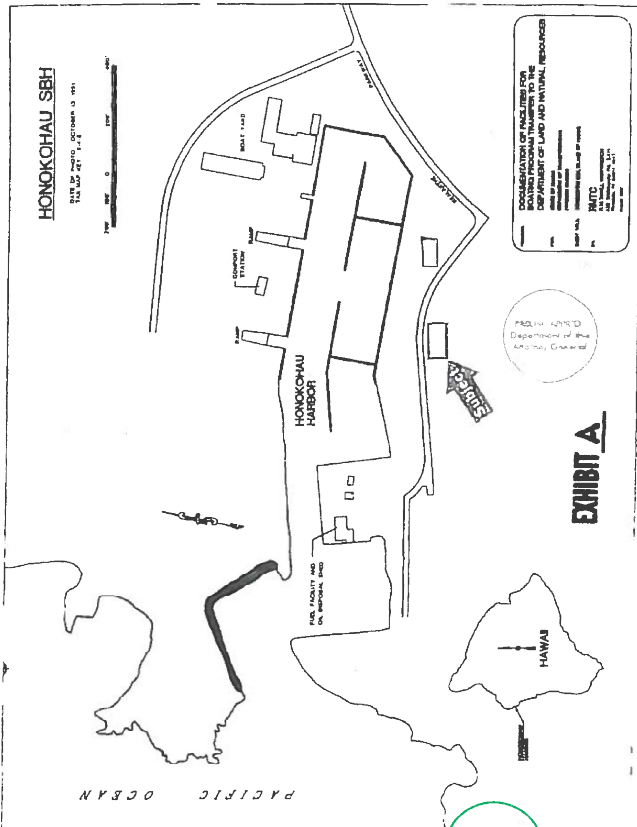
Dated: 10-11-2017

HAWAII BIG GAME FISHING CLUB, INC., a Hawaii nonprofit corporation

By _____
Its _____

By _____
Its _____

PERMITTEE



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION

REVOCABLE PERMIT NO. 14

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 18th day of October, 2017, (the Permit is a continuation pursuant to section 171-55, Hawaii Revised Statutes, of Revocable Permit No. 14 executed on August 31, 2016, and said revocable permit has been updated to include the most recent standard terms and conditions of the revocable permit), by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and KEAHOLE POINT FISH LLC, a Delaware limited liability company, hereinafter called the "Permittee," whose mailing address is 74-429 Kealahou Parkway, Kailua-Kona, Hawaii 96740. The parties agree that commencing on the 1st day of July, 2017, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Honokohau Small Boat Harbor, Kealahou, Honokohau, North Kona, Island of Hawaii, Hawaii, tax map key no. (3)7-4-008:Por. 003, as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 20,000 square feet, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the Premises for the following specified purposes only: to provide an area for land-based operations in support of an ocean-based aquaculture project. The Permittee may also occupy and use the Premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawaii Revised Statutes.
2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent in the sum of TWO THOUSAND FORTY SIX AND 67/100 DOLLARS (\$2,046.67), payable in advance by the first of each and every month.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

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PRELIM. APPROV.
Department of the
Attorney General

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PRELIM. APPROV.
Department of the
Attorney General

persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.

8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.
9. Obtain the prior written consent of the Board before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A- VIII" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy of the policy or other documentation required by the State shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the Premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a policy(s) or other documentation required by the State showing the policy(s) to be initially in force, keep the policy(s) or other documentation required by the State on deposit during the entire Permit term, and furnish a like policy(s) or other documentation required by the State upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the

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PRELIM. APPROV.
Department of the
Attorney General

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions. The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.
4. At the Permittee's own cost and expense, keep any government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and loss payee and shall be filed with the DLNR. In the event of loss, damage, or destruction of those improvements, the DLNR shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay all real property taxes assessed against the Premises from the commencement date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to

Permittee to provide the State with copies of the insurance policy(s) that are or were in effect during the permit period.

The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or other documentation required by the State thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

The insurance policy(s) or other documentation required by the State shall be mailed to:

State of Hawaii
Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

15. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
16. The Permittee shall pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

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PRELIM. APPROV.
Department of the
Attorney General

PRELIM. APPROV.
Department of the
Attorney General

B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.
4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
6. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee

shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period the Board in its discretion may allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.

7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.
11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
12. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent, which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to release, indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless

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from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

13. Prior to termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee.
14. Permittee shall release, indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, officers, or invitees under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
15. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.

16. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawaii shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawai'i 96813 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawai'i 96813. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.
17. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
18. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

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IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

Approved by the Board of Land and Natural Resources at its meeting held on May 26, 2017.

APPROVED AS TO FORM:

Daniel A. Morris
 DANIEL A. MORRIS
 Deputy Attorney General
 Dated: SEP 26 2017

STATE OF HAWAII

By Suzanne D. Case
 SUZANNE D. CASE
 Chairperson of the Board of Land and Natural Resources

STATE

KEAHOLE POINT FISH LLC, a Delaware limited liability company
 By its Member: Blue Ocean Mariculture LLC

By Todd Madison
 Its President

By _____
 Its _____

PERMITTEE



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1169

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
 County of San Francisco)
 On 10/13/2017 before me, Karina Zuniga, notary public
 Date Here Insert Name and Title of the Officer
 personally appeared Todd Lawrence Madison
 Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Signature]
 Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

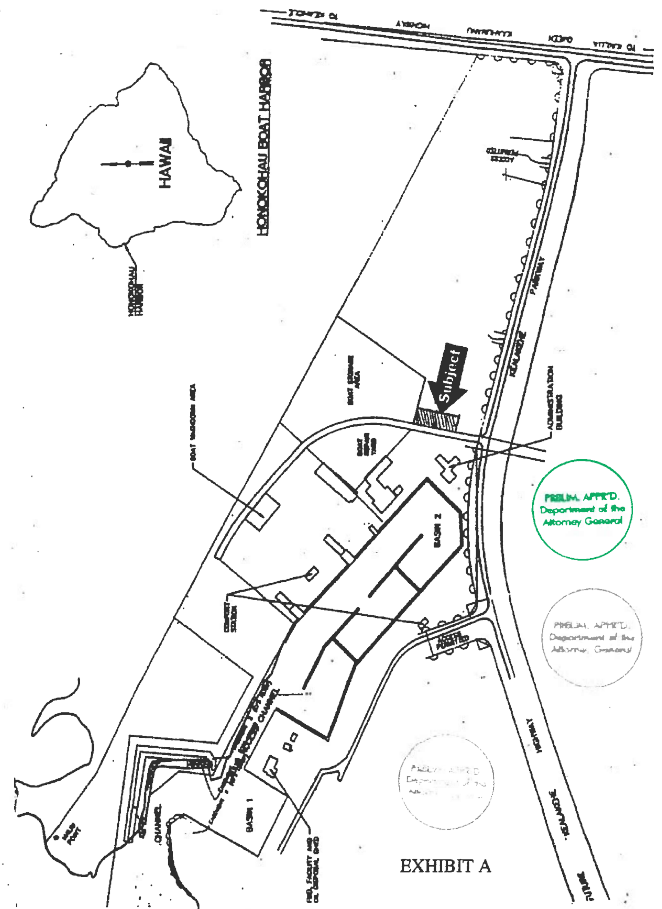
Title or Type of Document: _____
 Document Date: _____ Number of Pages: _____
 Signer(s) Other Than Named Above: _____
 Capacity(ies) Claimed by Signer(s)
 Signer's Name: _____ Signer's Name: _____
 Corporate Officer -- Title(s): _____ Corporate Officer -- Title(s): _____
 Partner -- Limited General Partner -- Limited General
 Individual Attorney In Fact Individual Attorney In Fact
 Trustee Guardian or Conservator Trustee Guardian or Conservator
 Other: _____ Other: _____
 Signer Is Representing: _____ Signer Is Representing: _____

STATE OF HAWAII)
) SS.
 COUNTY OF)

On this ____ day of _____, 20__, before me personally appeared _____ and _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Notary Public, State of Hawaii

My commission expires: _____



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION

REVOCABLE PERMIT NO. 15

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 25th day of October, 2017, (the Permit is a continuation pursuant to section 171-55, Hawaii Revised Statutes, of Revocable Permit No. 15 executed on July 27, 2016, and said revocable permit has been updated to include the most recent standard terms and conditions of the revocable permit), by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and THE KONA SAILING CLUB, a Hawaii nonprofit corporation, hereinafter called the "Permittee," whose mailing address is Post Office Box 2996, Kailua-Kona, Hawaii 96745. The parties agree that commencing on the 1st day of July, 2017, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Honokohau Small Boat Harbor, Kealahou, Honokohau, North Kona, Island of Hawaii, Hawaii, tax map key no. (3)7-4-008:Por. 003, as indicated on the maps designated as Exhibits "A" and "B," both attached hereto and made parts hereof, containing an approximate area of 14,196 square feet, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the Premises for the following specified purposes only:
 - a. Trailered boat storage, sailing related equipment, storage, and boating and ocean safety education and training activities; and
 - b. Clear and grade the additional portion of the Premises, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawaii Revised Statutes.
2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent in the sum of ONE THOUSAND FOUR HUNDRED NINETY THREE AND 33/100 DOLLARS (\$1,493.33), payable in advance by the first of each and every month.

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PRELIM. APPROV.
Department of the
Attorney General

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Department of the
Attorney General

including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.

8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.
9. Obtain the prior written consent of the Board before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A- VIII" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy of the policy or other documentation required by the State shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the Premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a policy(s) or other documentation required by the State showing the policy(s) to be initially in force, keep the policy(s) or other documentation required by the State on deposit during the entire Permit term, and furnish

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PRELIM. APPROV.
Department of the
Attorney General

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions. The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.
4. At the Permittee's own cost and expense, keep any government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and loss payee and shall be filed with the DLNR. In the event of loss, damage, or destruction of those improvements, the DLNR shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay all real property taxes assessed against the Premises from the commencement date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises.

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PRELIM. APPROV.
Department of the
Attorney General

a like policy(s) or other documentation required by the State upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the Permittee to provide the State with copies of the insurance policy(s) that are or were in effect during the permit period.

The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or other documentation required by the State thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

The insurance policy(s) or other documentation required by the State shall be mailed to:

State of Hawaii
Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

15. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
16. The Permittee shall pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing

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Department of the
Attorney General

the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.
4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.



6. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period the Board in its discretion may allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.
7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.
11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
12. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent, which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the



Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to release, indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

13. Prior to termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee.
14. Permittee shall release, indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, officers, or invitees under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.



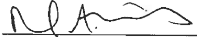
15. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.
16. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawaii shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawaii 96813 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawaii 96813. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.
17. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
18. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

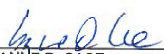


IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

Approved by the Board of Land and Natural Resources at its meeting held on May 26, 2017.

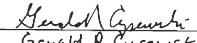
APPROVED AS TO FORM:


 DANIEL A. MORRIS
 Deputy Attorney General
 Dated: SEP 26 2017

STATE OF HAWAII
 By 
 SUZANNE D. CASE
 Chairperson of the Board of Land and Natural Resources

STATE

THE KONA SAILING CLUB, a Hawaii nonprofit corporation

By 
 Gerald R. Cysowski
 Its Treasurer / Director

By _____
 Its _____

PERMITTEE

STATE OF HAWAII)
) SS.
 COUNTY OF)

On this 18th day of OCTOBER, 2017, before me personally appeared Gerald R. Cysowski, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.


 Notary Public, State of Hawaii
Jeane Vinson

My commission expires: Nov 9, 2018

Signed and Sworn to Me On This 18 day of OCT, 2017
 Before Me Personally, Notary Public #98-583
Jeane Vinson
 My Commission Expires 09 May 2018
 Doc. Date: 10/18/2017 # Pages: 10
 Doc. Description: State of HI
Releasable Permit
 Third Circuit Court, Hilo, Hawaii

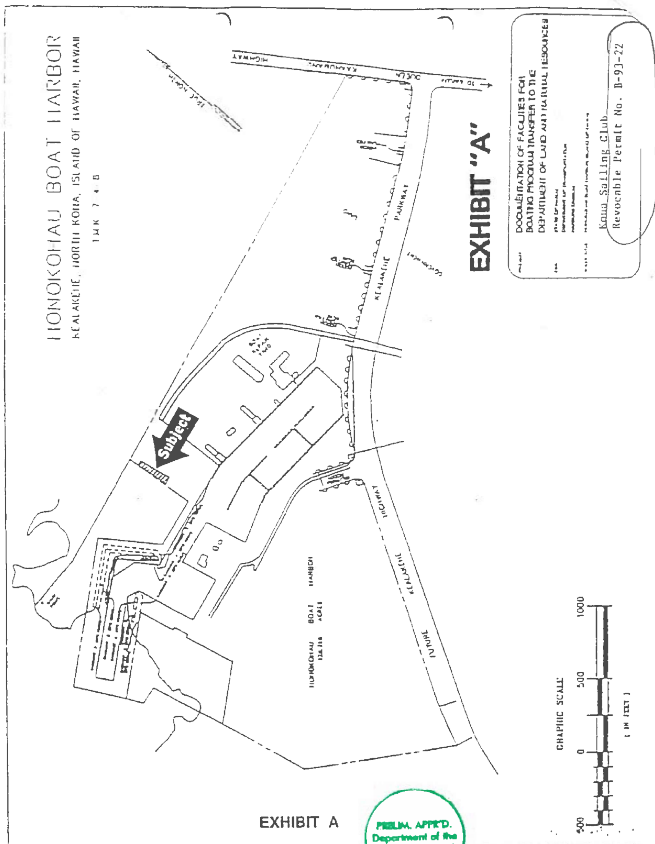


EXHIBIT A

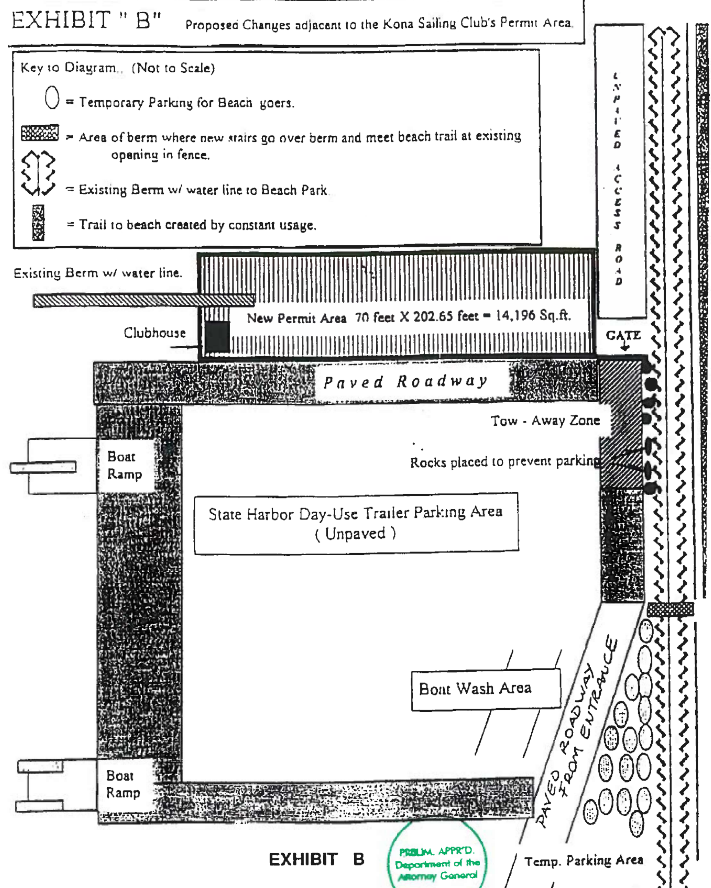


EXHIBIT B



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION

REVOCABLE PERMIT NO. 36

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 15th day of March, 2017, by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and ATLANTIS SUBMARINES HAWAII, LLC, a Delaware limited liability company, hereinafter called the "Permittee," whose mailing address is 75-5656 Kuakini Highway, Suite 303, Kailua-Kona, Hawaii 96740-1673. The parties agree that commencing on the 1st day of February, 2017, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Honokohau Small Boat Harbor, Honokohau, North Kona, Island of Hawaii, Hawaii, tax map key no. (3)7-4-008:Por. 003, as indicated on the maps designated as Exhibits "A" and "B," both attached hereto and made parts hereof, containing an approximate area of 60' x 55', more or less, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the Premises for the following specified purposes only: maritime related activities to support submarine tour operations. The Permittee may also occupy and use the Premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawaii Revised Statutes.
2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent in the sum of THREE THOUSAND AND NO/100 DOLLARS (\$3,000.00), payable in advance by the first of each and every month.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

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Department of the
Attorney General

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Department of the
Attorney General

persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.

8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.
9. Obtain the prior written consent of the Board before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A-" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy of the policy or other documentation required by the State shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the Premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a policy(s) or other documentation required by the State showing the policy(s) to be initially in force, keep the policy(s) or other documentation required by the State on deposit during the entire Permit term, and furnish a like policy(s) or other documentation required by the State upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the

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Department of the
Attorney General

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Department of the
Attorney General

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions. The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.
4. At the Permittee's own cost and expense, keep any government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and loss payee and shall be filed with the DLNR. In the event of loss, damage, or destruction of those improvements, the DLNR shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay all real property taxes assessed against the Premises from the commencement date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to

B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.
4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
6. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee

shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period the Board in its discretion may allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.

7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.
11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
12. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent, which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to release, indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless

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from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

13. Prior to termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee.
14. Permittee shall release, indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, officers, or invitees under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
15. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.

16. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawai'i shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawai'i 96813. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.
17. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
18. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

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IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

STATE OF HAWAII
 By *Suzanne D. Case*
 SUZANNE D. CASE
 Chairperson of the Board of Land and Natural Resources

Approved by the Board of Land and Natural Resources at its meeting held on November 10, 2016.

STATE

ATLANTIS SUBMARINES HAWAII, LLC, a Delaware limited liability company

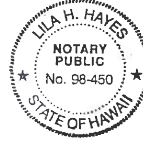
APPROVED AS TO FORM:
David D. Day
 DAVID D. DAY
 Deputy Attorney General
 Dated: 1/23/2017

By *Ronald Williams*
 Ronald Williams
 Its resident
 And by _____
 Its _____

PERMITTEE

STATE OF HAWAII)
) SS.
 COUNTY OF Honolulu)

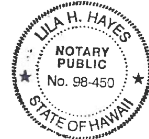
On this 9 day of March, 2017, before me personally appeared Ronald Williams to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.



Lila H. Hayes
 Notary Public, State of Hawaii
Lila H. Hayes 1st Circuit
 My commission expires: 9/7/2018

Date: 3/9/2017 # Pages: 13
 LILA H. HAYES 1st Circuit
 Doc Description: State of Hawaii - DLNR
 Reversible Permit No. 316

Lila H. Hayes
 NOTARY SIGNATURE
 NOTARY CERTIFICATION



STATE OF HAWAII)
) SS.
 COUNTY OF _____)

On this _____ day of _____, 20____, before me personally appeared _____ to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

 Notary Public, State of Hawaii

My commission expires: _____

Exhibit A

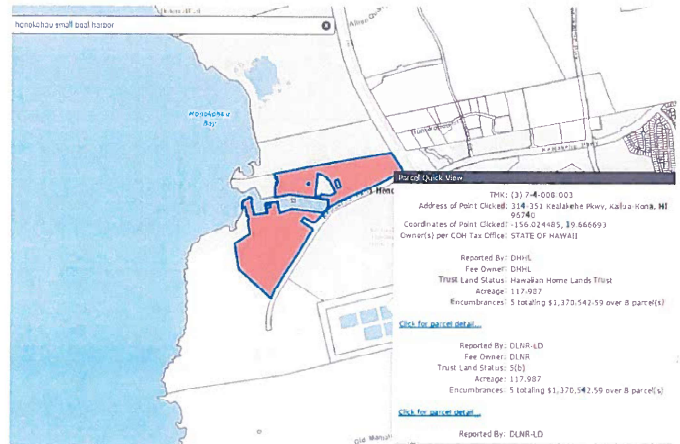
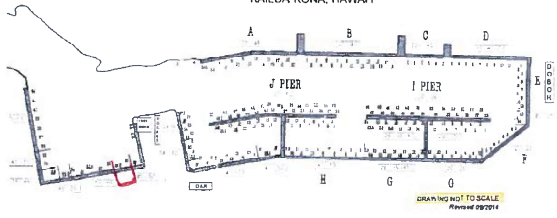


Exhibit B

HONOKOHĀU SMALL BOAT HARBOR
KAILUA-KONA, HAWAII



Approximate location of RP area

MELBA APPEL
Department of the
Attorney General

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION

REVOCABLE PERMIT NO. 89

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 26th day of DECEMBER, 2019, by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and KONA RC FLYERS INC., a Hawaii nonprofit corporation, hereinafter called the "Permittee," whose mailing address is 77-6436 Kijohana Street, Kailua-Kona, Hawaii 96740. The parties agree that commencing on the 1st day of JANUARY, 2020, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Honokohau Small Boat Harbor, Kealahou, North Kona, Island of Hawaii, Hawaii, tax map key no. (3)7-4-008:Por. 071, as indicated on the maps labeled Exhibit A1, Exhibit A2, Exhibit B1, and Exhibit B-2, attached hereto, and made parts hereof, containing an approximate area of 1.974 acres, more or less, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the Premises for the following specified purposes only: for airfield for radio-controlled aircraft and maintenance of the airfield and related structures, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawaii Revised Statutes.
2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent in the sum of ONE HUNDRED THIRTY FIVE AND NO/100 DOLLARS (\$135.00), payable in advance by the first of each and every month.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on

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-2-



8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.
9. Obtain the prior written consent of the Board before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A- VIII" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy of the policy or other documentation required by the State shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the Premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a policy(s) or other documentation required by the State showing the policy(s) to be initially in force, keep the policy(s) or other documentation required by the State on deposit during the entire Permit term, and furnish a like policy(s) or other documentation required by the State upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the Permittee to provide the State with copies of the insurance policy(s) that are or were in effect during the permit period.

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-3-



unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions. The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.
4. At the Permittee's own cost and expense, keep any government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and loss payee and shall be filed with the DLNR. In the event of loss, damage, or destruction of those improvements, the DLNR shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay all real property taxes assessed against the Premises from the commencement date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.

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-2-



The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or other documentation required by the State thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

The insurance policy(s) or other documentation required by the State shall be mailed to:

State of Hawaii
Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

15. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
16. The Permittee shall pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

B. Additional Conditions:

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1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.
4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
6. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period the Board in its discretion may

- allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.
7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.
11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
12. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent, which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to release, indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of

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or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

13. Prior to termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee.
14. Permittee shall release, indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, officers, or invitees under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
15. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.

16. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawaii shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawaii 96813 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawaii 96819. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.
17. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
18. The Permittee shall be responsible to obtain its own access to the Premises.
19. This revocable permit for the airfield must be contained within the boundaries as described in Exhibit B-3, attached hereto and made a part hereof, so as not to encroach onto areas under the State of Hawaii, Department of Hawaiian Home Lands.
20. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

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IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

STATE OF HAWAII)
) SS.
COUNTY OF Hawaii)

Approved by the Board of Land and Natural Resources at its meeting held on January 11, 2019.

STATE OF HAWAII
By *Suzanne D. Case*
SUZANNE D. CASE
Chairperson of the Board of Land and Natural Resources

On this 11th day of December, 2019, before me personally appeared Douglas V Lanterman, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

APPROVED AS TO FORM:
David D. Day
DAVID D. DAY
Deputy Attorney General
Dated: December 2, 2019

Lornalyn Aquinaldo
Notary Public, State of Hawaii
Lornalyn Aquinaldo
My commission expires: 02/09/22

STATE
KONA RC FLYERS INC., a Hawaii nonprofit corporation

By *Douglas V Lanterman*
DOUGLAS V LANTERMAN
Its SECRETARY/Treasurer
KONA RC FLYERS

LC

LS

By _____
Its _____
PERMITTEE

NOTARY PUBLIC CERTIFICATION
Lornalyn Aquinaldo Third Judicial Circuit
Doc. Description: STATE OF HAWAII / DLNR /
Div. of Boating & Ocean Rec.
Revocable Permit No. 89
No. of Pages: 16 Date of Doc. undated
Lornalyn Aquinaldo Time of signing 12/11/19
Notary Signature Date



STATE OF HAWAII)
) SS.
COUNTY OF)

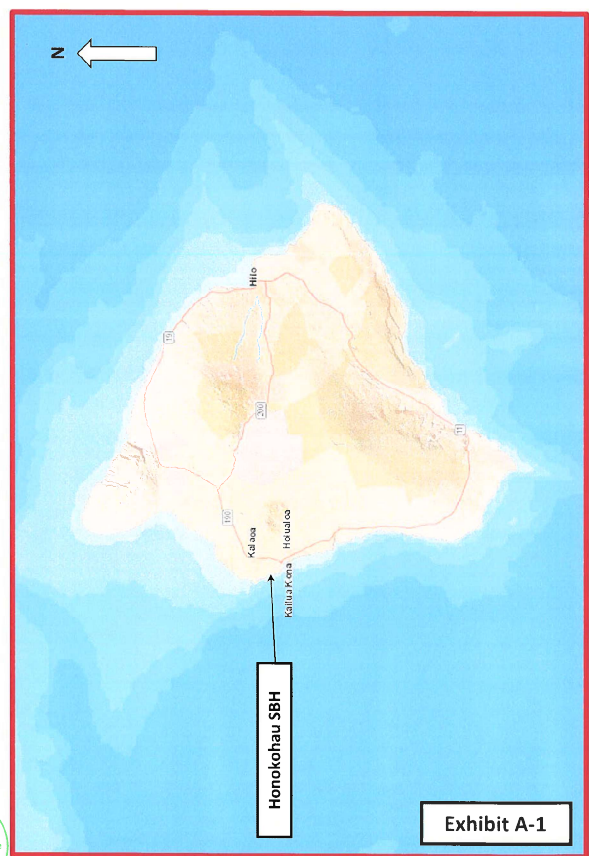
On this _____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Notary Public, State of Hawaii

My commission expires: _____

Exhibit A-1

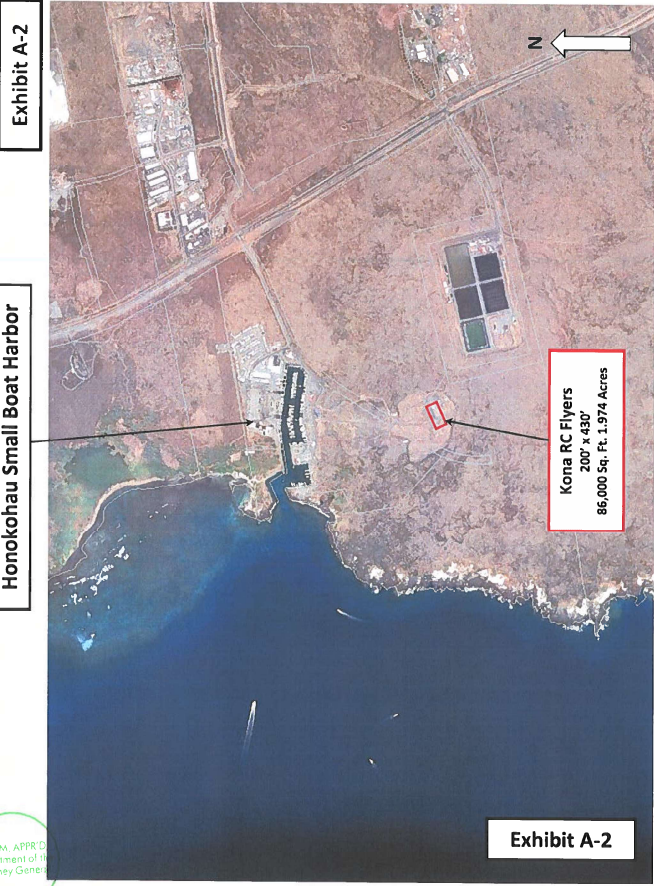
ISLAND OF HAWAII
Kona RC Flyers



Honokohau SBH

Exhibit A-1

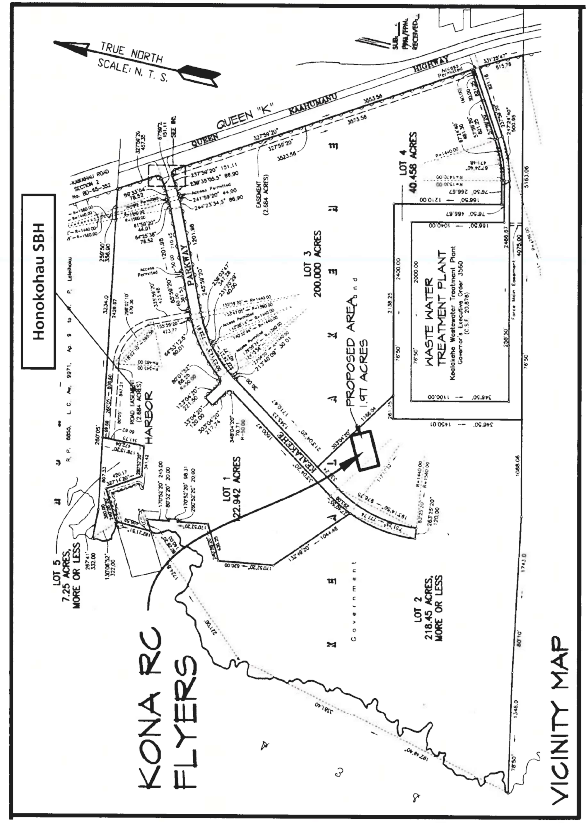




Honokohau Small Boat Harbor

Exhibit A-2

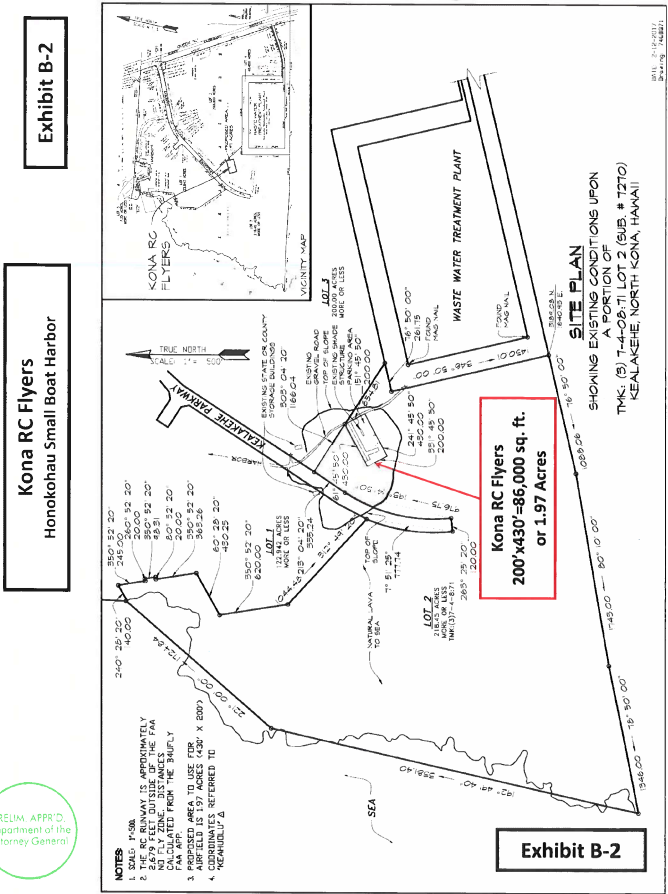
Exhibit A-2



Kona RC Flyers
Honokohau Small Boat Harbor

Exhibit B-1

Exhibit B-1



Kona RC Flyers
Honokohau Small Boat Harbor

Exhibit B-2

Exhibit B-2

Exhibit B-3

KRCF DESCRIPTIONS

Being on a portion of Government Land

At Honokohau 1st. and 2nd., Keahuolu, North Kona, Island of Hawaii, Hawaii.

Beginning along the northeast corner of the KRCF AIRFIELD approximately midway along the northeast boundary of Government Land Lot 2, on the a west side of Government Land Lot 3 the coordinates of said point of beginning referred to Government Survey Triangulation Station "KEAHUOLU", being 5017.89 feet North and 1,016.77 feet East and running by Azimuths measured clockwise from true South:

1. 331° 45' 50" 200.00 feet near the northeast boundary of Government Land Lot 2 and slightly west of Government Land Lot 3, to a point;
2. 61° 45' 50" 430.00 to a point;
3. 151° 45' 50" 200.00 to a point;
4. 241° 45' 50" 430.00 to the point of beginning and containing an area of 1.974 acres more or less.

Exhibit B-3

PRELIM. APPR'D.
Department of the
Attorney General

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION

REVOCABLE PERMIT NO. 124

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this day of APRIL, 2022, by and between the STATE OF HAWAII, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and KANOA, INC., a Nevada corporation, dba Body Glove Cruises,¹ hereinafter called the "Permittee," whose mailing address is P.O. Box 4523, Kailua-Kona, HI 96745. The parties agree that commencing on the 1st day of MAY, 2022 ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-55, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situate at Kailua-Kona Wharf, Kailua Village, North Kona, Island of Hawaii, Hawaii, tax map key no. (3) 7-5-006:039 portion, as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 63.25 square feet, more or less, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the Premises for the following specified purposes only: maritime related activities including concierge service, providing general island information, maps, restaurant guides, charter and tour information, cruise ship itineraries, trolley and bus schedules, beach rental gear, sunscreen, cold refreshments and snacks and guest check-in for tour purposes.
2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation ("DOBOR"), 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent payable in advance by the first of each and every month in the sum of ONE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$1500.00) or ten per cent (10%) of monthly gross receipts to be paid as provided hereinbelow, whichever is greater. Ticket sales from Permittee's cruise boats, for which Permittee pays three

¹ Although commonly known, the name "Body Glove Cruises" is not a registered trade name in the State of Hawaii and is therefore omitted from the signature page hereto.
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accountant retained by the State shall disclose that rent has been underpaid by two percent (2%) or more for any period under examination. The State, in addition to any other remedies available in this Permit or otherwise, shall be entitled to reimbursement of all costs and expenses incurred in completing any such audit in addition to any deficiency (together with applicable interest, service charge and other charges) revealed or disclosed.

e. If an audit discloses that the Permittee has overpaid the percentage rent due for any period, the State shall notify the Permittee in writing of such overpayment. Overpaid amounts shall be credited to and set off against rental amounts next due and payable following the date that such overpayment is discovered or revealed.

The permittee will be responsible for its utility expenses.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with the Board an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions. The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of the Department of Land and Natural Resources ("DLNR"). Otherwise, the deposit may, at the option of an authorized representative of the DLNR be applied toward payment of any amounts owed hereunder, without waiving any of the Board's other rights hereunder.
4. At the Permittee's own cost and expense, keep any government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and loss payee and shall be filed with the DLNR.

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per cent (3%) to DOBOR under Permittee's commercial use permit shall not be included in its gross receipts.

Permittee shall submit by the first of each and every month, including the month following the last month under the Permit, a statement of gross receipts for the prior month. The Permittee shall pay to State, within fifteen (15) calendar days after the close of each month, the prior month's percentage payment to the extent and in the amount the percentage of gross receipts exceeds the monthly rent paid for the prior month.

The Permittee's monthly revenues from commercial activities shall include all revenues received by the Permittee resulting from operations, activities, sales, or uses conducted from, on, or within the Premises, less ticket sales from Permittee's cruise boats.

a. Each payment of percentage rent shall be accompanied by a written statement certified as correct by Permittee, or a person duly authorized by Permittee, showing in accurate detail the amount of monthly revenues, by category, for the payment period.

b. The Permittee shall submit, no later than sixty (60) days after the close of each and every of the Permittee's fiscal years reviewed financial statements prepared according to generally accepted accounting principles, which financial statements shall include a breakdown of revenues by month and by category. The financial statements shall provide sufficient detail to allow the State to determine and verify the Permittee's monthly revenues for each month of the Permittee's fiscal years.

c. The Permittee shall at all times keep and maintain accurate records of all business transactions and sales made in and from the Premises. The State shall have the right at all reasonable times during business hours, through the State's duly authorized agent, attorney, or accountant, to inspect and make copies of the Permittee's records, accounts, and books in any way bearing on such sales (including copies of tax or information returns furnished to any governmental authority), at the Premises or at any other office of the Permittee at which such books, records, and accounts may be kept, and to inspect the records, accounts and books in any way bearing on sales of any other person or firm selling goods or services in or from any part of the Premises.

d. If an audit discloses that the Permittee has underpaid the percentage rent due for any period, the State shall notify the Permittee in writing of such deficiency and upon such notification the deficient amount shall be immediately due and payable by the Permittee. If an audit by the State's accountant or by a licensed independent certified public

In the event of loss, damage, or destruction of those improvements, the DLNR shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.

5. Give the Board twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay all real property taxes assessed against the Premises from the commencement date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disabilities Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be made accessible to persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.
8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.
9. Obtain the prior written consent of the Board before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of

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not less than "A- VIII" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy of the policy or other documentation required by the State shall be filed with the DLNR. The insurance shall cover the entire Premises, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

Prior to entry and use of the Premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a policy(s) or other documentation required by the State showing the policy(s) to be initially in force, keep the policy(s) or other documentation required by the State on deposit during the entire Permit term, and furnish a like policy(s) or other documentation required by the State upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the State. The State may at any time require the Permittee to provide the State with copies of the insurance policy(s) that are or were in effect during the permit period.

The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or other documentation required by the State thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's or the Permittee's employees, agents, officers, or invitees' negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

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4. If the Permittee fails to vacate the Premises upon expiration, revocation or termination of the Permit, the Board, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. The Board may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
6. Any major improvements, including but not limited to buildings and fences, erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the expiration, termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee shall fail to remove the improvements prior to the expiration, termination or revocation of this Permit or within an additional period the Board in its discretion may allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.
7. The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by the Board shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of the Board's right to declare and enforce a forfeiture for any breach, and the failure of the Board to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.
11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.

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The insurance policy(s) or other documentation required by the State shall be mailed to:

State of Hawaii
Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

15. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
16. The Permittee shall pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that the Board may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon expiration, revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.

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12. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the Premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to the Board of the identity of such materials and upon the Board's consent, which consent may be withheld at the Board's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the Board's request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to release, indemnify, defend, and hold the State of Hawaii, the Board, and their officers, employees, and agents harmless from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

13. Prior to expiration, termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and the DLNR. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent expiration, termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, the Board may, at its sole option if Permittee does not do so, arrange for performance of the

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provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee.

14. Permittee shall release, indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, officers, or invitees under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
15. Unless otherwise agreed by the Board in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by the Board with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.
16. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above.

Notice to State of Hawai'i shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawai'i 96813 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawai'i 96819. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by written notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.
17. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

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PRELIM. APPR'D.
Department of the
Attorney General

IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

STATE OF HAWAII

Approved by the Board of Land and Natural Resources at its meeting held on February 4, 2022.

By [Signature]
SUZANNE D. CASE
Chairperson of the Board of Land and Natural Resources

APPROVED AS TO FORM:

STATE

[Signature]
MELISSA D. GOLDMAN
Deputy Attorney General

Dated: 3/14/22

KANOA, INC., a Nevada corporation

By [Signature]
MARGARET E. BROWN
Its PRESIDENT

By [Signature]
Michael Bell
Its Asst. Secretary

PERMITTEE

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PRELIM. APPR'D.
Department of the
Attorney General

STATE OF HAWAII)
COUNTY OF) SS.

On this 31st day of MARCH, 2022, before me personally appeared MICHAEL BELL and MARGARET BROWN to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

[Signature]
Notary Public, State of Hawaii

CYNTHIA L. FARLEY
My commission expires: MARCH 23 2023



Gen. Description: REVOCABLE
PERMIT
Date: 3/31/2022 Page: 13
CYNTHIA L. FARLEY Notary Public

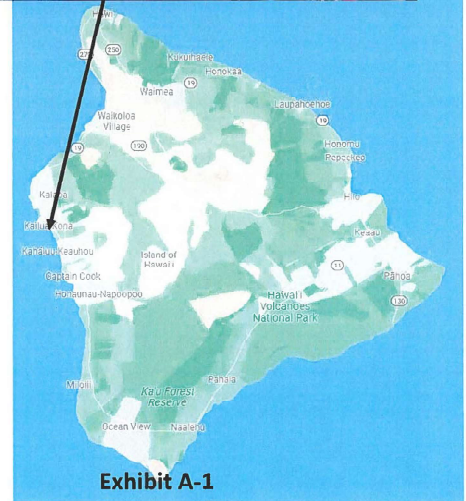


Exhibit A-1

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Exhibit A-2

PRELIM. APP'X'D.
Department of the
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SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

Project	Reference	Location	Lease Term			Rent		Comments
	Number		Start	Expire	Years	Minimum Annual	Percentage	
<u>DOBOR Long-Term Leases and Revocable Permits</u>								
Honey Bee Lease	BO-13120	Ala Wai Boat Harbor	12/6/2013	12/5/2078	65.0	\$70,699.55	8.0% 10.0%	Gross revenues from fast lands. Gross mooring fees.
Hawaii Yacht Club	BO-393	Ala Wai Boat Harbor	7/30/1999	7/29/2034	35	\$129,000.00	5.0% 10.0%	Annual gross receipts. Mooring fees.
The Sandbar Group, Inc.	B-11-01	Kaneohe	4/1/2011	3/31/2046	35.0	\$37,812.60	5.0%	Petroleum storage and fueling, convenience store, ship chandlery, snack bar, and pump out.
Waikiki Yacht Club	B-99-1	Ala Wai Boat Harbor	7/30/1999	7/29/2034	35.0	\$289,999.92	5.0% 10.0%	Annual gross receipts. Mooring fees.
Dolphin Excursions	BO-14100	Waianae Boat Harbor	12/1/2014	N.A.	N.A.	\$39,033.84	10.0%	Revocable permit. To operate a trailer storage yard.
Dolphin Excursions	BO-13040	Waianae Boat Harbor	5/1/2013	N.A.	N.A.	\$11,074.44	10.0%	Revocable permit. For the sale of ice, sundry items, non-alcoholic beverages, food, incidental marine related items, and cold storage.To operate a trailer storage yard.
Maalaea Charters	BM-12051	Maalaea Harbor	10/1/2012	N.A.	N.A.	\$3,456.48	5.0%	Occupy and use space for operation of a commercial charter vessel office for vessel activity sales, and the sales of various outdoor activities.
GKM, Inc.	BH-010-07	Honokohau Harbor	10/1/2012	N.A.	N.A.	\$200,000.00	N.A.	Operation of a boat/trailer storage facility and employee parking.
Kona Marine Holdings	H-83-2	Honokohau Harbor	7/19/1983	11/26/2039	56.0	\$28,620.00	5.0%	Fuel dock, retail, and marine services.
Molokai Ice House	H-92-12	Kaunakakai	4/1/1992	3/31/2027	35.0	\$1,422.00	5.0%	Ice, fish cooperative, sales
Pacific-West Fuels, Inc.	H-89-13	Lahaina Harbor	11/21/1989	11/20/2019	30.0	\$3,540.00	5.25%	Fuel dock.
Trilogy Corporation	B-93-02	Manele Harbnor	10/1/1993	9/30/2028	35.0	\$10,350.00	5.0%	Marine services, passenger rest stop, retail, and landscaping.
Island Ice Company LLC	BM-09-51	Kahului Ramp	6/1/2010	N.A.	N.A.	\$3,293.64	8.0%	Automated ice machine.
Pacific Marine Partners	LH-19-002	Honokohau Harbor	11/1/2018	10/31/2028	10	\$423,000.00	50.0%	Trailer Boat Storage & vehicle parking
ATKNP Services, LLC	LM-20-009	Mala Wharf	12/1/2020	11/30/1940	20	\$49,580.00	10.0%	Landscaping, maintenance, storage of small boats and trailers & other related activities.
Koolaupoko Partners LLC	LH-0-003	He'eia-Kea Harbor	10/1/2020	9/30/1955	35	\$66,100.00	5.0%	Over the counter convenience store, ice and fuel sales.
Galley Foods		Ala Wai SBH	3/1/2013	2/28/2023	10	\$20,460.00	10.0%	Mobile Food Concession
John's World Famous Hawaii	RP 115	Ala Wai SBH	7/1/2020	6/30/2021	1	\$515.00	10.0%	Mobile Food Concession
The Hungry Menehune	RP 103	Kikiaola SBH	10/1/2019	6/30/2021	1	\$200.00	10.0%	Mobile Food Concession Mobile Food Concession

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

Project	Reference		Lease Term			Rent		Comments
	Number	Location	Start	Expire	Years	Minimum Annual	Percentage	
Offshore Dive Sites								
Atlantis Submarines	S-5314	Offshore Waikiki	1/26/1990	1/25/2000	10	\$750.00	0.0%	Right privilege, and authority to utilize offshore waters and submerged lands at Waikiki, Oahu, for dive site for commercial submarine tours, in over, under, and across the easement area.
			1/26/2000	1/25/2005	5	\$750.00	1.0%	
			1/26/2005	1/25/2015	10	\$3,675.00	1.0%	
						To Be		
			1/26/2015	1/25/2025	10	Determined		
			To Be					
			1/26/2025	1/25/2030	5	Determined		
Atlantis Submarines	S-5363	Offshore Kailua-Kona	1/12/1990	1/11/2000	10	\$660.00	0.0%	Right privilege, and authority to utilize offshore waters and submerged lands at Kailua-Kona, Hawaii, for dive site for commercial submarine tours, in over, under, and across the easement area.
			1/12/2000	1/11/2005	5	\$660.00	1.0%	
						To Be		
			1/12/2005	1/11/2015	10	Determined	1.0%	
						To Be		
			1/12/2015	1/11/2025	10	Determined		
						To Be		
			1/12/2025	1/11/2030	5	Determined		
Voyager Submarines	S-5631	Offshore Waikiki	6/10/1999	6/9/2009	10	\$670.00	0.0%	Right, privilege, and authority to use dive site for commercial submarine tour purposes, in, over, under, and across the easement aarea. Grantee has ceased tour operation.
			6/10/2009	6/9/2014	5	\$670.00	1.0%	
						To Be		
			6/10/2014	6/9/2024	10	Determined		
						To Be		
			6/10/2024	6/9/2034	10	Determined		
						To Be		
			6/10/2034	6/9/2039	5	Determined		

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

Project	Reference	Location	Lease Term			Rent		Comments
	Number		Start	Expire	Years	Minimum Annual	Percentage	
<u>Mariculture Leases</u>								
Grove Farm Fish & Loi, LLC	L-5654	Offshore Ewa	3/9/2001	3/8/2011	10	\$1,400.00	1.0%	Rent commencing March 9, 2011 based on original price per cage of \$350 multiplied by the change in CPI over the ten-year period. Lease was terminated by mutual agreement.
Blue Ocean Mariculture	GL-5721	Offshore Kona	3/9/2011	3/8/2021	10	\$1,708.00	1.0%	Fish cages offshore in Kailua-Kona.
			11/1/2004	10/31/2014	10	\$2,100.00 To Be Determined	1.0%	
Hawaii Ocean Technology	GL-6017	Offshore North Kohala	10/1/2011	9/30/2021	10	\$3,500.00	1.0%	Since the Lessee proposed one large cage, the analysis was undertaken on a price per acre basis. Adjusting for the significant size differential resulted in an adjusted unit rent of \$14.16 per acre.
			10/1/2021	9/30/2031	10	To Be Determined		
			10/1/2031	9/30/2041	10	To Be Determined		
			10/1/2041	9/30/2046	5	To Be Determined		
<u>Commercial Operating Area Use Permits</u>								
Seabreeze Jet Ski, LLC	0-091	Maunaloa Bay Zone A	3/21/2003	1/22/2008	4.84	\$27,877.44	3.0%	To conduct ocmmercial thrill craft in Maunaloa Bay Zone A.
Morning Star Cruises, Inc.	0-037	Waikiki Zone A	11/1/2002	10/31/2007	5	\$7,779.96	5.0%	To conduct commercial thrill craft activity in Waikiki Zone A.
Maui Navigation, Inc.	C-10	Kaanapali Shorewaters and West Maui	10/1/2004	9/30/2005	1	\$900.00	2.0%	To conduct passenger carriage (catamaran) vessel in the Kaanapali shorewaters and West Maui.
Kaanapali Queen. Inc.	C-06	Kaanapali Shorewaters and West Maui	10/1/2004	9/30/2005	1	\$900.00	2.0%	To conduct passenger carriage (catamaran) vessel in the Kaanapali shorewaters and West Maui.
Kapalua Kai Sailing	C-09	Kaanapali Shorewaters and West Maui	12/1/2004	11/30/2005	1	\$900.00	2.0%	To conduct passenger carriage (catamaran) vessel in the Kaanapali shorewaters and West Maui.
Lahaina Water Ski Inc.	S-02	Kaanapali Shorewaters and West Maui	6/1/2005	5/31/2006	1	\$900.00	2.0%	Parasailing in the Kaanapali shorewaters and West Maui.

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

Project	Reference	Location	Lease Term			Rent		Comments
	Number		Start	Expire	Years	Minimum Annual	Percentage	
<u>Commercial Permits</u>								
Roberts Hawaii Cruises, Inc.	05K-014	Kailua Bay Offshore	2/1/2005	1/31/2006	1	\$5,040.00	2.0%	To pick up and discharge passengers at Kailua Pier only.
Live/Dive Pacific, Inc.	05KB-001	Kailua Bay Offshore	2/1/2005	1/31/2006	1	\$2,589.60	2.0%	To pick up and discharge passengers at Kailua Pier only.
Hawaiian Ocean Tours, Inc.	05H-026-1	Honokohau Harbor	7/1/2005	12/31/2005	0.5	\$4,368.00	2.0%	Submarine tours.
Bill Buster's Charters	05H-054-1	Honokohau Harbor	7/1/2005	12/31/2005	0.5	\$3,561.60	2.0%	Tender for submarine tours.
Fair Wind Inc.	05KH-002	Keauhou Harbor	8/1/2005	7/31/2006	1	\$1,920.00	3.0%	Snorkel and scuba tours. To pick up and discharge passengers at Keauhou bulkhead along the parking area only.
Michelle Marine, Ltd.	LAHAINA-21	Lahaina Harbor	6/1/2005	5/31/2006	1	\$5,460.00	2.0%	Charters, passengers for hire at Lahaina Harbor.
<u>Miscellaneous Uses</u>								
USS Dolphin		San Diego, CA	5/6/2008	May 2044	36.0	None	4% and 6%	4% of food and beverage and 6% of ticket sales and other revenues.
Star of India		San Diego, CA	7/1/2004	Jun 2044	40.0	None	4% and 6%	4% of food and beverage and 6% of ticket sales and other revenues.
General Aviation Hangar		Honolulu International Airport	6/1/2007	May 2042	35.0	\$478,089.60	5.0%	The base rent increases 12 percent every five-years through May 31, 2027. For every five-year term thereafter, the base rent is redetermined at market but in no event less than 112 percent of the previous rent.
Proposed Golf Driving Range and Mini-Golf Site		N.A.	N.A.	N.A.	20.0	\$150,000.00	5.0%	5% of gross sales in excess of \$50,000 and 10% of gross in excess of \$55,000.

QUALIFICATIONS



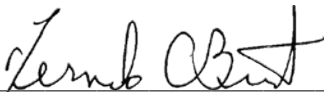
PROFESSIONAL QUALIFICATIONS OF FERNANDO C. BENAVENTE, MAI, SRA, MRICS

Business Affiliation	Manager	The Benavente Group LLC Honolulu, Hawaii (March 2017 – Present)
	Director	The Hallstrom Group CBRE, Inc. Valuation & Advisory Services Honolulu, Hawaii (2015 – March 2017)
	Senior Appraiser/ Analyst	The Hallstrom Group, Inc. Honolulu, Hawaii (1990 – 2014)
	Former Contract Title Abstractor/Analyst	Keogh & Butler, Attorney at Law (1989-1990)
	Former Title Abstractor	Title Guaranty of Guam, Inc. Agana, Guam (1987-1989)
National Designation and Membership		<ul style="list-style-type: none">• MAI Designation (2012)–Appraisal Institute• SRA Designation (2014)–Appraisal Institute• MRICS Designation (2015)–Royal Institute of Chartered Surveyors• Associate Member (2019)–Institute of Real Estate Management
State Certifications		State of Hawaii - Certified General Appraiser, License No. CGA-663, Exp. Date December 31, 2023. Territory of Guam - Non-Resident Real Estate Certified Appraiser, License No. CA-23-034, Exp. Date April 7, 2025. Northern Mariana Islands - Certified General Appraiser (Federally Related Transactions), License No. REA-037-93, Exp. Date October 31, 2024.
Professional Involvement		<ul style="list-style-type: none">• Member of Real Estate Advisory Committee, Department of Consumer Dept. of Commerce and Consumer Affairs, State of Hawaii (DCCA)• Prior service on the Real Estate Appraiser Advisory Committee, Regulated Industries Complaints Office (RICO), DCCA• 2013 and 2016 President - Appraisal Institute, Honolulu Chapter
Education		<ul style="list-style-type: none">• M.B.A. (Finance, "With Distinction") August 2005, Hawaii Pacific University, Honolulu, Hawaii• B.S.B.A. (Finance), 2002, Hawaii Pacific University• Numerous specialized real estate studies in connection with the MAI and SRA designations and professional continuing education requirements.
Expert Witness Testimony		<ul style="list-style-type: none">• Board of Review, City & County of Honolulu, Real Property Taxes• Arbitration Proceedings
Valuation Experience		<ul style="list-style-type: none">• Retail Properties and Shopping Centers• Office Buildings• Residential Subdivision and Condominium Developments• Real Property Tax Appeals• Multi-Tenant Analysis Using Argus Valuation DCF™• Real Estate Portfolio Valuation• Low-Income Housing Tax Credit Projects• Islands and Atolls
Email Address		Fernando@BenaventeGroup.com

FERNANDO C BENAVENTE
1200 QUEEN EMMA ST APT 1001
HONOLULU, HI 96813

CERTIFIED GENERAL APPRAISER

NOTICE THIS POCKET ID CARD IDENTIFIES YOU TO THE PUBLIC AS BEING CURRENTLY LICENSED AND SHOULD BE KEPT IN YOUR POSSESSION AT ALL TIMES.

License Number CGA-663	Expiration date 12/31/2023	
STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS CERTIFIED GENERAL APPRAISER		
FERNANDO C BENAVENTE 1200 QUEEN EMMA ST APT 1001 HONOLULU, HI 96813		
		
 SIGNATURE OF LICENSEE		

STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS



REAL ESTATE APPRAISER PROGRAM

This is to Certify that **FERNANDO K BENAVENTE**
has been duly licensed as a/an **CERTIFIED GENERAL APPRAISER**
in the State of Hawaii on **JANUARY 9, 2004**

*This license shall be in full force and effect only as long as it is supported
by a current license identification card.*

No. 000

Mum E. Reckhowald
Director
Department of Commerce and Consumer Affairs



Board of Professional Licensing
Appraiser Regulatory Agency
Commonwealth of the Northern Mariana Islands

No. REA-037-093

Know All Men By This Present That:

*****FERNANDO C. BENAVENTE*****

having complied with the CNMI Real Estate Appraiser Licensure/Certification Requirements, is hereby authorized to engage in the practice of REAL ESTATE APPRAISER in the Commonwealth of the Northern Mariana Islands as a

CERTIFIED GENERAL APPRAISER (FEDERALLY RELATED TRANSACTIONS)

*In Witness Whereof, this *LICENSE* has been issued and sealed this 08TH day of OCTOBER, 2015, at Saipan, Commonwealth of the Northern Mariana Islands.*


ROMAN S. DEMAPAN

Chairman

OCTOBER 07, 2015
Date of original licensure/certification

BOARD OF PROFESSIONAL LICENSING
Appraiser Regulatory Agency
Commonwealth of the Northern Mariana Islands

No. REA-037-093

Know All Men By This Present That:

FERNANDO C. BENAVENTE

Having complied with the CNMI Real Estate Appraiser Licensure/Certification Requirements, is hereby authorized to engage in the Practice of REAL ESTATE APPRAISER in the Commonwealth of the Northern Mariana Islands as a

CERTIFIED GENERAL APPRAISER
FEDERALLY RELATED TRANSACTIONS

From this 2nd day of September, 2022, to this 31st day of October, 2024, unless authority is revoked for failure to comply with the Law.

October 7, 2015
Date of original licensure


Gregorio C. Castro
Chairman



BOARD OF PROFESSIONAL LICENSING
Appraiser Regulatory Agency
Commonwealth of the Northern Mariana Islands



No. REA-037-093

Know All Men By this Present That:

FERNANDO C. BENAVENTE

Having complied with the CNMI Real Estate Appraiser Licensure/Certification Requirements, is hereby authorized to engage in the Practice of REAL ESTATE APPRAISER in the Commonwealth of the Northern Mariana Islands as a

CERTIFIED GENERAL APPRAISER
FEDERALLY RELATED TRANSACTIONS

**From this 9th day of September, 2022, to this 31st day of October, 2024, unless authority is
revoked for failure to comply with the Law**

October 7, 2015

Date of original licensure


Gregorio G. Castro
Chairman



Government of Guam
DEPARTMENT OF REVENUE AND TAXATION
Office of the Real Estate Commissioner



REAL ESTATE APPRAISER'S LICENSE

RENEWAL

CA-23-034

Know All Men By This Present That:

NAME: **FERNANDO COGURE BENAVENTE**

ADDRESS: 1003 Bishop Street, Suite 2140
Honolulu, Hawaii 96913

Having complied with the Real Estate Appraiser Registration and Certification Act, is hereby authorized to engage in the practice of Real Estate Appraisal in Guam as NON-RESIDENT CERTIFIED GENERAL APPRAISER from the 7th day of April 2023, to the 7th day of April 2025, unless authority is revoked for failure to comply with the law.

Fee Paid: \$200

Receipt No.: A99-383798

Dafne M. Shimizu
for **DAFNE MANSAPIT-SHIMIZU**
Director



PROFESSIONAL QUALIFICATIONS OF BRIAN S. GOTO, MAI, SRA

Business Affiliation	Appraiser	The Benavente Group, LLC Honolulu, Hawaii (2/2019-Present)
	Director	The Hallstrom Group CBRE, Inc. Valuation & Advisory Services Honolulu, Hawaii (2015 - 1/2019)
	Senior Appraiser/ Analyst	The Hallstrom Group, Inc. Honolulu, Hawaii (1981 - 2014)
	Former Real Property Appraiser & Analyst	Hastings, Martin, Chew and Associates, Ltd., Honolulu, Hawaii
Education		<ul style="list-style-type: none">• M.P.H. (Administration and Planning) 1976, University of Hawaii - Manoa• B.A. (Psychology, "With Distinction") 1974, University of Hawaii - Manoa• Iolani School, 1970• Additional numerous specialized real estate studies in connection with qualifying for national professional designations, and uninterrupted Continuing Education.• Completed Continuing Education requirements with the Appraisal Institute - Current.
Qualified Expert Witness		United States Bankruptcy Court, District of Hawaii
State of Hawaii Certification		Certified General Appraiser License No. CGA-62 Exp. Date: December 31, 2023
Association Memberships		<ul style="list-style-type: none">• MAI Designation (1986) - American Institute of Real Estate Appraisers (AIREA)• SRPA Designation (1985) - Society of Real Estate Appraisers (SREA) <p>On January 1, 1991, the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers consolidated, forming the Appraisal Institute (AI). Individuals holding both the MAI and SRPA designations adopted only the MAI designation under the new organization. The SRA designation was offered as an option to the SRPA designation.</p> <ul style="list-style-type: none">• 1990 Chapter President - Society of Real Estate Appraisers
Email Address		Brian@BenaventeGroup.com

BRIAN S GOTO
2225 AHA NIU PLACE
HONOLULU, HI 96821

CERTIFIED GENERAL APPRAISER

NOTICE THIS POCKET ID CARD IDENTIFIES YOU TO THE PUBLIC AS BEING CURRENTLY LICENSED AND SHOULD BE KEPT IN YOUR POSSESSION AT ALL TIMES.

License Number CGA-62	Expiration date 12/31/2023	
STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS CERTIFIED GENERAL APPRAISER		
BRIAN S GOTO 2225 AHA NIU PLACE HONOLULU, HI 96821		
 SIGNATURE OF LICENSEE		

State of Hawaii

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS



This is to Certify that _____ **BRIAN S. GOTO**
has been duly licensed as a _____ **CERTIFIED GENERAL APPRAISER**
in the State of Hawaii on _____ **JULY 29, 1991**

*This license shall be in full force and effect only as long as it is supported by
a current license identification card.*

License Number _____ **62**

Director
Department of Commerce & Consumer Affairs




PROFESSIONAL QUALIFICATIONS OF MATT FLORES

Business Affiliation	Appraiser Trainee The Benavente Group Honolulu, Hawaii (May 2017 - Present)
State of Hawaii Certification	Appraiser Trainee License No. R180626001 (2018) License No. REAT-1338 (2019) Exp. Date: December 31, 2023
Education	<ul style="list-style-type: none">• B.S in Food Science & Human Nutrition, 2008, University of Hawaii at Manoa, Honolulu, Hawaii• Punahou School, Honolulu, Hawaii
Appraisal Coursework	<ul style="list-style-type: none">• Basic Appraisal Principles• Basic Appraisal Procedures• National USPAP Courses (15-Hour)• Supervisor-Trainee Course for Hawaii• Marketability Studies: Six-Step Process and Basic Applications• Forecasting Revenue• Evaluating Commercial Leases: The Tenant and the Terms Both Matter• 7-Hour National USPAP Update Course• Business Practices and Ethics• Appraiser Liability 101: Essential Concepts• Rural Valuation Basics• General Appraiser Income Approach Part 1• General Appraiser Income Approach Part 2• Introduction to Green Buildings: Principles & Concepts• Subdivision Valuation• Smart Risk Management for Appraisers & Six Recent Appraiser Lawsuits and the Lessons from Each
Association Membership	<ul style="list-style-type: none">• Practicing Affiliate, Appraisal Institute• Professional Member, Society for Nutrition Education and Behavior
Email Address	Matt@BenaventeGroup.com

MATTHEW P K FLORES
94-473 PUNONO ST
MILILANI, HI 96789

REAL ESTATE APPRAISER TRAINEES

NOTICE THIS POCKET ID CARD IDENTIFIES YOU TO THE PUBLIC AS BEING CURRENTLY LICENSED AND SHOULD BE KEPT IN YOUR POSSESSION AT ALL TIMES.

License Number REAT-1338	Expiration date 12/31/2023	
STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS REAL ESTATE APPRAISER TRAINEES		
MATTHEW P K FLORES 94-473 PUNONO ST MILILANI, HI 96789		
 SIGNATURE OF LICENSEE		

GLOSSARY

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 14th ed. Chicago: Appraisal Institute, 2013. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 6th ed. 2015. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements). (Dictionary, 6th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 6th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
 - CAM can refer to all operating expenses.
 - CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating

- expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 6th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 6th Edition)

Discount Rate

A rate on return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 6th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 6th Edition)

Effective Date

1. The date on which the appraisal or review opinion applies. (SVP)
2. In a lease document, the date upon which the lease goes into effect.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 6th Edition)

External Obsolescence

A type of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent (Dictionary, 6th Edition).

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 6th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 6th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (Dictionary, 6th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. (Dictionary, 6th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 6th Edition)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best legal use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (Dictionary, 6th Edition)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an

analysis. (USPAP, 2020-2021 ed.) (Dictionary, 6th Edition)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the revisionary right when the lease expires.

(Dictionary, 6th Edition)

Market Area

The geographic region from which a majority of demand comes in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. (Dictionary, 6th Edition)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and reevaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 6th Edition)

Market Value

A type of value that is the major focus of most real property appraisal

assignments. Both economic and legal definitions of market value have been developed and refined, such as the following:

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after a reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
 - Statement of the effective date of the value opinion.
 - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
 - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
- Buyer and seller are typically motivated;
 - Both parties are well informed or well advised, and acting in what they consider their best interests;
 - A reasonable time is allowed for exposure in the open market;
 - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)
4. The International Valuation Standards Council defines *market value* for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines *market value* as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date for the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 6th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 6th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest taxes, depreciation, and amortization) (Dictionary, 6th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 6th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 6th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the

inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 6th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 6th Edition)

Scope of Work

The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2020-2021 ed.)

Stabilized Occupancy

An expression of the average or typical occupancy that would be expected for a property over a

specified projection period or over its economic life. (Dictionary, 6th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 6th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. (Dictionary, 6th Edition)